El Dorado County Industry-Focused Economic Development Study

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Key Concepts

County Profile

- El Dorado County is part of the 2.3-million person Sacramento Region and provides a unique mix of urban and rural characteristics with the western portion integrated into the Region's large Highway 50 Corridor economic node, the central portion spotted with farms and wineries, and the eastern portion containing the south shore of world-renowned Lake Tahoe.

- In the past 10 years, El Dorado County added close to 27,000 residents to reach a total population of just over 180,000. Over this period, the County grew slower than the larger Sacramento Region, but generally outpaced the state and nation, both in terms of decade-long and annual growth rates. By 2019, the County is expected to gain approximately 14,000 more residents, leading to a total population of close to 194,000. In the next ten years, El Dorado County is projected to experience population growth notably slower than the state, nation, and Region.

- The more than 5,100 private and public sector establishments in the County support approximately 48,000 wage and salary jobs, which is only 6,500 jobs more than 10 years ago. Forecasts show that by 2019, El Dorado County will house about 51,000 jobs, only approximately 3,000 more jobs than the current level. The County's historical 10-year employment growth was significantly stronger than the Region, state, and nation; however, the forecast shows considerably slower growth that is less robust than the Region.

Economic Characteristics

- El Dorado County's economy is slightly more diversified than the larger Sacramento Region, but both are much less diversified than the state overall. Over 68 percent of all payroll jobs in El Dorado County in 2009 were supported by establishments in six major sectors including Government; Health & Social Services; Retail Trade; Accommodation & Food Services; Construction; and Professional, Scientific & Technical Service. Combined, these six sectors contain nearly 33,000 jobs and create close to $4.9 billion of output in the County economy.

- The County is nearly two times more concentrated in the Arts, Entertainment, & Recreation sector than the Sacramento Region, an activity where the broader Region is somewhat underspecialized. Other major sectors where the County is specialized include Construction; Accommodation & Food Services; and Agriculture, Forestry, Fishing, & Hunting; and Utilities.

- In the coming ten years, many of the County's major sectors are forecast to see stronger growth than the past ten years—Construction and Accommodation & Food Services are anticipated to see more robust growth while Agriculture, Fishing, Forestry, & Hunting; Real Estate & Rental; Management of Companies are expected to continue to decline but at a slower rate of loss.

- El Dorado County is quite unique when self-employment is accounted for as part of the employment picture. On average, about 39 percent of all employment in the County is proprietor or self-employment. This proportion is significantly higher than in the Sacramento Region and the state overall where approximately 20 percent of employment is proprietors.

- Around one-quarter of all employment in the County is supported by base activities, a considerably lower share than in the broader Sacramento Region. The two major sectors with the largest amount of base employment include Manufacturing and Professional, Scientific, & Technical Services, which together contain close to 45 percent of all base component employment in the County. Most base components posted positive growth in the last 10 years whereas forecasts for the next decade show negative growth in many of the base components.

Competitiveness

- The County's role in the Sacramento Region is projected to decline over the next decade both in terms of residents and employment due to a combination of regional and local growth patterns and internal limitations on development. If these trends continue past the next decade, El Dorado County could slowly become a rather small piece of the Region as other areas benefit much more from new jobs and residents and increase their already strong presence.

- El Dorado County's educational attainment is slightly higher than the well-educated Sacramento Region with 38 percent of the population having an Associate Degree or above. A large portion of the County's population is not being utilized internally and commutes to points outside the County for work—38 percent of the working population in the County leaves, much higher than other counties in the Region and the statewide average.

- On a per capita basis, El Dorado County incomes track above the regional, statewide, and national average and disposable income levels in the County are also relatively higher at about 6 percent above the statewide average. Despite this, El Dorado County has a sizeable retail gap where potential retail demand exceeds retail sales by about 47 percent, indicating that wealth is leaking out of the local economy across nearly every standard retail category.

- Industrial space in El Dorado County, both flex and warehouse, is undersupplied and relatively expensive. Office space is also limited in the County, but at certain points in the past five years has been fairly affordable. The supply of retail space is close to the regional average, but rents have typically been above the rest of the market. The availability of residential real estate is similar to the Region, but housing prices have been much higher than the rest of the Region and relative affordability is still also an issue.

Economic Development Opportunities

- Simply the momentum created by the broader Region's growth and development, successful collaborative initiatives, relative affordability within the state, and visibility as a Clean Energy Technology industry leader generates economic development potential in the County. Further, within the Region, the presence of high-technology activity within the integrated Highway 50 Corridor economic node, perceptions of El Dorado County as a desirable place to live, and focused initiatives on rural areas through SACOG's Rural-Urban Connections Strategy buoy economic development opportunities.

- Threats to economic development potential in the County are created by competition from other more recognized areas in the Region that have an edge in affordability, have adopted focused business attraction efforts and incentives, are expected to see strong growth and a growing regional presence, and have similar urban-rural and recreational characteristics. Existing negative perceptions of Highway 50 congestion and the County's no growth-development conflict also threaten economic development.

- While El Dorado County does not necessarily possess fully-integrated industry clusters, there are certainly core activities within the County economy that already play a role in or can be networked into larger clusters that have a regional presence or are more broadly geographically dispersed. Eight clusters present economic development potential in El Dorado County based principally on economic performance within the core activities grouped into the clusters as well as input from local leaders and the presence of characteristics that generate unique benefits in the County—Advanced Manufacturing; Business Services; Creative; Education; Finance & Insurance; Medical; Recreation & Tourism; and Retail & Personal Care.

El Dorado Hills

- With close to 34,000 residents, El Dorado Hills accounts for nearly 19 percent of the County's population. The area is a dominant employment center in El Dorado County with a slightly higher share of the County's jobs compared to residents. Approximately 9,400 payroll jobs are supported by establishments in the El Dorado Hills, almost 20 percent of all County employment. This strong jobs base is driven, in large part, by the availability of commercial space in the area and integration in the Highway 50 Corridor economic node.

- The El Dorado Hills economy is dominated by the Retail Trade sector with over 1,700 jobs making up nearly 19 percent of all employment. This sector is over two times as large as the next major sector, Construction, which contains around 850 jobs and approximately 9 percent of all local employment. Other large sectors in El

Dorado Hills include Government; Professional, Scientific, & Technical Services; Arts, Entertainment, & Recreation; and Administrative & Waste Services with employment levels ranging from about 620 to over 800.

- Relative to the County overall, El Dorado Hills is specialized in six major sectors including, Real Estate & Rental; Wholesale Trade; Information; Arts, Entertainment & Recreation; Retail Trade; and Other Services. The first two sectors are nearly 250 times more concentrated in El Dorado Hills than the County. El Dorado Hills' Real Estate & Rental, Wholesale Trade; Information; and Arts, Entertainment, & Recreation sectors capture between 45 and 70 percent of all County jobs in these sectors.

- El Dorado Hills' location offers closer proximity to high-technology activity in the Highway 50 Corridor, more immediate access to the large regional market, and a reverse commute option to pull in workforce from other parts of the Region, demonstrating unique strengths within the County. Additionally, the availability of commercial real estate and executive housing as well as its position as the primary future population and job center of the County adds to its competitiveness. Further, the area contains residents with even higher educational attainment and incomes than the County as a whole. Two key weaknesses are even more pronounced in El Dorado Hills compared to the County including a larger labor force leakage rate with longer commute times and higher residential real estate costs.

Conclusion and Recommendations

- A few sectors in particular should pique the interest of economic development efforts based on unique characteristics including Agriculture, Fishing, Forestry, & Hunting; Construction; Professional, Scientific, & Technical Services; Accommodation & Food Services; Utilities; and Arts, Entertainment, & Recreation. For those sectors expected to see healthy conditions in the next decade, economic development efforts can help usher in this growth by mitigating barriers and looking for unique opportunities to take advantage of emerging business trends. In the case of expected decline, economic development efforts must be sensitive to addressing this change with focused retention and layoff aversion as well as identifying specific high value opportunities that will likely present themselves despite the overall decline.

- Efforts that focus on fostering and growing the eight clusters identified as potentially viable not only tap into those activities in the County that have demonstrated healthy economic performance across a number of factors, but, in many cases, can also create opportunities to establish local and regional linkages between firms, create additional jobs through the ripple effect, locally address historically imported goods and services, match the skills and abilities of the resident workforce to local jobs, and bring net new wealth into the local economy. The Advanced Manufacturing, Medical, and Recreation & Tourism clusters present opportunities for some level of all these benefits with the others five clusters offering a mix of added advantages.

Moreover, the core activities within many of these clusters play to the County's internal strengths and external opportunities.

- There are nine commonly-recognized factors that point to a specific area's economic development potential related to business creation, retention, expansion, and attraction across nearly all major sectors and clusters. For El Dorado County, out of the nine factors, only two elicit perceptions that tip the scale into positive territory, including quality of life and entrepreneurial environment. With seven of the nine key factors in neutral or negative territory, there are clearly some real issues affecting economic development potential in the County.

- El Dorado County, the El Dorado Hills Chamber of Commerce, and local partners are encouraged to consider the following recommendations as the County looks to enhance ongoing initiatives and generate new or targeted efforts:
  - ⇒ *Engage stakeholders in a collaborative process to create a more comprehensive economic development strategy and build capacity.*
  - ⇒ *Further analyze opportunities within major sectors exhibiting unique characteristics and potential viable clusters.*
  - ⇒ *Make reducing uncertainty and the disjointed nature of the County's regulatory and permitting process the center of attention until significant progress is made.*
  - ⇒ *Embrace the concepts within SACOG's RUCS as an economic and environmental sustainability strategy for rural areas.*
  - ⇒ *Identify, survey, and support entrepreneurial business ventures.*
  - ⇒ *Allocate resources to creating external exposure for the County and local companies.*
  - ⇒ *Encourage partnerships to address weaknesses and mitigate threats.*
  - ⇒ *Regularly gather and consolidate information on the economic and demographic features and trends in the County and its core communities.*

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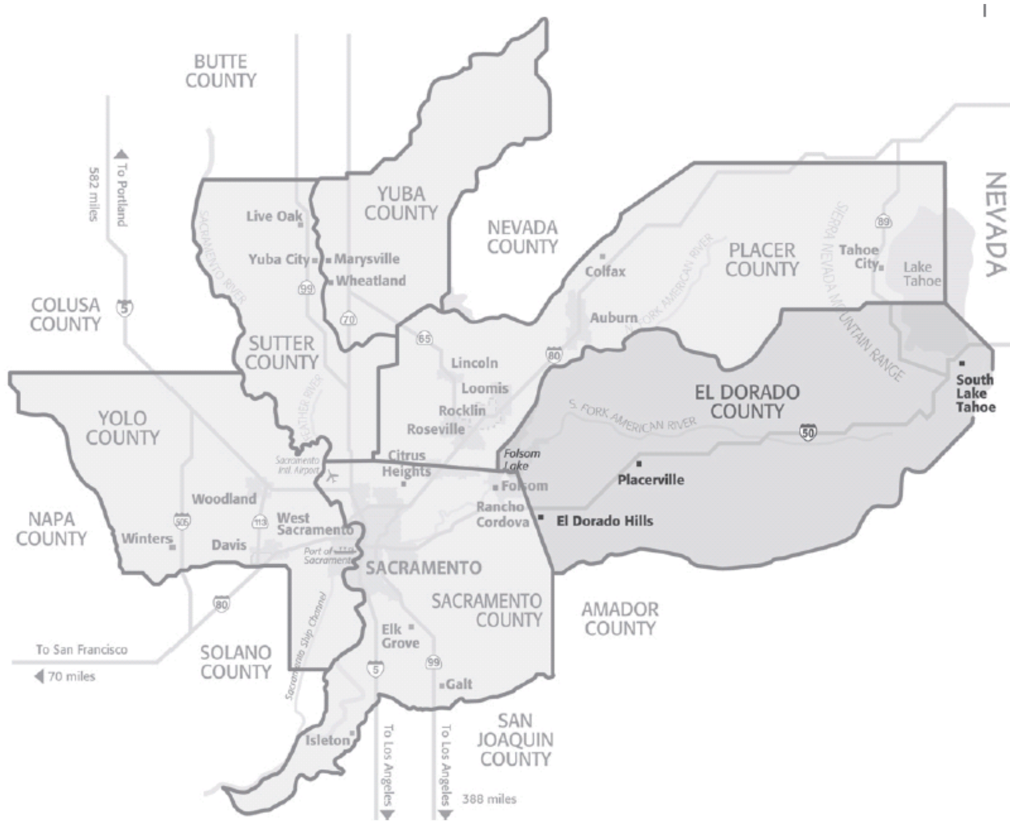
Introduction

Local economic development efforts can benefit tremendously from in-depth knowledge of local and regional economic characteristics, trends, and expectations as well as competitive features and strengths. El Dorado County has benefitted from several studies that examine economic factors affecting the County as a whole or specific communities within the County. However, there has been limited information produced focusing specifically on industry-level performance and related business climate conditions in the County. Recognizing the critical need for this information to guide industry-focused economic development efforts, the El Dorado County Office of Economic Development and the El Dorado Hills Chamber of Commerce engaged the Center for Strategic Economic Research (CSER) to complete a foundational study that examines the areas' major sectors, clusters, and competitive attributes. Since this study provides a new sets of information to help guide economic development in the midst of a major recession, it is intended to lay the groundwork for additional analysis and comparisons as new initiatives are undertaken and the economy recovers. This report is broken down into seven main sections. The discussions below provide context on broad growth trends in El Dorado County and benchmarks it against the Sacramento Region, California, and the United States. The second section provides an analysis of the County's economic characteristics including industry composition, major sector performance, and workforce structure. A number of different indicators demonstrating the County's competitive position along with an evaluation of its role within the broader Region are examined in the third section. The fourth section evaluates economic development potential in El Dorado County based on strengths, weaknesses, opportunities, and threats as well as an assessment of potential cluster viability. A high level profile of the El Dorado Hills area is provided in the fifth section. Major conclusions from the study are discussed in the sixth section and several recommendations are provided for the County and its partners to consider moving forward. The final section describes the research methodology used in each section of the report.

El Dorado County is part of the six-county Sacramento Region (shown in Figure 1), one of the fastest-growing and most dynamic regions in California. The 2.3 million-person Region, which also includes Placer, Sacramento, Sutter, Yolo, and Yuba Counties, contains a number of valuable assets such as California's capital city, an Air Force base, two major interstate freeways, several universities and community colleges, various recreational amenities, and a mix of urban and rural characteristics. El Dorado County sits on Highway 50 and provides a mix of unique characteristics with the western portion integrated into the Region's large Highway 50 Corridor economic node (along with Rancho Cordova and Folsom in Sacramento County), the central portion spotted with farms and wineries (which benefit from the El Dorado American Viticultural Area sub-appellation), and the eastern portion containing the south shore of world-renowned Lake Tahoe. In the past decade, the Region's population grew by close to 24 percent while employment increased by almost 8 percent (reaching a total of 889,000 jobs), growth significantly above the statewide and national averages. This strong growth is expected to continue over the next decade (approximately 14 percent population growth and 10 percent employment growth) as the inland parts of the state are expected to absorb the most growth and the economy moves out of the current recession.

FIGURE 1
SACRAMENTO REGION MAP

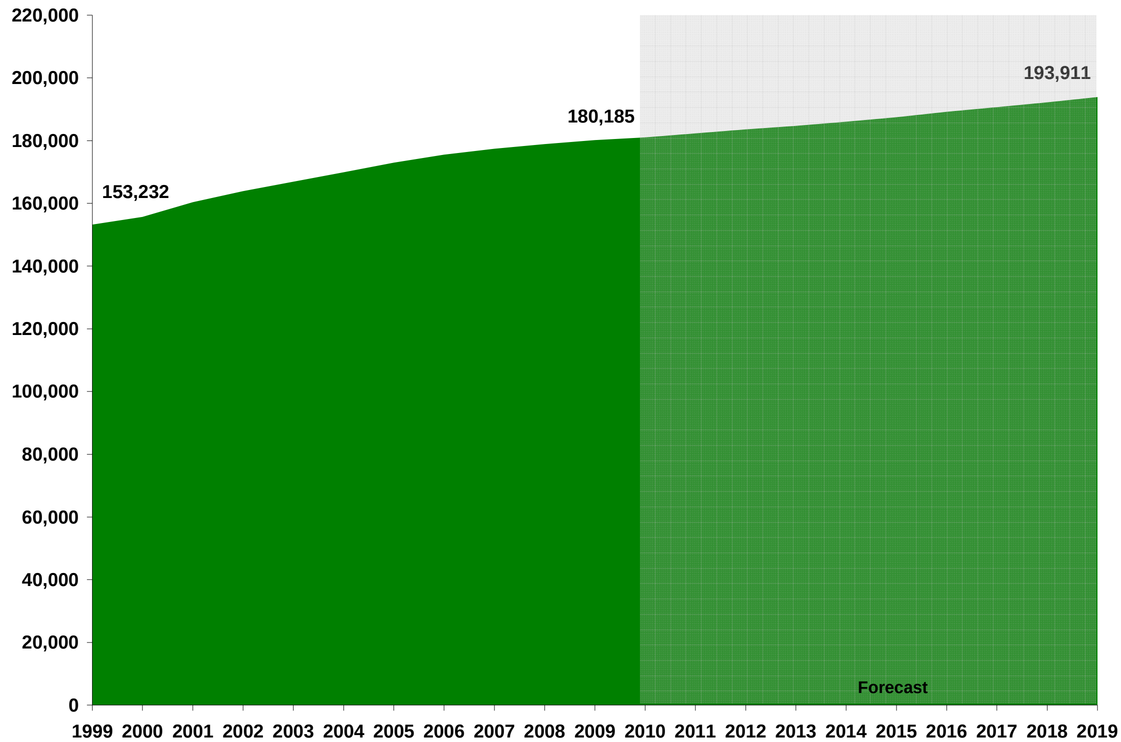


Source: Sacramento Area Commerce and Trade Organization

El Dorado County's population trends are illustrated in Figures, 2, 3, and 4. In the past 10 years, the County added close to 27,000 residents to reach a total population of just over 180,000. Over this period, El Dorado County grew slower than the larger Sacramento Region, but generally outpaced the state and nation, both in terms of decade-long and annual growth rates. In 2009, the County contained close to 8 percent of all residents in the Sacramento Region. By 2019, the County is expected to gain approximately 14,000 more residents, leading to a total population of close to 194,000. In the next ten years, El Dorado County is projected to experience population growth notably slower than the state, nation, and Region. Housing unit growth trends in the County have tracked closely with population growth—in 2009, El Dorado County contained close to 84,000 single- and multi-family housing units, nearly 14,000 more than 10 years prior.*

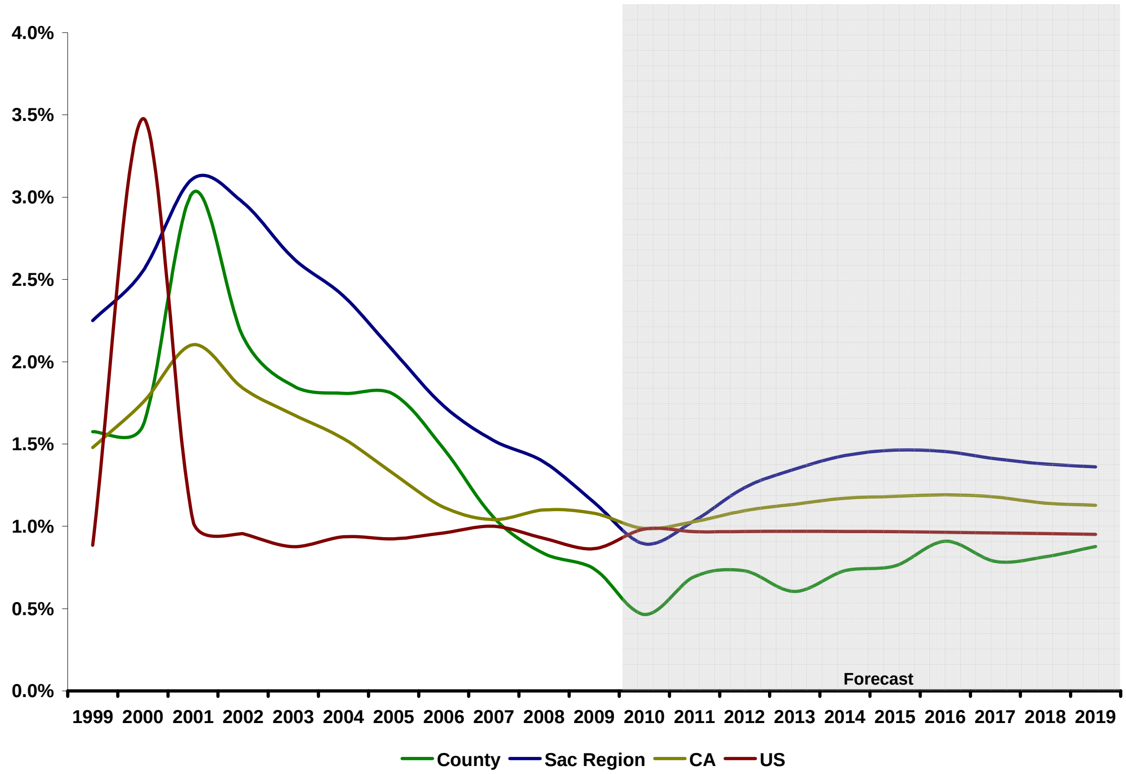
* Data Source: CA Department of Finance, County/State Population & Housing Estimates.

FIGURE 2
EL DORADO COUNTY POPULATION



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on CA Department of Finance, County/State Population & Housing Estimates and CA Department of Transportation, Long-Term Socio-Economic Forecasts by County information

FIGURE 3
ANNUAL POPULATION GROWTH RATES



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on CA Department of Finance, County/State Population & Housing Estimates; CA Department of Transportation, Long-Term Socio-Economic Forecasts by County; and U.S. Census Bureau, Population Estimates & Projections information

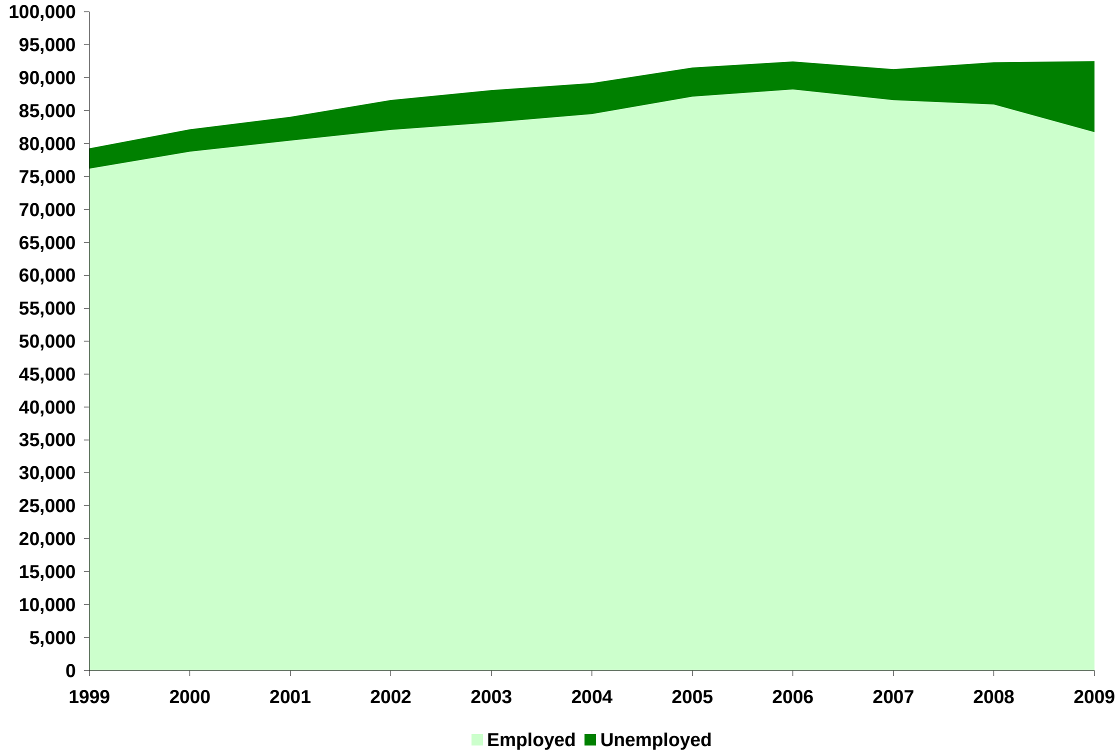
FIGURE 4
POPULATION GROWTH RATES

Area	*99-09*	*04-09*	*09-14 F*	*09-19 F*
County	17.6%	6.0%	3.3%	7.6%
Sac Region	23.7%	8.1%	6.1%	13.8%
CA	15.5%	5.8%	5.5%	11.8%
US	12.6%	4.8%	5.0%	10.1%

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on CA Department of Finance, County/State Population & Housing Estimates; CA Department of Transportation, Long-Term Socio-Economic Forecasts by County; and U.S. Census Bureau, Population Estimates and Projections information

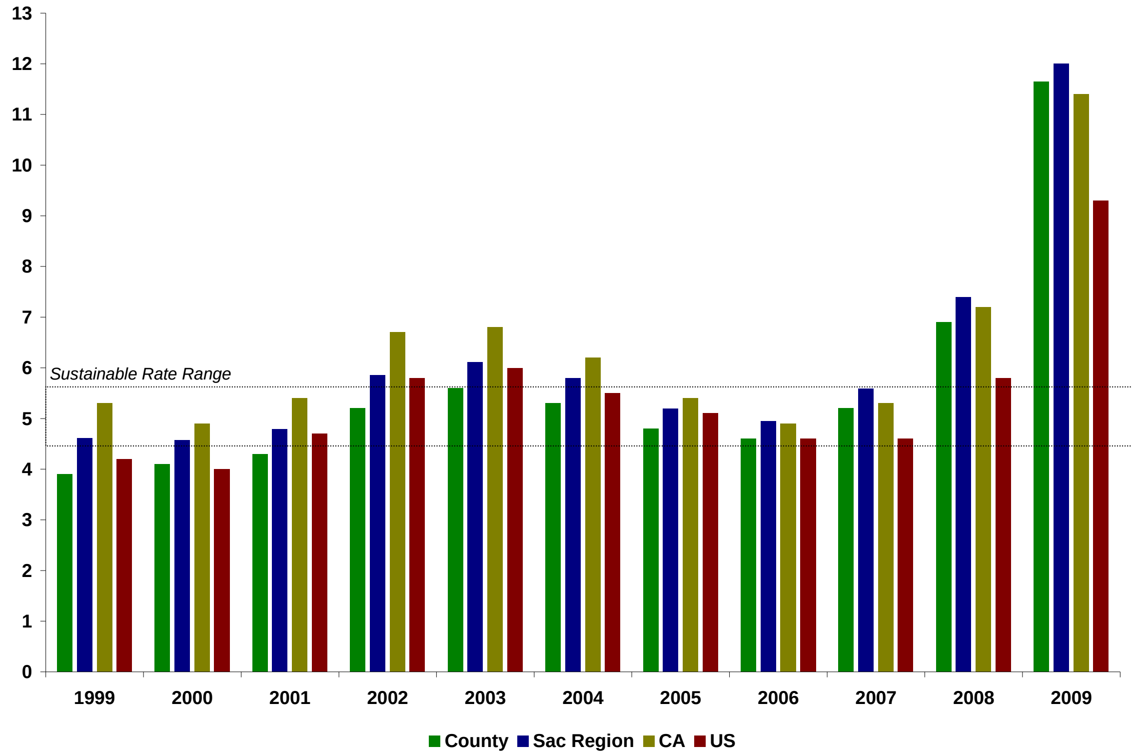
The County's labor force (employable residents) has grown consistently with the broader population. Figure 5 shows that El Dorado County's labor force includes nearly 93,000 residents, which is about 13,000 larger than ten years ago. The current recession has had a significant effect on the number of unemployed residents, but, in the past 10 years, the County has generally maintained an unemployment rate within what is typically viewed as a sustainable range (between 4.5 and 5.5 percent), as illustrated in Figure 6. Additionally, until the current recession, the County's unemployment rate consistently tracked close to the national average, lower than both the state and Sacramento Region.

FIGURE 5
EL DORADO COUNTY LABOR FORCE



Center for Strategic Economic Research, June 2010
Data Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

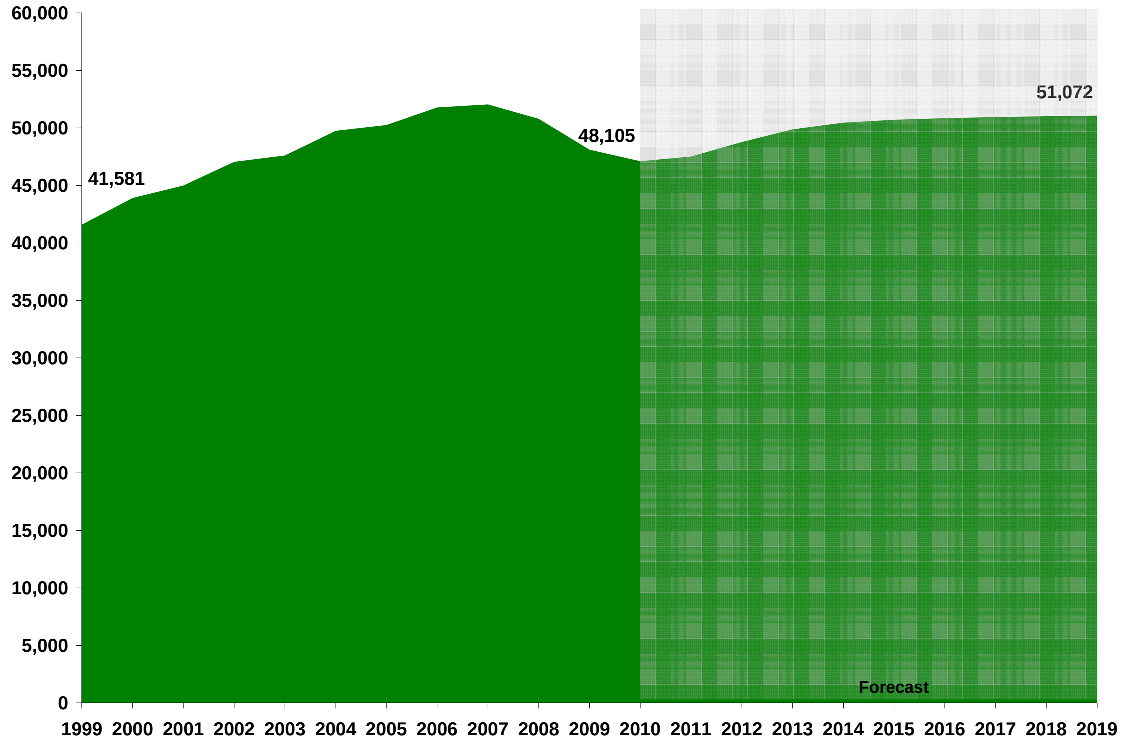
FIGURE 6
UNEMPLOYMENT RATES



Center for Strategic Economic Research, June 2010
Data Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics and Current Population Survey

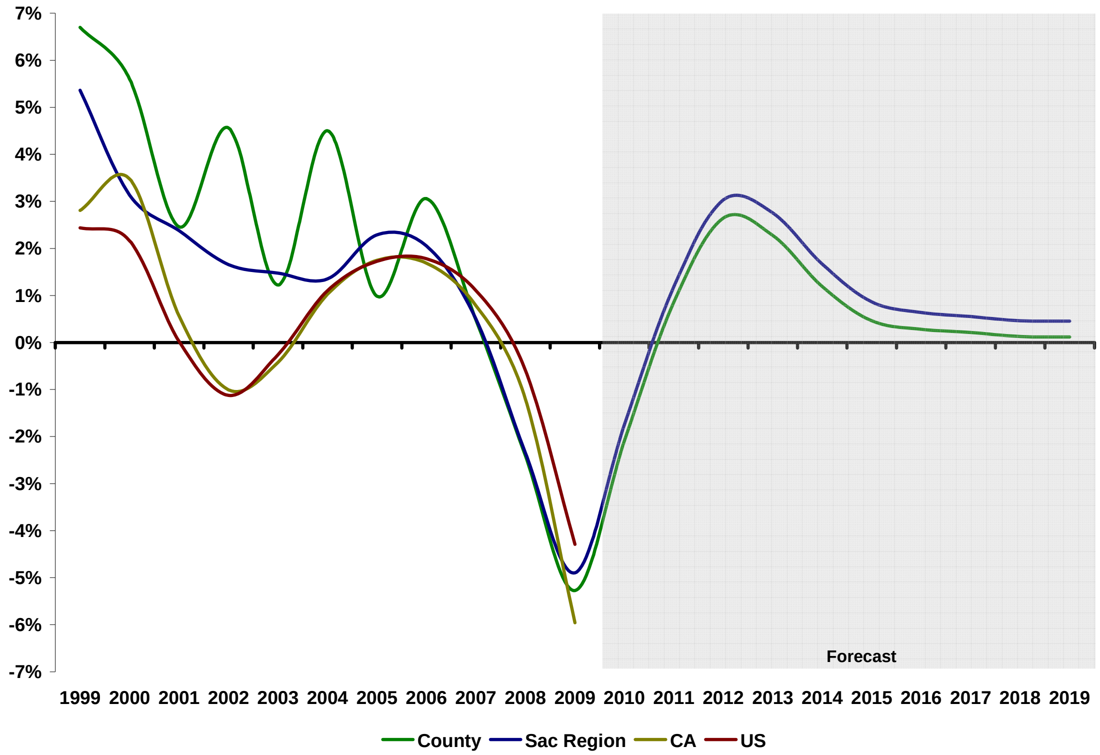
Trends in employment supported by private and public sector establishments within El Dorado County are displayed in Figures 7, 8, and 9. Following a dip associated with the current recession, the more than 5,100 establishments in the County now support approximately 48,000 wage and salary jobs, which is only 6,500 jobs more than 10 years ago. The current estimates show that the County contains around 5 percent of all payroll jobs in the Region, a much smaller share than residents. At its most recent peak (2007), the County contained over 52,000 jobs. Forecasts show that by 2019, El Dorado County will house about 51,000 jobs, only approximately 3,000 more jobs than the current level. The County's historical 10-year employment growth was significantly stronger than the Region, state, and nation; however, the forecast shows considerably slower growth that is less robust than the Region. In recent years, the County's annual growth has remained close to and mimicked the regional average—this pattern is expected to continue, but with the Region outpacing the County moving forward.

FIGURE 7
EL DORADO COUNTY EMPLOYMENT



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages information

FIGURE 8
ANNUAL EMPLOYMENT GROWTH RATES



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages and Current Employment Statistics information

FIGURE 9
EMPLOYMENT GROWTH RATES

Area / Sector	*99-09*	*04-09*	*09-14 F*	*09-19 F*
County	15.7%	-3.3%	4.9%	6.2%
Sac Region	7.6%	-2.6%	7.0%	10.2%
CA	0.4%	-3.1%	-	-
US	1.5%	-0.4%	-	-

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages and Current Employment Statistics information

Economic Characteristics

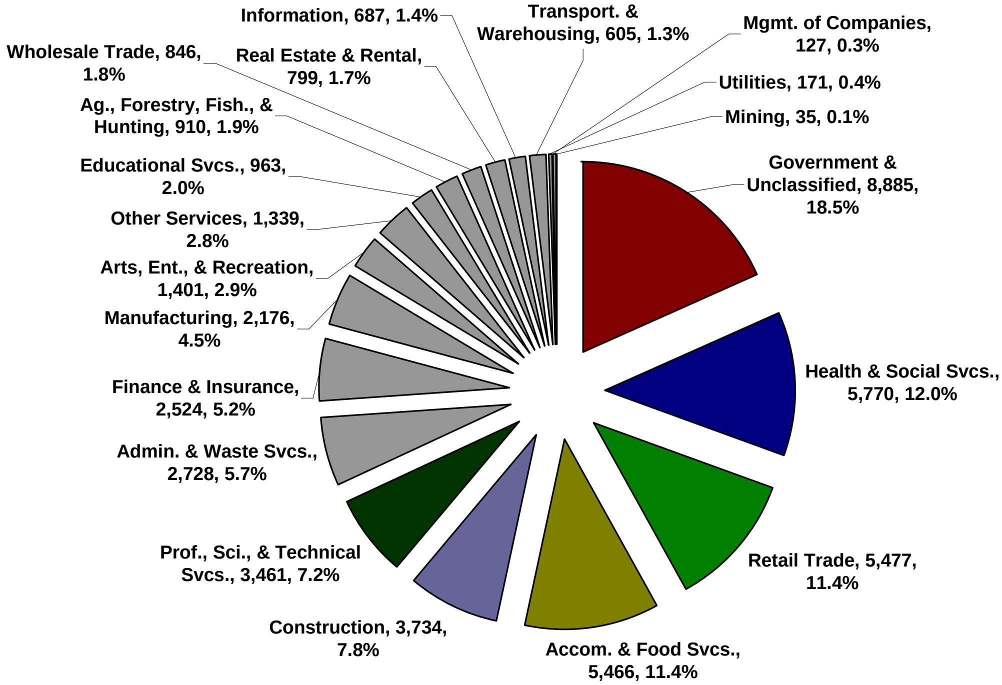
At the most basic level, a local economy can be broken down into groupings of private and public sector establishments based on the processes used to generate final products and services. These groupings are known as industries or sectors and follow a hierarchical structure which is most often summarized into 20 major categories. Payroll employment supported by establishments in the area is one of the most broadly used indicators of local economic performance for major sectors. This section analyzes current employment conditions as well as historical and forecasted employment trends for major sectors in El Dorado County. Other aspects of the local economy are also discussed such as resident workforce structure, proprietor employment, and base versus local-serving activities.

El Dorado County's economy is slightly more diversified than the larger Sacramento Region, but both are much less diversified than the state overall.[*] As shown in Figure 10, over 68 percent of all payroll jobs in El Dorado County in 2009 were supported by establishments in six major sectors including Government; Health & Social Services; Retail Trade; Accommodation & Food Services; Construction; and Professional, Scientific & Technical Services. Combined, these six sectors contain nearly 33,000 jobs and create close to $4.9 billion of output (market value of goods and services) in the County economy (about 47 percent of the total).[†] The remaining major sectors are fairly small with nine supporting less than 2 percent of all jobs (or less than 1,000 employees).

[*] Note: Measured through the Shannon-Weaver Diversity Index as part of IMPLAN, 2008 Coefficients. The County scores 0.68, the Region 0.67, and the state 0.75 with 1.0 reflecting a "perfectly diversified" economy.

[†] Data Source: IMPLAN, 2008 Coefficients.

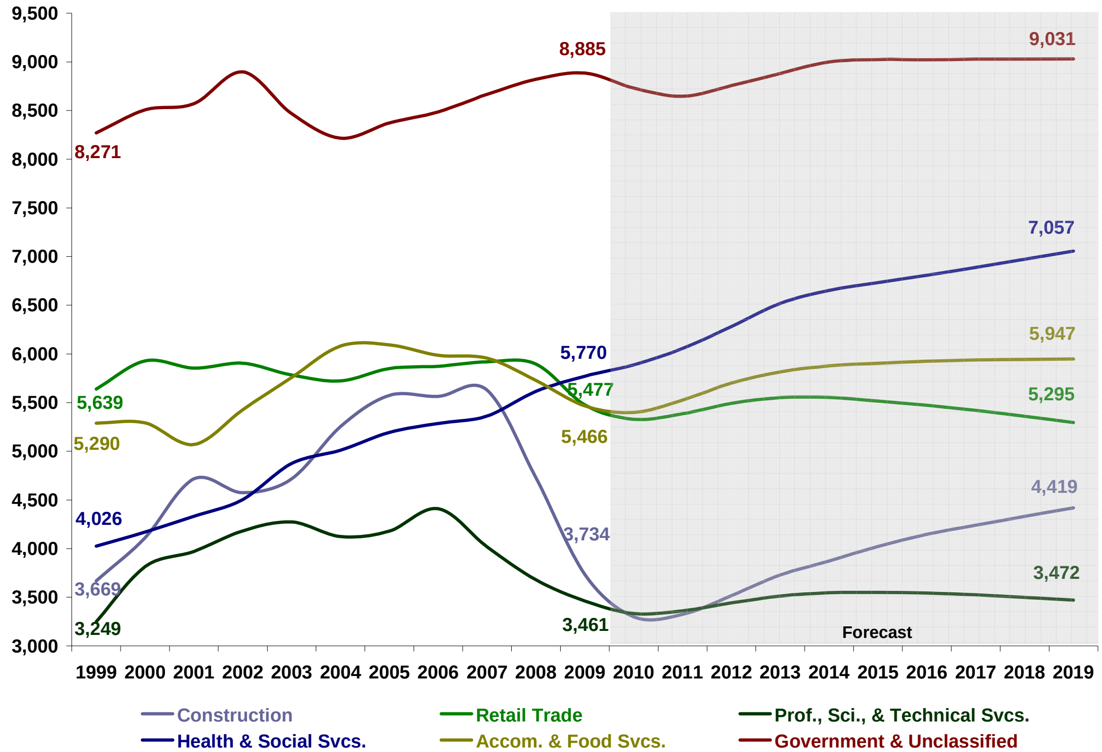
FIGURE 10
EL DORADO COUNTY INDUSTRY EMPLOYMENT, 2009



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages information

Most of the County's largest sectors have seen employment dip in recent years as a result of the widespread economic downturn. Government and Health & Social Services have been the only major sectors to maintain relative stability through 2009. As demonstrated in Figure 11, all of the larger sectors are expected to experience an upward trend over the next 10 years with the exception of Retail Trade and Professional, Scientific, & Technical Services, which appear fairly flat. None of the larger sectors that have taken a dip in recent years are expected to return to peak levels even by the end of the next decade; however, Government and Health & Social Services are anticipated to continue to see growth.

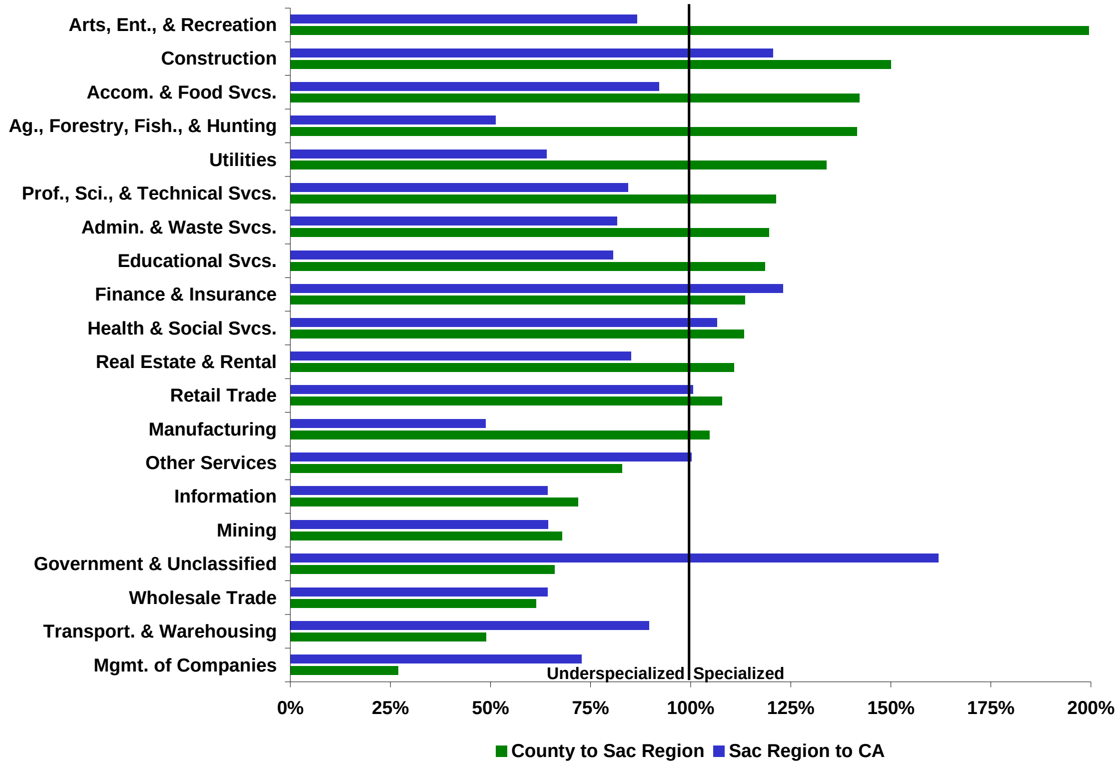
FIGURE 11
EL DORADO COUNTY LARGEST SECTOR EMPLOYMENT



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages information

The County is specialized in several sectors relative to the Sacramento Region. Figure 12 shows major sectors specialization in 2009 as a relative measure of the share of total employment in the County compared to the larger Sacramento Region and the Region to the state (a result of 100 percent indicates that the shares are similar). El Dorado County is nearly two times more concentrated in the Arts, Entertainment, & Recreation sector than the Sacramento Region, an activity where the broader Region is somewhat underspecialized. Other major sectors where the County shows relatively high levels of specialization include Construction; Accommodation & Food Services (one of the largest sectors); and Agriculture, Forestry, Fishing, & Hunting; and Utilities. Specialized sectors in a particular area usually point to current or historical locational advantages, unique operating conditions, or activities geared toward export. For example, the high level of specialization in Arts, Entertainment, & Recreation is a result of the unique recreational amenities available in the County that attract visitors and lend to the local quality of life. On the other side of the spectrum, there are a few major sectors where both the County and the Region are underspecialized including Management of Companies and Transportation & Warehousing. With the exception of Government, there are no major sectors where the Region is highly specialized and the County is notably underspecialized.

FIGURE 12
EL DORADO COUNTY INDUSTRY SPECIALIZATION, 2009



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages information
Note: A measure of 100% means that the local area has the same share of total employment in the industry as the larger area.

Over the past 10 years, several major sectors in El Dorado County have outpaced regional, statewide, and national employment growth rates, as illustrated in Figure 13. Among the largest and most specialized sectors, Construction posted healthier growth than all three benchmarks while Retail Trade exceeded only the national average, Health & Social Services and Utilities grew more rapidly than both the statewide and national averages, and Agriculture, Fishing, Forestry, & Hunting lost jobs at a less severe rate than the Region overall. Two of the smaller sectors, Educational Services and Finance & Insurance posted very robust employment growth between 1999 and 2009, well above the Region, state, and nation. The Management of Companies sector saw the most significant level of negative growth in the last decade within the County, but it was not as weak as in the Region and state.

In the coming ten years, many of the County's major sectors are forecast to see stronger growth than the past ten years—Construction and Accommodation & Food Services are anticipated to see more robust growth while Agriculture, Fishing, Forestry, & Hunting; Real Estate & Rental; Management of Companies are expected to continue to decline but at a slower rate of loss. Growth for all the other sectors is forecast to be slower in the next 10 years and none of the major sectors are expected to outpace the level of growth in the Sacramento Region.

FIGURE 13
INDUSTRY EMPLOYMENT GROWTH RATES

Area / Sector	*99-09*	*04-09*	*09-14 F*	*09-19 F*	*Area / Sector*	*99-09*	*04-09*
County					CA		
Ag., Forestry, Fish., & Hunting	-29.0%	-20.7%	-7.2%	-11.8%	Ag., Forestry, Fish., & Hunting	-7.5%	-3.0%
Mining	60.2%	21.9%	-1.5%	-13.8%	Mining	7.1%	18.1%
Utilities	21.3%	32.1%	2.5%	-2.8%	Utilities	5.1%	7.0%
Construction	1.8%	-28.9%	3.7%	18.3%	Construction	-9.5%	-27.1%
Manufacturing	8.2%	19.2%	-2.6%	-9.2%	Manufacturing	-29.9%	-15.8%
Wholesale Trade	21.2%	1.8%	4.6%	2.6%	Wholesale Trade	2.4%	-1.7%
Retail Trade	-2.9%	-4.3%	1.4%	-3.3%	Retail Trade	0.4%	-6.2%
Transport. & Warehousing	2.5%	26.4%	-0.1%	-5.1%	Transport. & Warehousing	-8.3%	-3.0%
Information	21.6%	12.8%	9.2%	9.4%	Information	-13.8%	-7.4%
Finance & Insurance	204.5%	0.9%	2.2%	3.2%	Finance & Insurance	-0.3%	-13.3%
Real Estate & Rental	-3.6%	-11.0%	-0.6%	-2.0%	Real Estate & Rental	-2.4%	-7.9%
Prof., Sci., & Technical Svcs.	6.5%	-16.1%	2.5%	0.3%	Prof., Sci., & Technical Svcs.	18.6%	10.6%
Mgmt. of Companies	-33.1%	-46.9%	-3.0%	-8.7%	Mgmt. of Companies	-34.5%	-15.5%
Admin. & Waste Svcs.	72.8%	-8.0%	12.5%	17.1%	Admin. & Waste Svcs.	-10.8%	-11.3%
Educational Svcs.	426.2%	146.1%	12.6%	15.2%	Educational Svcs.	38.0%	15.2%
Health & Social Svcs.	43.3%	15.2%	15.3%	22.3%	Health & Social Svcs.	24.8%	10.8%
Arts, Ent., & Recreation	5.5%	-30.2%	4.0%	2.3%	Arts, Ent., & Recreation	13.7%	2.9%
Accom. & Food Svcs.	3.3%	-10.1%	7.5%	8.8%	Accom. & Food Svcs.	15.7%	4.4%
Other Services	12.5%	3.4%	7.5%	7.7%	Other Services	2.2%	-3.9%
Government & Unclassified	7.4%	8.1%	1.3%	1.6%	Government & Unclassified	11.5%	4.2%
Total	*15.7%*	*-3.3%*	*4.9%*	*6.2%*	*Total*	*0.4%*	*-3.1%*
Sac Region					US		
Ag., Forestry, Fish., & Hunting	-42.5%	-19.7%	-5.4%	-9.0%	Ag., Forestry, Fish., & Hunting	-	-
Mining	9.2%	18.9%	4.1%	-2.3%	Mining	17.1%	18.4%
Utilities	47.6%	9.8%	6.1%	3.6%	Utilities	-7.8%	-0.5%
Construction	-7.9%	-37.1%	6.3%	23.9%	Construction	-7.8%	-13.5%
Manufacturing	-25.0%	-15.5%	1.0%	-3.1%	Manufacturing	-31.4%	-17.0%
Wholesale Trade	0.2%	-8.1%	7.9%	8.8%	Wholesale Trade	-4.5%	-0.7%
Retail Trade	1.3%	-8.3%	4.3%	2.2%	Retail Trade	-3.0%	-3.5%
Transport. & Warehousing	3.3%	5.1%	3.3%	0.5%	Transport. & Warehousing	-1.5%	-0.3%
Information	-7.4%	-17.2%	11.8%	14.4%	Information	-17.9%	-10.0%
Finance & Insurance	1.3%	-10.8%	4.9%	8.4%	Finance & Insurance	1.7%	-3.1%
Real Estate & Rental	-5.8%	-15.9%	2.7%	4.2%	Real Estate & Rental	0.6%	-4.3%
Prof., Sci., & Technical Svcs.	26.3%	8.3%	5.4%	5.8%	Prof., Sci., & Technical Svcs.	18.3%	11.3%
Mgmt. of Companies	-45.0%	-11.3%	-0.1%	-3.6%	Mgmt. of Companies	4.6%	7.6%
Admin. & Waste Svcs.	-9.3%	-11.1%	16.0%	23.8%	Admin. & Waste Svcs.	-7.9%	-8.9%
Educational Svcs.	85.7%	20.9%	15.0%	20.2%	Educational Svcs.	33.2%	11.9%
Health & Social Svcs.	49.7%	22.0%	18.2%	28.2%	Health & Social Svcs.	29.0%	13.5%
Arts, Ent., & Recreation	20.4%	-3.3%	7.4%	8.7%	Arts, Ent., & Recreation	12.0%	3.5%
Accom. & Food Svcs.	21.1%	1.8%	10.7%	14.8%	Accom. & Food Svcs.	13.8%	5.1%
Other Services	9.6%	0.1%	9.8%	12.1%	Other Services	5.4%	-0.8%
Government & Unclassified	14.8%	6.9%	3.2%	5.4%	Government & Unclassified	11.0%	4.3%
Total	*7.6%*	*-2.6%*	*7.0%*	*10.2%*	*Total*	*1.5%*	*-0.4%*

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages and Current Employment Statistics information

In addition to payroll jobs provided by establishments, another major component of employment in a local economy is proprietor or self-employment. El Dorado County is quite unique when self-employment is accounted for as part of the employment picture. On average, about 39 percent of all employment in the County is proprietor or self-employment.[‡] This proportion is significantly higher than in the Sacramento Region and the state overall where approximately 20 percent of employment is proprietors in both

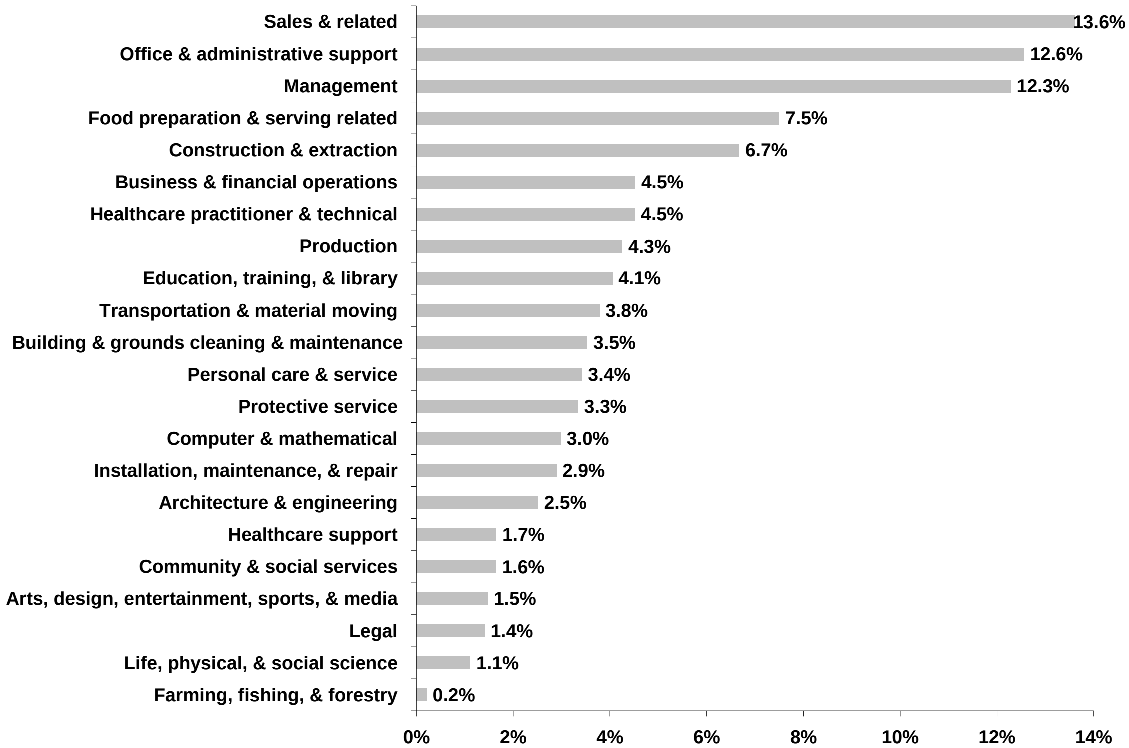
[‡] Data Source: U.S. Bureau of Economic Analysis, Local Area Personal Income and Employment

benchmarks. This is indicative of a strong level of entrepreneurship in the County, which is further supported by the fact that the County maintains a greater share of businesses with between one and four employees than the state (close to 75 percent versus 68 percent, respectively).[§] While some statistics reveal that much of this activity can be classified as Construction and Professional, Scientific, & Technical Services, it is difficult to get a more comprehensive understanding of what these self-employed individuals are actually doing without some sort of internally-collected supplemental information (e.g. business licenses and surveys).[**]

As shown in Figure 14, close to 53 percent of El Dorado County's working residents are employed in occupations classified within five main occupational categories including Sales & Related; Office & Administrative Support; Management; Food Preparation & Serving Related; and Construction & Extraction. With the exception of Management (a group of high-skilled occupations accounting for about 12 percent of the working population), occupations within these larger categories are typically considered low-skilled. This skill mix is not necessarily unusual considering the majority of jobs demanded by all establishments in the broader economy are considered low-skilled. The relative distribution of jobs, however, is a reflection of both the regional and local economies since residents take employment opportunities both inside and outside the County.

[§] Data Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages
[**] Data Source: U.S. Census Bureau, 2006-2008 American Community Survey

FIGURE 14
EL DORADO COUNTY RESIDENT OCCUPATIONS



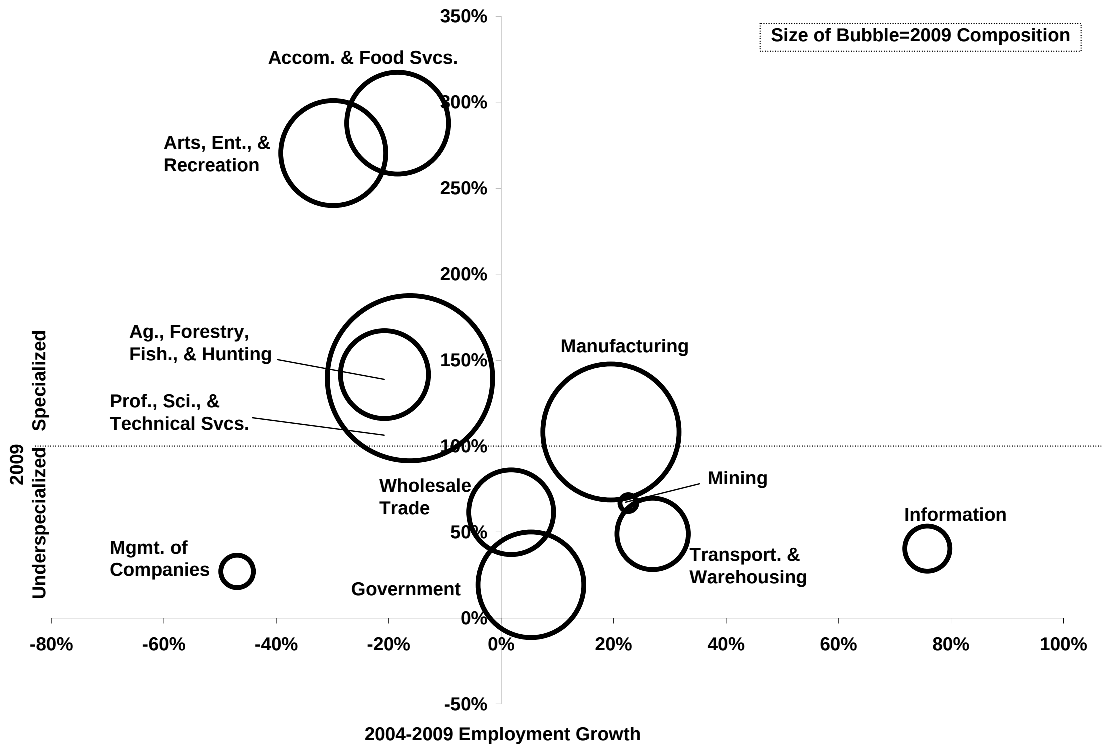
Center for Strategic Economic Research
Data Source: U.S. Census Bureau, 2006-2008 American Community Survey

Specific components of major industry sectors usually play one of two primary roles depending on whether their activities cause changes in the local economic structure and drive development or if the activities are generally consequences of local development. The first role describes what is known as a base activity while the latter is essentially a local-serving component. Base activities are typically described by the following characteristics: they produce a significant amount of goods and services for export; bring net new wealth into an economy; and face few geographical constraints, allowing them to operate anywhere that they deem attractive. On the other hand, local-serving components normally move wealth around a local area, produce goods and services mainly for local consumption, and are strategically located to serve a local market (residents or base sectors). Base sectors are generally seen as active drivers of economic development while local-serving sectors are passive participants, simply responding to economic and demographic growth trends. In El Dorado County, 11 of the 20 major sectors contain base activities with five of the 11 supporting a mix of both base and local-serving components and the remaining six composed entirely of base activities. Only nine of the County's major sectors are specifically local-serving.[††]

[††] Refer to the Research Methodology section for a listing of specific base and local serving components within each major sector.

Figures 15, 16, and 17 provide information on the County's economic base and the mix of base and local-serving activities. Around one-quarter of all employment in the County is supported by base activities, a considerably lower share than in the broader Sacramento Region (34 percent). The two major sectors with the largest amount of base employment include Manufacturing and Professional, Scientific, & Technical Services, which together contain close to 45 percent of all base component employment in the County. Several of the base components within major sectors are specialized, yet in all of these cases, employment has been declining. On the other hand, the underspecialized base component sectors have all experienced employment increases recently. Overall, in the past 10 years, employment in the base components of the local economy has only increased approximately 2 percent, considerably slower than the local-serving activities where employment has increased about 21 percent in the same time period. Employment forecasts for the next 10 years show much slower growth for both the base and local-serving elements in El Dorado County—the base component is expected to decline by about 3 percent while the local-serving activities are anticipated to increase by approximately 9 percent. Most base components posted positive growth in the last 10 years whereas forecasts for the next decade show negative growth in many of the base components.

FIGURE 15
EL DORADO COUNTY BASE COMPONENT SUMMARY



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; and IMPLAN, 2008 Coefficients information

FIGURE 16
EL DORADO COUNTY BASE AND LOCAL COMPONENT EMPLOYMENT

	2009 Employment		99-09 Growth		04-09 Growth	
Sector	Base	Local	Base	Local	Base	Local
Ag., Forestry, Fish., & Hunting	910	-	-29.0%	-	-20.7%	-
Mining	34	-	78.0%	-	22.6%	-
Utilities	-	171	-	21.3%	-	32.1%
Construction	-	3,734	-	1.8%	-	-28.9%
Manufacturing	2,173	-	8.3%	-	19.5%	-
Wholesale Trade	846	-	21.2%	-	1.8%	-
Retail Trade	-	5,477	-	-2.9%	-	-4.3%
Transport. & Warehousing	603	-	3.2%	-	27.0%	-
Information	243	444	115.1%	1.8%	75.8%	-5.7%
Finance & Insurance	-	2,524	-	204.6%	-	1.2%
Real Estate & Rental	-	798	-	-3.6%	-	-11.0%
Prof., Sci., & Technical Svcs.	3,202	259	6.4%	7.9%	-16.2%	-14.5%
Mgmt. of Companies	127	-	-33.1%	-	-46.9%	-
Admin. & Waste Svcs.	-	2,728	-	72.8%	-	-8.0%
Educational Svcs.	-	963	-	426.2%	-	146.1%
Health & Social Svcs.	-	5,770	-	43.3%	-	15.2%
Arts, Ent., & Recreation	1,290	111	6.5%	-5.5%	-29.8%	-33.9%
Accom. & Food Svcs.	1,211	4,256	-16.7%	10.9%	-18.4%	-7.4%
Other Services	-	1,339	-	12.5%	-	3.4%
Government & Unclassified	1,312	7,573	9.2%	7.1%	5.3%	8.6%
Total	11,952	36,146	1.6%	21.4%	-8.5%	-1.4%
Percent Total	24.8%	75.1%	-	-	-	-

Center for Strategic Economic Research, June 2010

Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; and IMPLAN, 2008 Coefficients information

FIGURE 17
EL DORADO COUNTY BASE AND LOCAL COMPONENT EMPLOYMENT FORECAST

	2009 Employment		09-14 Growth F		09-19 Growth F	
Sector	Base	Local	Base	Local	Base	Local
Ag., Forestry, Fish., & Hunting	910	-	-7.2%	-	-11.8%	-
Mining	34	-	-1.0%	-	-13.1%	-
Utilities	-	171	-	2.5%	-	-2.8%
Construction	-	3,734	-	3.7%	-	18.3%
Manufacturing	2,173	-	-2.6%	-	-9.2%	-
Wholesale Trade	846	-	4.6%	-	2.6%	-
Retail Trade	-	5,477	-	1.4%	-	-3.3%
Transport. & Warehousing	603	-	0.0%	-	-5.1%	-
Information	243	444	9.3%	9.2%	10.0%	9.1%
Finance & Insurance	-	2,524	-	2.2%	-	3.2%
Real Estate & Rental	-	798	-	-0.6%	-	-2.0%
Prof., Sci., & Technical Svcs.	3,202	259	3.2%	-6.2%	1.5%	-13.9%
Mgmt. of Companies	127	-	-3.0%	-	-8.7%	-
Admin. & Waste Svcs.	-	2,728	-	12.5%	-	17.1%
Educational Svcs.	-	963	-	12.6%	-	15.2%
Health & Social Svcs.	-	5,770	-	15.3%	-	22.3%
Arts, Ent., & Recreation	1,290	111	4.2%	1.7%	2.7%	-2.2%
Accom. & Food Svcs.	1,211	4,256	-2.3%	10.3%	-8.8%	13.8%
Other Services	-	1,339	-	7.5%	-	7.7%
Government & Unclassified	1,312	7,573	-3.9%	2.2%	-4.6%	2.7%
Total	11,952	36,146	0.1%	6.5%	-3.3%	9.3%

Center for Strategic Economic Research, June 2010

Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; and IMPLAN, 2008 Coefficients information

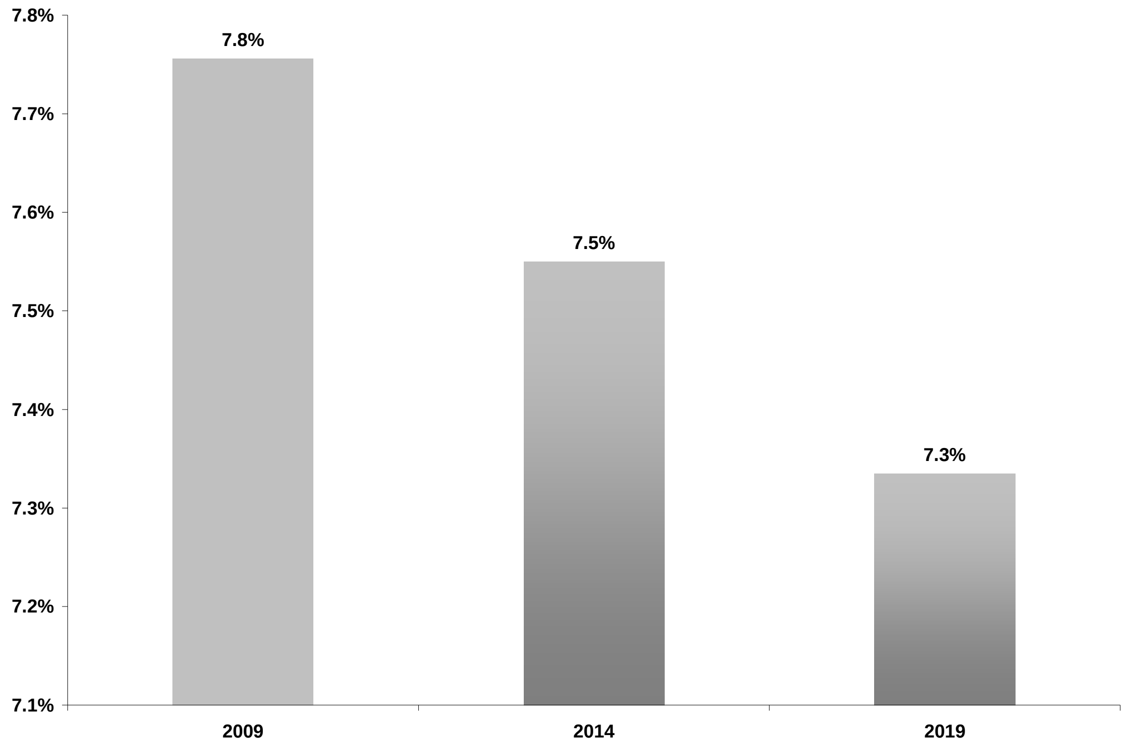
Competitiveness

No economy works in isolation and location and growth decisions made by establishments are driven by a combination of factors such as local market access, assets, and competitive position. El Dorado County operates in a competitive environment with other regional, national, and international locations vying for growth and development opportunities, especially considering the widespread economic turmoil created by the current recession. Data analysis and discussions with local and regional businesses and leaders reveal that there are several aspects, both positive and negative, that impact economic development competitiveness in El Dorado County. This section summarizes some of the key aspects within the County.

Projections of El Dorado County's role in the Sacramento Region highlight expected shifts in its competitive position. Overall, the County's role is projected to decline over the next decade both in terms of residents and employment due to a combination of regional and local growth patterns and internal limitations on development (e.g. topography, infrastructure, and demand). If these trends continue past the next decade, El Dorado County could slowly become a rather small piece of the Region as other areas benefit much more from new jobs and residents and increase their already strong presence. Figure 18 shows that the County's portion of total population in the Region will drop 0.5 percentage points by the end of the next decade as it captures a smaller share of regional growth moving forward. Sacramento Area Council of Governments (SACOG) projections embedded in the 2035 Metropolitan Transportation Plan (MTP) demonstrate a similar declining share of regional population with around 7.4 percent five years from now and 7.3 percent by the end of the next decade. Their projected decline, however, is not as dramatic since SACOG assumes a somewhat smaller share of current population (7.5 percent).[*]

[*] Note: Available SACOG projections utilize a 2005 base year.

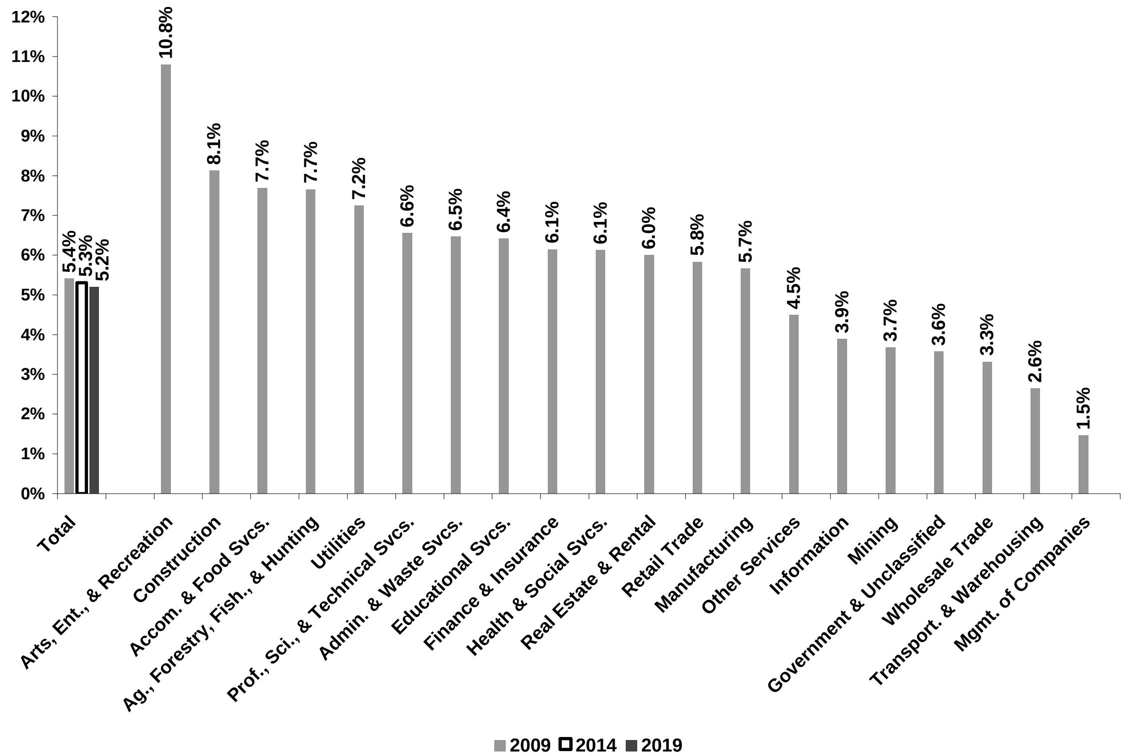
FIGURE 18
EL DORADO COUNTY SHARE OF REGIONAL POPULATION



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on CA Department of Finance, County/State Population & Housing Estimates and CA Department of Transportation, Long-Term Socio-Economic Forecasts by County information

As show in Figure 19, the County's share of payroll jobs is also projected to decline in the coming 10 years, but not to the same extent as population. These projections show that the County will see a downward shift of 0.2 percentage points as other parts of the Region capture a larger amount of regional employment growth. The gap between the El Dorado County's share of residents and employment will close slightly by 2019 from a current 2.4 percentage points to 2.1 percentage points. SACOG's 2035 MTP projections demonstrate an opposite pattern with the share of regional employment expected to increase slightly over the next decade with jobs-led growth anticipated in the western portion of the County. While these projections assume a notably smaller current proportion (5.0 percent), the anticipated trend shows a 0.2 percent greater share in both the coming five- and 10-year periods (up to 5.2 percent and 5.4 percent, respectively). It is important to note that the base year on the SACOG projections is 2005, illustrating that the current recession has likely not been fully accounted for and could affect future expectations. Five major sectors currently support a significantly greater share of regional jobs than the County overall, including Arts, Entertainment, & Recreation; Construction; Accommodation & Food Services; Agriculture, Forestry, Fishing, & Hunting; and Utilities. El Dorado County's strong competitive position for these five sectors is further supported by the fact that all show a high degree of specialization in the County.

FIGURE 19
EL DORADO COUNTY SHARE OF REGIONAL INDUSTRY EMPLOYMENT

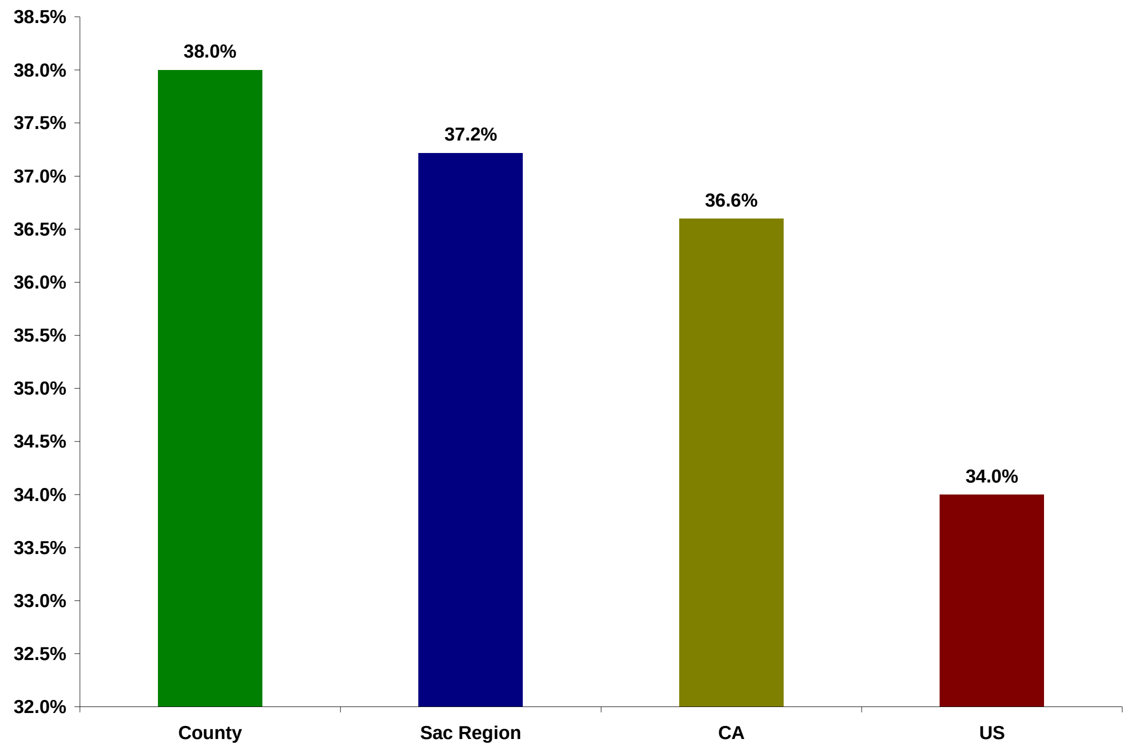


Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages information

An available and high quality workforce is a critical factor in the long-term success of existing businesses as well as new business location decisions. Figure 20 shows that the proportion of the Sacramento Region's population that has attained some form of a postsecondary degree is notably higher than the statewide and national averages, reflecting a regional strength. El Dorado County's educational attainment is slightly higher than the Region with 38 percent of the population having an Associate Degree or above. Local educational attainment is supported not only by the draw of quality of life and employment opportunities for educated residents, but also by regional and local higher education institutions such as Lake Tahoe Community College and the Folsom Lake College El Dorado Center. It is important to note, however, that a large portion of the County's population is not being utilized internally and commutes to points outside the County for work. As depicted in Figure 21, 38 percent of the working population in the County leaves, much higher than other counties in the Region and the statewide average. El Dorado County residents also face some of the longest commute times in the Region with an average of close to 29 minutes, which is also longer than the statewide and national averages. In the western portion of the County (i.e. El Dorado Hills) that is closely aligned with the Region's Highway 50 Corridor economic node, 69 percent of the working population leaves the County for employment opportunities with only a relatively small portion (9 percent) commuting internally. The residents of western El

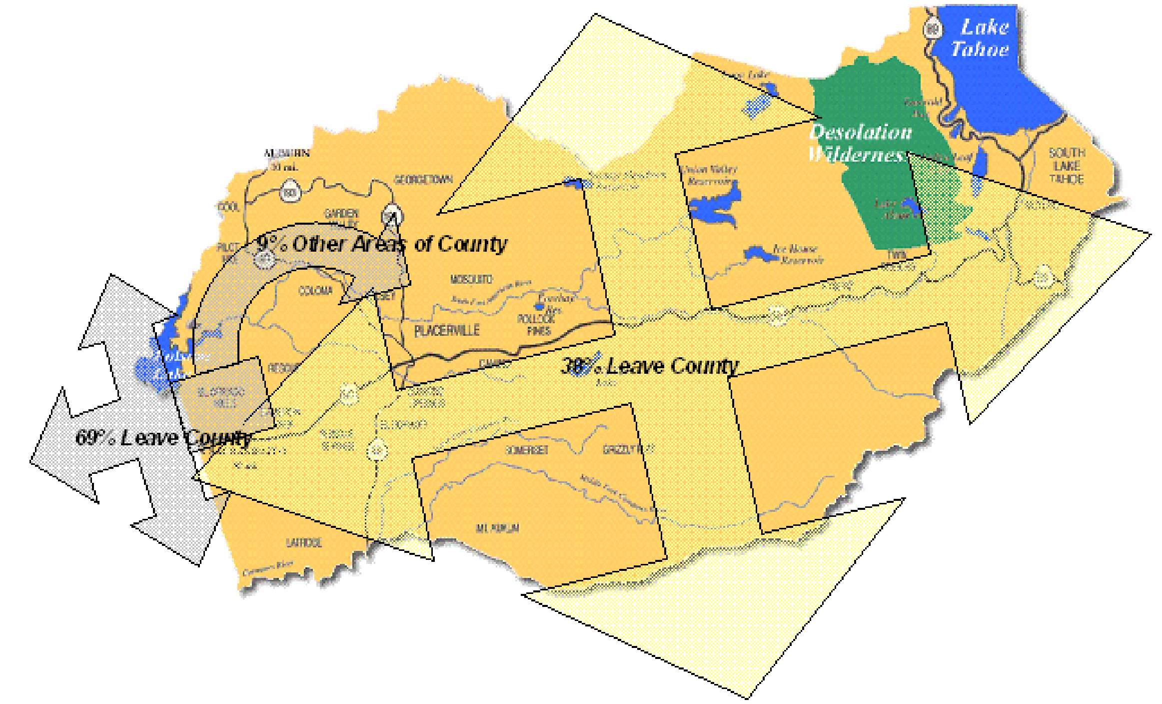
Dorado County face even longer commutes on the often-congested portion of Highway 50 with an average time of over 31 minutes. There is limited transit access and few feasible connector options to Highway 50, which exacerbates the commute time issue.

FIGURE 20
ASSOCIATE DEGREE AND ABOVE EDUCATIONAL ATTAINMENT, 2009



Center for Strategic Economic Research, June 2010
Data Source: ESRI Business Analyst Online, 2009 Market Profile

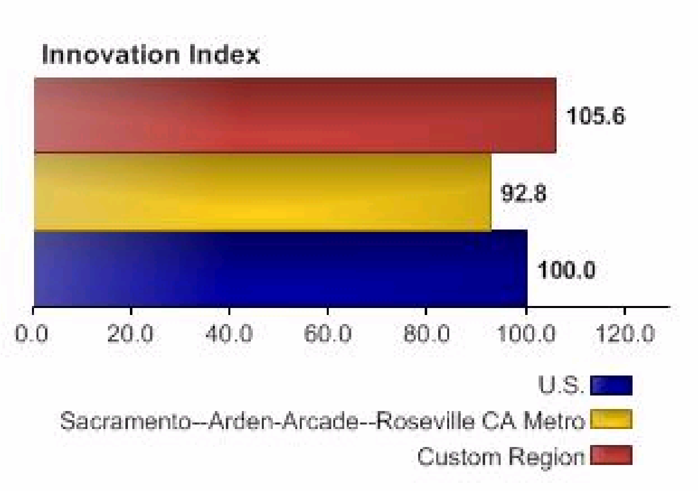
FIGURE 21
EL DORADO COUNTY AND EL DORADO HILLS WORKFORCE COMMUTE MAP



Center for Strategic Economic Research, June 2010
Data Source: U.S. Census Bureau, 2006-2008 American Community Survey

As discussed in the previous section, the County has a relatively high concentration of proprietor or self-employment, demonstrating entrepreneurship potential. The Innovation in American Regions project further establishes the County's entrepreneurial opportunities. While the overall Innovation Index, shown in Figure 22, suggests that the core of the Sacramento Region is below the national average, El Dorado County's score is above the national average. Of the four components that make up the Innovation Index, El Dorado County scores above the national average on three (Human Capital; Productivity & Employment; and Economic Well-Being) and below the national average on one (Economic Dynamics). The County's score is pulled down by weak performance in venture capital investment and presence of large employers while strengths include patented technologies and per worker GDP growth. Lending support to the local entrepreneurship potential, the County has several operating chambers of commerce and maintains a handful of economic development programs that can benefit start-ups and existing small businesses including the Business Loan Program, Microenterprise Assistance Program, Business Façade Improvement Loan Program, and MetroPulse system. However, a common theme in discussions with regional and local businesses and leaders was that there is a general lack of local support resources for entrepreneurs such as technical assistance and training, professional services, links to financing, and regulatory process coordination.

FIGURE 22
INNOVATION INDEX

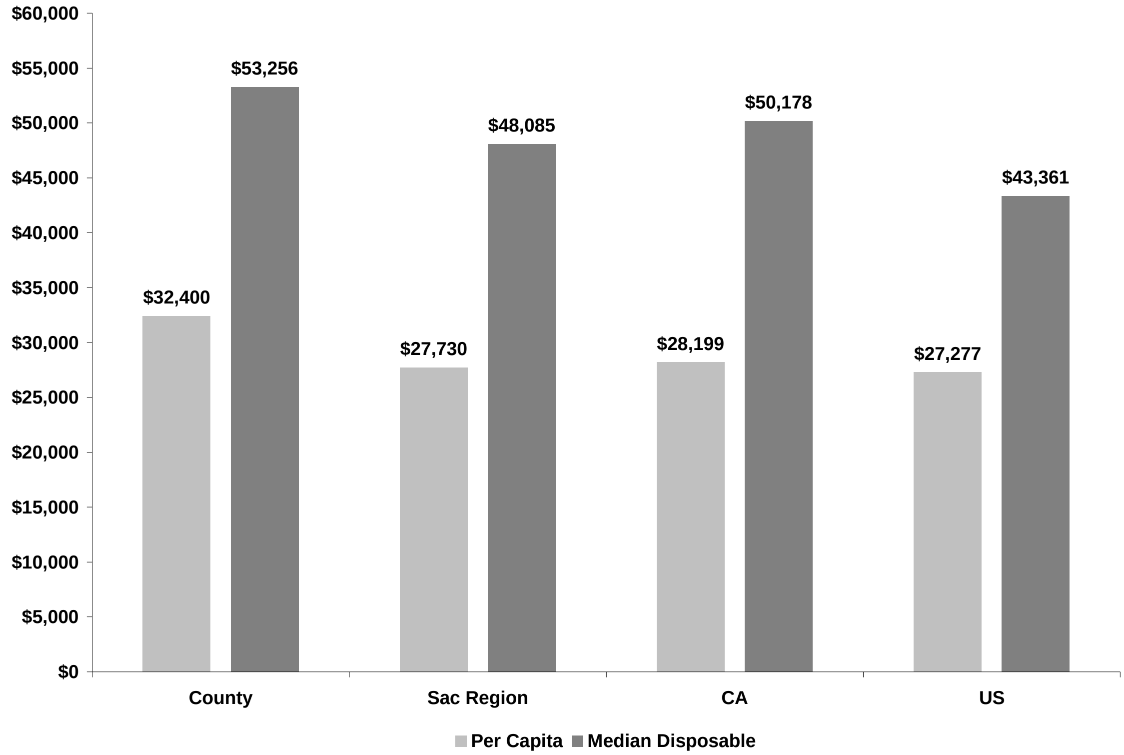


Data Source: Indiana Business Research Center, Innovation in American Regions
Note: Custom Region refers to El Dorado County

Income levels establish the economic-well being and earning potential of the population as well as the prospects for local-serving businesses to take advantage of the residents' spending power. As shown in Figure 23, on a per capita basis, El Dorado County incomes track above the regional, statewide, and national averages, indicating that County residents have a higher earning potential and are quite well-off. Disposable income levels in the County are also relatively higher at about 6 percent above the statewide average. Retail and personal service activities, among many others, are typically attracted to areas with high disposable income. However, El Dorado County has a sizeable retail gap where potential retail demand exceeds retail sales by about 47 percent, indicating that wealth is leaking out of the local economy across nearly every standard retail category.[†]

[†] Data Source: ESRI Business Analyst Online, 2009 Retail MarketPlace Profile

FIGURE 23
INCOME LEVELS, 2009

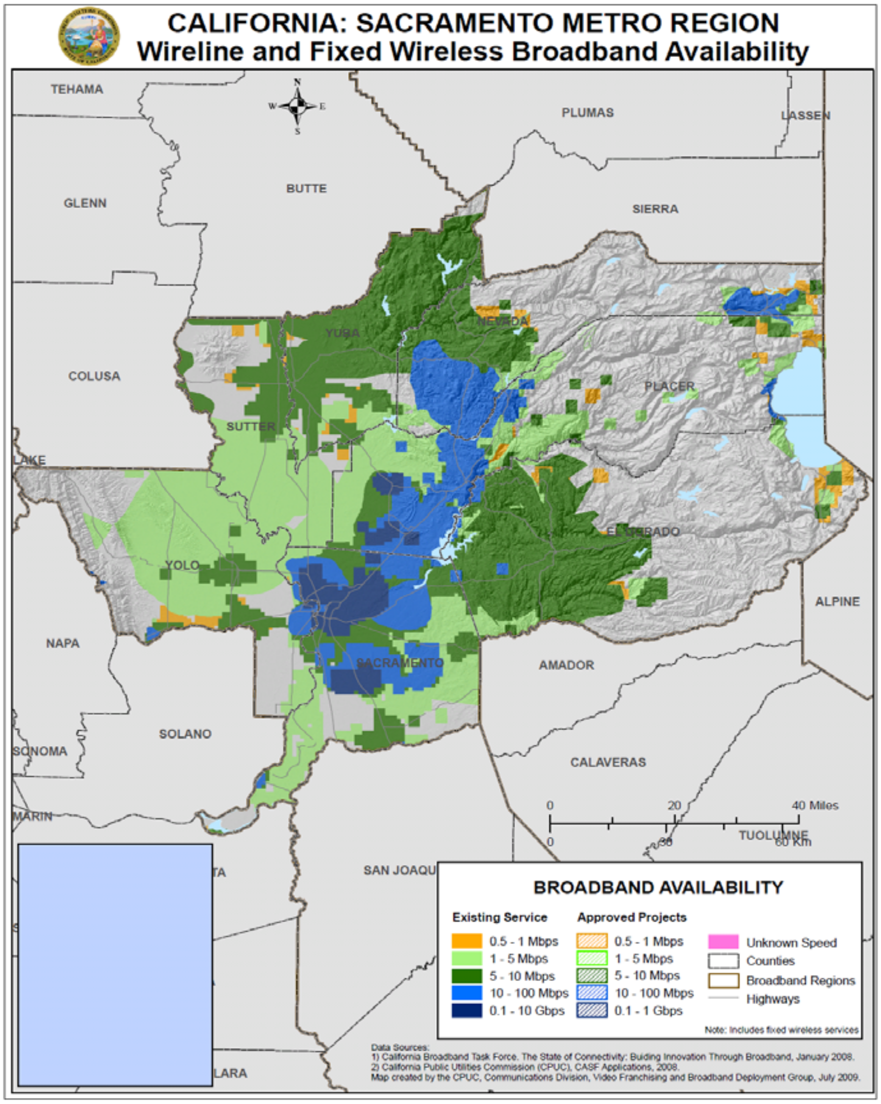


Center for Strategic Economic Research, June 2010
Data Source: ESRI Business Analyst Online, 2009 Retail MarketPlace Profile

The availability and use of broadband infrastructure by businesses and residents has been shown to increase economic outcomes such as employment and payrolls. Moreover, the availability of broadband service can also impact business and resident location decisions. Figure 24 demonstrates that the middle of the County generally lacks broadband availability and the areas served in the eastern portion are at relatively low speeds. The western portion is the only relatively well-served area. Only about 47 percent of El Dorado County residents use broadband, notably lower than the 54 percent of the state population (and regional average) that uses broadband.[‡]

[‡] Data Source: CSER/SRRI, *Economic Effects of Increased Broadband Use in California*, November 2007

FIGURE 24
BROADBAND AVAILABILITY MAP



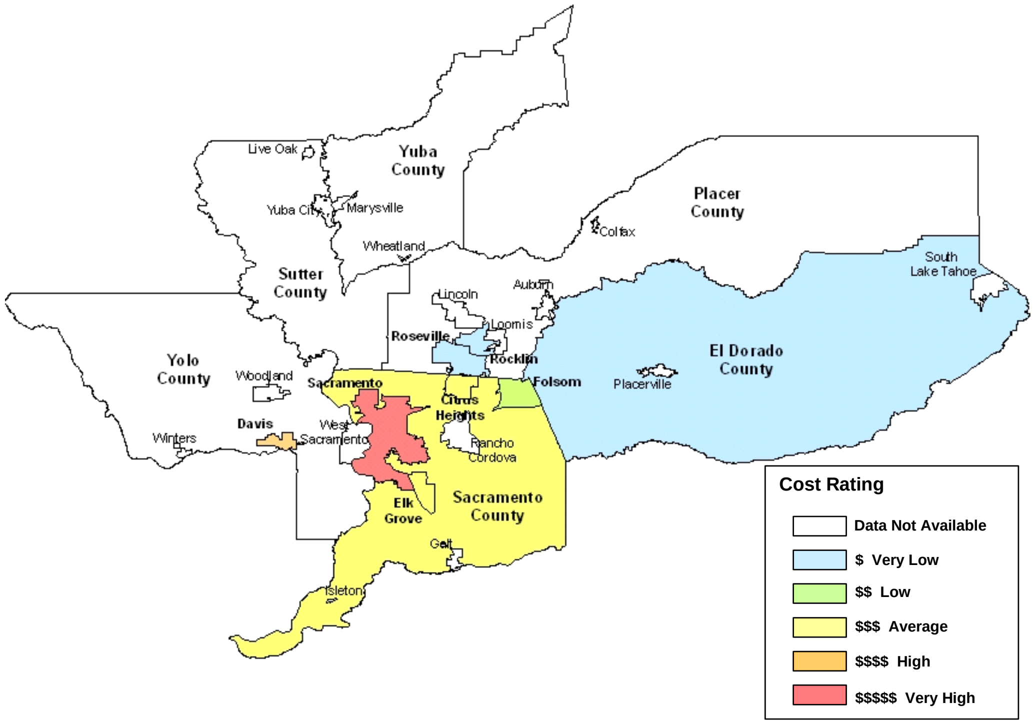
Source: CA Public Utilities Commission, Broadband Availability Maps

Commercial and residential real estate availability and costs are key components in business operations and personal living considerations. Industrial space in El Dorado County, both flex and warehouse, is undersupplied and relatively expensive—the County is below the regional average in the ratio of square feet to output and rents have typically been more expensive than in the rest of the region. This limits growth and attraction potential of companies requiring industrial space. Office space is also limited in the County (less than the regional square footage per employee average), but at certain points in the past five years has been fairly affordable (slightly lower than the regional average). The supply of retail space (on a per resident basis) is close to the regional average (which is surprising considering the retail gap mentioned earlier), but rents have typically been above the rest of the market. Rents for office and retail space in the western portion of the County (which is considered part of the Highway 50 Corridor sub-market by regional commercial real estate brokers) are generally closer to and sometimes below those in the rest of the Region.[§] In terms of residential real estate in El Dorado County, the availability is similar to the Region based on the ratio of units to population, but housing prices have been much higher than the rest of the Region through the peak and market downturn. Relative affordability is still also an issue where at the end of 2009 the median home sale price in El Dorado County was 9.4 times the per capita income versus 7.5 times for the regional average. The western portion of the County (i.e. El Dorado Hills) and areas proximate to Lake Tahoe (Tahoma and South Lake Tahoe) maintain the highest housing prices.[**] Further development of commercial and residential real estate in El Dorado County faces terrain and market size limitations where only certain areas offer strong development opportunities and decisions based on market size potential can be hindered.

El Dorado County (unincorporated) ranks as a "very low" cost area for doing business compared to over 400 other jurisdictions in the country (with more than half in California). As depicted in Figure 25, of the measured areas in the Sacramento Region, El Dorado County is one of only three that are classified as very low cost (along with Roseville and Rocklin). In fact, the *2009 Cost of Doing Business Survey*, which takes taxes, fees, and economic development programs into consideration, lists El Dorado County as one of the 10 least expensive areas in California. Discussions with regional and local businesses and leaders revealed additional details that paint a different picture of the business climate in El Dorado County. Issues with capacity, costs, and development fees associated with infrastructure were regularly cited (e.g. water, sewer, and roads). In addition, there was an underlying perception that County government operations are disjointed, the regulatory environment is cumbersome, and the permit approval process can be difficult, costly, and uncertain. Further, development fees were deemed to be relatively high with no practical incentives or fee waivers available.

[§] Data Sources: CB Richard Ellis, Summary of Existing Property, IMPLAN, 2008 Coefficients, and previously-cited sources for employment and population figures
[**] Data Sources: DQNews, California Home Sale Price Medians by County and City, December 2009 and previously-cited sources for population and income figures

FIGURE 25
SACRAMENTO REGION COST OF DOING BUSINESS MAP



Center for Strategic Economic Research, June 2010
Data Source: Kosmont-Rose Institute, 2009 Cost of Doing Business Survey

Economic Development Potential

With slower growth and a declining role in the Region forecast for El Dorado County, moving forward, it will be important for the County to strategically manage its economic development efforts to retain existing businesses, foster growth in key sectors, and attract talent and businesses that fit community values and make a strong contribution to the local economy. An alternative future that steers away from historical patterns will require growth and development that moves beyond “business as usual” and incorporates economic development efforts that focus on taking advantage of defined strengths and mitigating recognized weaknesses. This section will provide analysis and new perspectives to help inform economic development strategies. Specifically, the County’s strengths, weaknesses, opportunities, and threats will be discussed and potential viable clusters will be presented.

Figure 26 summarizes the strengths, weaknesses, opportunities, and threats related to economic development in El Dorado County based on a combination of technical analysis, professional experience, and input from regional and local businesses and leaders. Each of the four internally- and externally-focused elements of the analysis include 10 key factors. All of the listed internal strengths and weaknesses have been mentioned in previous sections. Most of the external opportunities and threats are related to dynamics within the Sacramento Region. In terms of opportunities, simply the momentum created by the broader Region’s growth and development (overall and within its core nodes), successful collaborative initiatives, relative affordability within the state, and visibility as a Clean Energy Technology industry leader generates economic development potential in the County. Further, within the Region, the presence of high-technology activity within the integrated Highway 50 Corridor economic node, perceptions of El Dorado County as a desirable place to live, and focused initiatives on rural areas through SACOG’s Rural-Urban Connections Strategy (RUCS) buoy economic development opportunities. Additional factors creating opportunities include the proximity to another growing region over the California border, Reno, as well as targeted financial resources available to rural economic development projects. Threats are created by competition from other more recognized areas in the Region that have an edge in affordability, have adopted focused business attraction efforts and incentives, are expected to see strong growth and a growing regional presence, and have similar urban-rural and recreational characteristics (i.e. Placer County). Existing negative perceptions of Highway 50 congestion and the County’s no growth-development conflict also threaten economic development. Other threats are broader in nature including the general negative perceptions of California’s business climate, impacts of the ongoing recession, and the effects of tribal gaming availability in California (and specifically in the Sacramento Region) on casinos in the adjacent Stateline, Nevada area.

FIGURE 26
EL DORADO COUNTY ECONOMIC DEVELOPMENT SWOT ANALYSIS

STRENGTHS (internal)	OPPORTUNITIES (external)
• Recreational amenities • High educational attainment • Ranked as very low business cost area • Local quality of life • Strong job growth in past decade • Large self-employment concentration • High income levels • Visibility of Tahoe basin • Mix of suburban and rural areas • El Dorado AVA sub-appellation	• Part of large growing California region—Sacramento • Proximity to growing Nevada region—Reno • Strong regional collaboration (e.g. Blueprint, Partnership for Prosperity, Internal Study Mission) • Strength of Highway 50 Corridor economic node • Proximity to tech activity in area surrounding Folsom • Coastal-inland cost gap in California • Viewed as desirable place to live within broader Region • Regional clean tech development • SACOG RUCS initiative and economic opportunities (e.g. agritourism, local markets, and energy production) • Rural economic development resources
WEAKNESSES (internal)	**THREATS (external)**
• Regulatory environment and uncertainty in permitting process • Large retail and labor force leakages • Terrain and market size limitations • High commercial and residential real estate costs • Limited office and industrial space • Slow historical and projected population growth • Greater share of residents than jobs • Limited broadband availability • Infrastructure cost and capacity issues • Lack of support resources for entrepreneurs	• Highway 50 congestion and external commutes • Effects of recession and government budgets • Negative perceptions of California business climate • Growth of tribal gaming establishments affecting Stateline, Nevada area • Lack of external understanding of County amenities and advantages • Declining role in Region with strong growth in other parts • Affordability in other areas of Region • Attraction efforts and incentives from other locations in Region • Visibility of County's no growth-development conflict • Placer County similar characteristics and development potential

Center for Strategic Economic Research, June 2010

Another perspective on economic development can be gained by taking a more in-depth look at the dynamics within the local economy. By breaking apart major sectors into their more narrowly-defined components, specific business activities can be arranged into industry clusters, groupings of interrelated firms. While El Dorado County does not necessarily possess fully-integrated industry clusters, there are certainly core activities within the County economy that already play a role in or can be networked into larger clusters that have a regional presence or are more broadly geographically dispersed. Figure 27 lists eight clusters that present economic development potential in El Dorado County based principally on economic performance within the core activities grouped into the clusters as well as input from local leaders. All of the core activities associated with the eight clusters fall within (or just under in some cases) the top quartile of approximately 275 detailed activities ranked on indexed economic performance across six key factors including historical and forecasted employment growth, composition and historical shift in composition, and specialization and historical change in specialization. The clusters range in current size from around 220 jobs (Creative) to over 5,200 jobs (Medical). While economic development potential for all of the clusters appears viable based on healthy economic performance, many of the core activities also present characteristics that further establish opportunities and generate unique benefits in the County. Many of the core activities typically act as main suppliers to the largest sectors in the Sacramento Region and El Dorado County or heavily use the products and services of the large sectors as inputs (listed as regional linkages, RL, in the figure). Additionally, some of the core activities generally create a relatively large multiplier effect in the economy accounting for the combination of direct employment, jobs generated by demand created on suppliers of goods and services, and employee spending (identified as employment multiplier, EM, in the figure). A number of the core activities also create commodities that are largely imported into the County and have a presence in the regional economy (noted as commodity imports, CI, in the figure). The typical employment structure supported by several of the core activities makes use of occupations with a strong presence amongst the local resident workforce (listed as occupation match, OM, in the figure). Finally, quite a few of the core cluster components are base activities and generate net new wealth in the County (identified as base activity, BA, in the figure). Certain core activities present a number of these benefits like the Semiconductor & Other Electronic Component Manufacturing activity in the Advanced Manufacturing cluster while others have none or just one like Lessors of Real Estate under the Finance & Insurance cluster.

FIGURE 27
POTENTIAL VIABLE CLUSTERS AND CORE ACTIVITIES

Advanced Manufacturing (697 jobs)	**Medical (5,243 jobs)**
✓ Machine Shops, Turned Product, and Screw, Nut, and Bolt Manufacturing—BA ✓ Semiconductor and Other Electronic Component Manufacturing—EM, CI, OM, BA ✓ Navigational, Measuring, Electromedical, and Control Instruments Manufacturing—OM, BA ✓ Manufacturing and Reproducing Magnetic and Optical Media—BA ✓ Aerospace Product and Parts Manufacturing—EM, BA ✓ Warehousing and Storage—BA ✓ Machinery, Equipment, and Supplies Merchant Wholesalers—RL, CI, BA ✓ Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing—BA ✓ Electrical and Electronic Goods Merchant Wholesalers—RL, CI, BA	✓ Offices of Physicians—CI, OM ✓ Offices of Dentists—CI ✓ Offices of Other Health Practitioners—CI ✓ Outpatient Care Centers—RL ✓ Home Health Care Services ✓ General Medical and Surgical Hospitals—RL, OM ✓ Specialty (except Psychiatric and Substance Abuse) Hospitals—RL ✓ Nursing Care Facilities ✓ Residential Mental Retardation, Mental Health and Substance Abuse Facilities ✓ Community Care Facilities for the Elderly ✓ Medical Equipment and Supplies Manufacturing ✓ Health and Personal Care Stores ✓ Other Ambulatory Health Care Services ✓ Medical and Diagnostic Laboratories—BA ✓ Pharmaceutical and Medicine Manufacturing—EM, BA
Finance & Insurance (2,751 jobs)	**Education (1,402 jobs)**
✓ Depository Credit Intermediation—RL, CI, OM ✓ Insurance Carriers—RL, CI ✓ Agencies, Brokerages, and Other Insurance Related Activities—RL, CI ✓ Lessors of Real Estate—RL ✓ Consumer Goods Rental ✓ Monetary Authorities-Central Bank—RL, CI	✓ Elementary and Secondary Schools ✓ Colleges, Universities, and Professional Schools—CI, OM ✓ Other Schools and Instruction ✓ Educational Support Services ✓ Child Day Care Services ✓ Junior Colleges—CI ✓ Technical and Trade Schools
Business Services (3,639 jobs)	**Retail & Personal Care (3,625 jobs)**
✓ Architectural, Engineering, and Related Services—RL, OM, BA ✓ Management, Scientific, and Technical Consulting Services—CI, OM, BA ✓ Employment Services—RL, OM ✓ Investigation and Security Services—OM ✓ Vocational Rehabilitation Services ✓ Business, Professional, Labor, Political, and Similar Organizations ✓ Wholesale Electronic Markets and Agents and Brokers—RL, CI, OM, BA ✓ Services to Buildings and Dwellings—RL, OM ✓ Other Support Services	✓ Other Motor Vehicle Dealers ✓ Automotive Parts, Accessories, and Tire Stores ✓ Furniture Stores ✓ Building Material and Supplies Dealers ✓ Grocery Stores ✓ Department Stores—OM ✓ Other General Merchandise Stores ✓ Personal Care Services—OM ✓ Other Personal Services ✓ Sporting Goods, Hobby, and Musical Instrument Stores
Recreation & Tourism (2,871 jobs)	**Creative (221 jobs)**
✓ Beverage Manufacturing—EM, BA ✓ Scenic and Sightseeing Transportation—BA ✓ Beer, Wine, and Liquor Stores ✓ Full-Service Restaurants—RL, CI, OM ✓ RV (Recreational Vehicle) Parks and Recreational Camps—BA	✓ Software Publishers—EM, CI, OM, BA ✓ Motion Picture and Video Industries—CI
LEGEND: RL = regional linkages ● EM = employment multiplier ● CI = commodity imports ● OM = occupation match ● BA = base activity	

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; IMPLAN, 2008 Coefficients information; and U.S. Census Bureau, 2006-2008 American Community Survey

The Advanced Manufacturing cluster includes a mix of technology- and knowledge-based manufacturing activities as well as linked operations like warehousing and wholesalers. Although it only supports approximately 700 jobs, the existing core components of this cluster offer all the additional assessed benefits including regional linkages, employment multiplier, commodity imports, occupation match, and base activities. All of the activities typically require industrial space and standard industrial infrastructure. Aerometals and Snowline Engineering are examples of larger existing companies that are part of this cluster. Due to the make up of the core manufacturing activities within it, this cluster also has the potential to incorporate opportunities created by the high-technology activity within the Highway 50 Corridor and the dynamic activity in the Clean Energy Technology industry within the broader region.

With more than 3,600 jobs, the Business Services cluster includes a combination of professional and support services generally contracted by other businesses. This cluster offers all the additional analyzed benefits with the exception of employment multiplier. Nearly all of the core activities in the Business Services cluster require office space. Examples of existing employers in this cluster include ANOVA Architects and Carlton Engineering. There are likely a number of proprietor business ventures that fit within this cluster as well. Similar to the Advanced Manufacturing cluster, Business Services contains some core activities which complement the opportunities created by the Sacramento Region's visibility as the Clean Energy Technology hub.

The Creative cluster (around 220 jobs) is small but unique in its combination of software design and entertainment activities. Besides regional linkages, activities in this cluster generally create all the other assessed benefits. Existing activities generally require office space with the occasional need for industrial or retail space. Todd Stanley Productions and Wyndgate Technologies are two established firms that fit in this cluster. Like the Business Services cluster, it is likely that there are a number of home-based businesses that could be integrated into this cluster.

Nearly all levels of educational activities, in addition to focused support services, are represented in the 1,400-job Education cluster ranging from day care and technical education to elementary through postsecondary education. Core activities in this cluster present opportunities for commodity import substitution and greater use of the local workforce. Besides large education campuses, establishments in this cluster tend to utilize office and retail space. The high educational attainment levels in the County lend support to the economic development potential of the Education cluster.

A blend of banking, real estate, insurance, and rental activities make up the core of the Finance & Insurance cluster. Three of the five additional benefits are typically generated by establishments in this cluster's core activities. Real estate requirements within the Finance & Insurance cluster tend to focus on office and retail space. Examples of establishments supporting the close to 2,800 jobs in this cluster include Avizent and IntelliQuote.

The Medical cluster is the largest among the eight with employment close to 6,000. Its core activities include a mix of health care, social services, manufacturing, and retail. In addition to larger medical campuses, most of the core activities in the Medical cluster typically require office or multifamily/institutional residential space. Like the Advanced Manufacturing cluster, the core Medical cluster activities support all the additional identified benefits. To some extent, this cluster is driven by market size and potential. Larger existing employers in this cluster include Marshall Medical Center and Barton Healthcare.

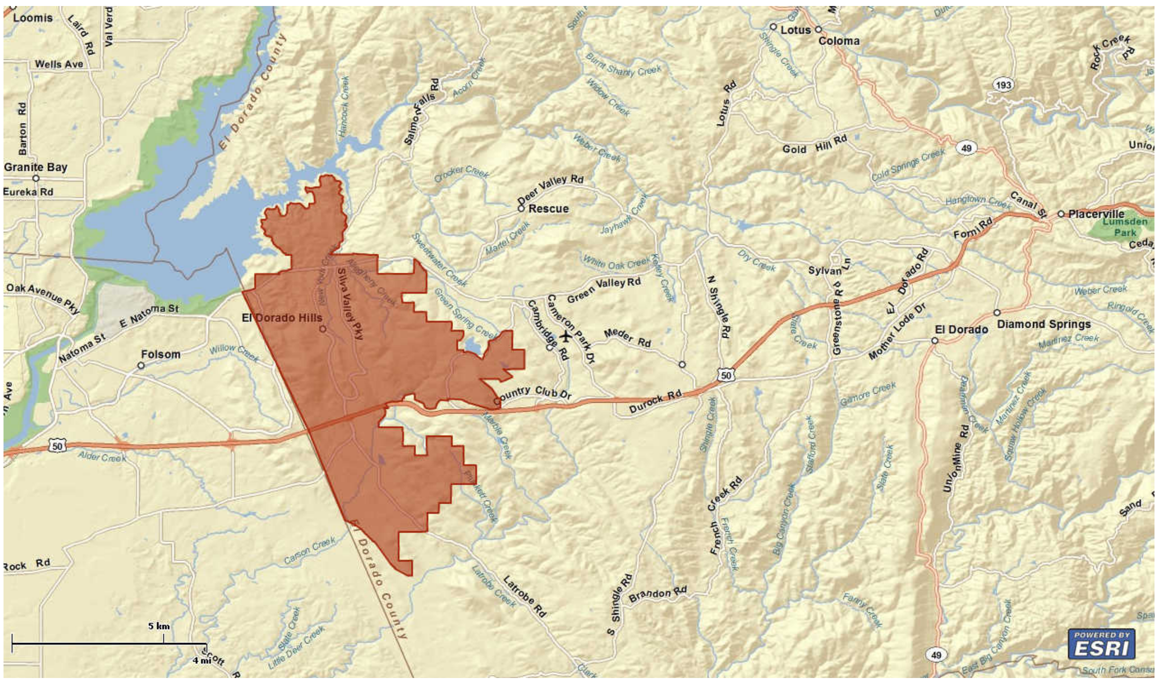
Recreation & Tourism is another cluster where regional linkages, employment multiplier, commodity imports, occupation match, and base activities are generally created amongst the core activities. While, in a broader sense, the County offers a variety of related amenities and has unique major sector characteristics, the core Recreation & Tourism cluster activities are narrowly defined to include wineries, specialized retail and restaurants, and tourist and recreational activities, which currently support nearly 2,900 jobs. Examples of companies in this cluster include Boeger Winery and Camp Richardson. This cluster fits well within the agri-tourism economic opportunity outlined in the SACOG RUCS initiative and is reinforced by the County's unique strengths including the El Dorado AVA sub-appellation, recreational amenities, and visibility of the Tahoe basin. Moreover, components of this cluster and the County altogether will gain visibility with the Reno-Tahoe bid to host the 2022 Winter Olympics.

The final cluster, Retail & Personal Care, contains core activities where the County is seeing local spending leakages. Helping to capture this spending is a benefit altogether, but this cluster also supports opportunities to employ the local workforce. The core activities in this cluster, which currently employ over 3,600 jobs, almost always demand retail space and are driven by market size. The County's high income levels could also support unique opportunities in this cluster.

El Dorado Hills

El Dorado Hills is an unincorporated community in the western portion of El Dorado County. The community, shown in Figure 28, has been the primary recipient of population and employment gains within the County in the last decade as a result of growth within developments such as Serrano, Town Center, and the El Dorado Hills Business Park.* With residential and commercial development, El Dorado Hills has become even more closely aligned with one of the Sacramento Region's largest economic nodes, the Highway 50 Corridor that also includes Mather, Rancho Cordova, and Folsom (and pushes into Placerville). The following section provides a brief profile of a few key economic and competitive characteristics in El Dorado Hills.

FIGURE 28
EL DORADO HILLS MAP



Source: ESRI Business Analyst Online
Note: Based on El Dorado Hills Community Region boundaries.

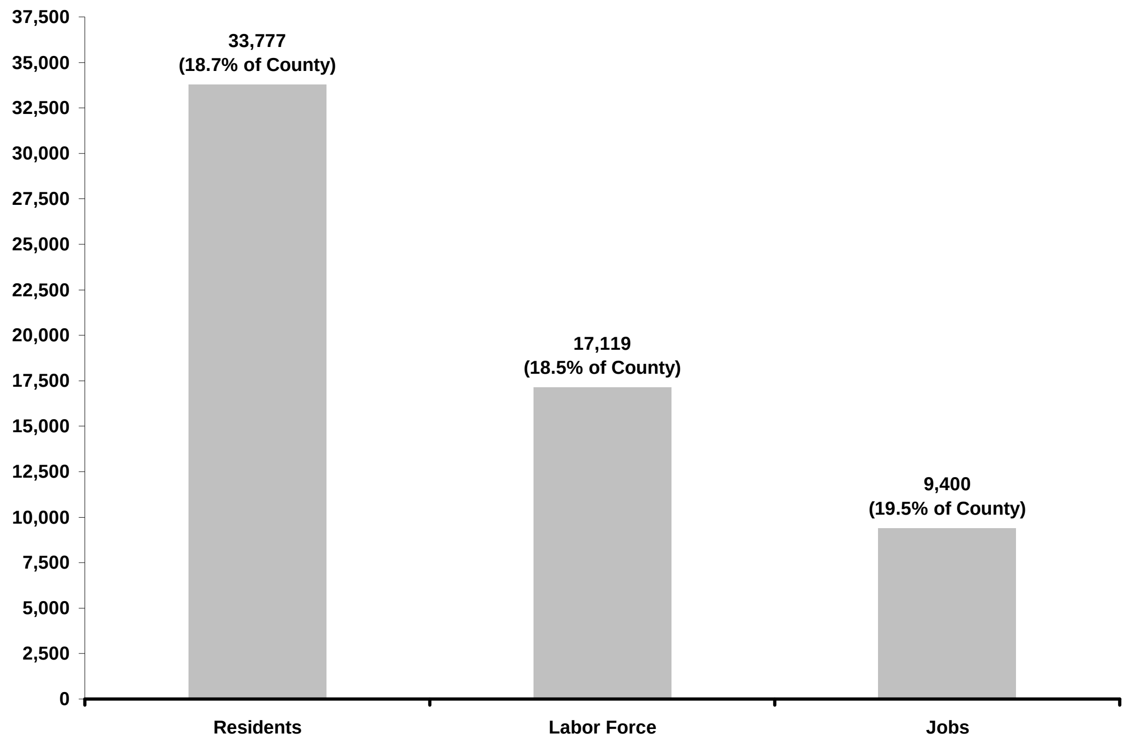
Figure 29 shows the size of the El Dorado Hills area and its role in El Dorado County. With close to 34,000 residents, El Dorado Hills accounts for nearly 19 percent of the County's population (despite covering only 1.4 percent of the land area in the County).† It also contains a similar share of the County's labor force, housing over 17,000 employable residents. As shown in Figure 30, approximately 9.8 percent of the El Dorado Hills labor force is unemployed, a rate significantly lower than the County and Sacramento Region overall. The area is a dominant employment center in El Dorado County with a slightly higher share of the County's jobs compared to residents.

* The El Dorado Community Region boundaries were used to define El Dorado Hills based on recommendations from County staff and its coverage of key development areas.
† Data Source: CSER based on ArcView, County, and U.S. Census Bureau information

Approximately 9,400 payroll jobs are supported by establishments in El Dorado Hills, almost 20 percent of all County employment. This strong jobs base is driven, in large part, by the availability of commercial space in the area and integration in the Highway 50 Corridor economic node.

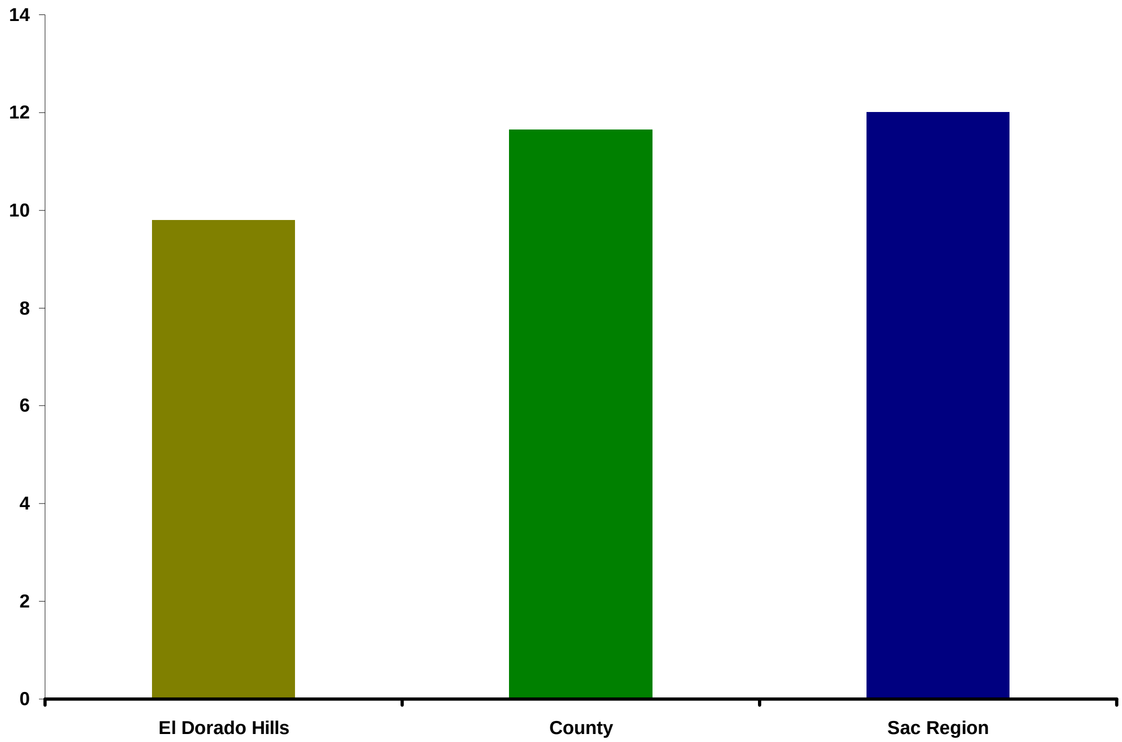
SACOG's 2035 MTP suggests that El Dorado Hills will continue to be the primary population and job center of the County with jobs-led growth increasing its share of employment. Projections embedded in the MTP demonstrate that El Dorado Hills will maintain the slightly higher share of jobs than residents by the end of the next decade with close to 30 percent of the County's residents and 32 percent of employment. This reflects a 4.6 percentage point gain in the proportion of County population and a 6.4 percentage point gain in jobs since the MTP estimates suggest a slightly lower current share than presented in Figure 29.

FIGURE 29
EL DORADO HILLS SUMMARY, 2009



Center for Strategic Economic Research, June 2010
Data Source: ESRI Business Analyst Online, 2009 Market Profile and Business Summary
Note: Based on El Dorado Hills Community Region boundaries.

FIGURE 30
UNEMPLOYMENT RATES, 2009



Center for Strategic Economic Research, June 2010
Data Sources: ESRI Business Analyst Online, 2009 Market Profile and U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
Note: Based on El Dorado Hills Community Region boundaries.

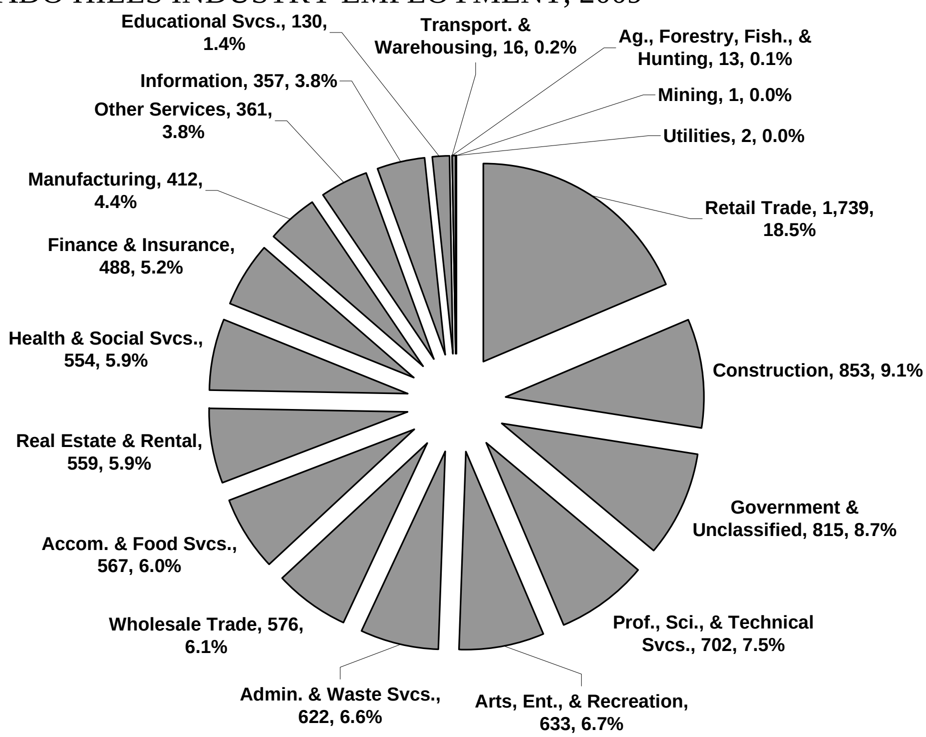
Similar to the County as a whole, El Dorado Hills faces a large out-commute of employed residents. Over 78 percent of working residents leave the area during the work week with a little less than 70 percent exiting the County altogether and 9 percent commuting to other parts of the County. As many residents face the congested stretches of Highway 50 in their daily commutes, travel time to work is somewhat longer for El Dorado Hills residents compared to the County and regional average (over 31 minutes versus 26 and close to 29 minutes, respectively).[‡] However, workers from other parts of the Sacramento Region employed by El Dorado Hills companies face a reverse commute.

As shown in Figure 31, the El Dorado Hills economy is dominated by the Retail Trade sector with over 1,700 jobs making up nearly 19 percent of all employment. This sector is over two times as large as the next major sector, Construction, which contains around 850 jobs and approximately 9 percent of all local employment. These two sectors account for over one-quarter of all jobs and about 21 percent of the 1,200 establishments in the area. Other large sectors in El Dorado Hills include Government; Professional, Scientific, & Technical Services; Arts, Entertainment, & Recreation; and Administrative

[‡] Data Source: U.S. Census Bureau, 2006-2008 American Community Survey—based on El Dorado Hills Census Defined Place boundaries

& Waste Services with employment levels ranging from about 620 to over 800. The latter two sectors are not among the largest in the County as a whole whereas two of the County's biggest sectors are only moderately-sized in El Dorado Hills, Health & Social Services and Accommodation & Food Services.

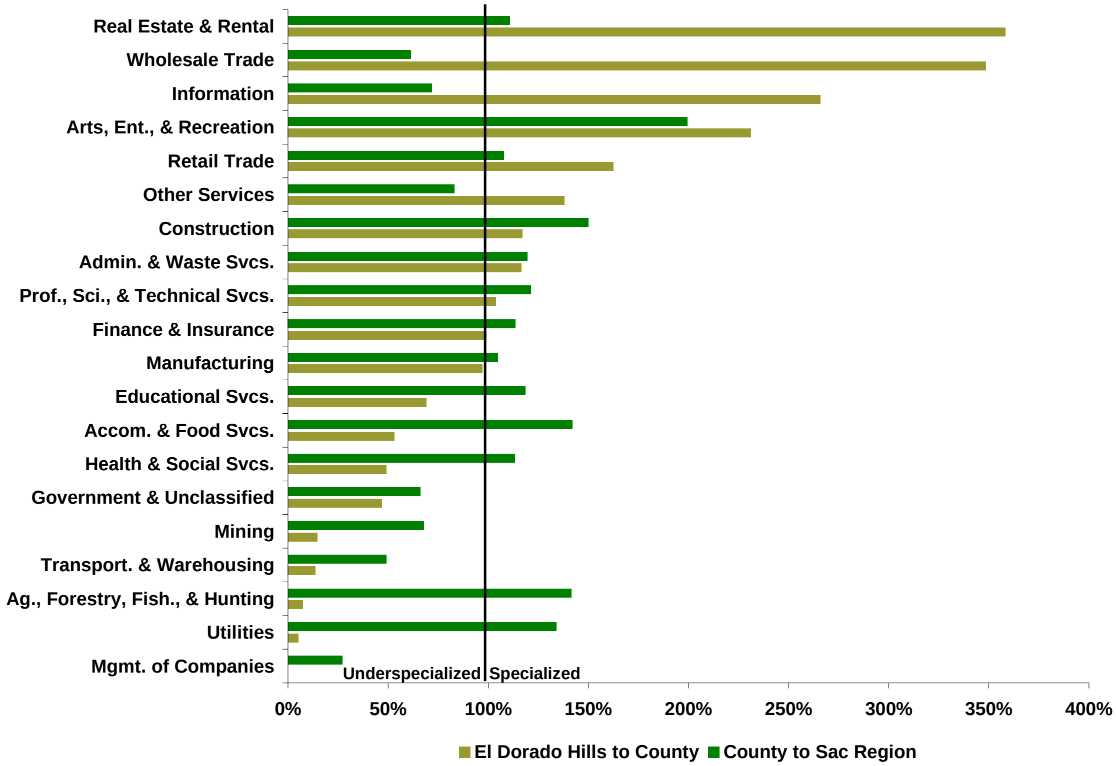
FIGURE 31
EL DORADO HILLS INDUSTRY EMPLOYMENT, 2009



Center for Strategic Economic Research, June 2010
Data Source: ESRI Business Analyst Online, 2009 Business Summary
Note: Based on El Dorado Hills Community Region boundaries.

Figure 32 illustrates the level of major sector specialization in El Dorado Hills and El Dorado County—specialization is measured as the share of total employment compared to the County and the Region, respectively. Relative to the County overall, El Dorado Hills is highly specialized in six major sectors including Real Estate & Rental; Wholesale Trade; Information; Arts, Entertainment & Recreation; Retail Trade; and Other Services. The first two sectors are nearly 3.5 times more concentrated in El Dorado Hills than the County. All of El Dorado Hills specialized sectors are segments where the County either maintains a similar share as the Region or are underspecialized with the exception of Arts, Entertainment, & Recreation which is specialized at both the local and County levels.

FIGURE 32
EL DORADO HILLS INDUSTRY SPECIALIZATION, 2009



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on ESRI Business Analyst Online, 2009 Business Summary; Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages information
Notes: A measure of 100% means that the local area has the same share of total employment in the industry as the larger area. Based on El Dorado Hills Community Region boundaries.

Figure 33 demonstrates that ten of the major sectors in El Dorado Hills contain activities that can be considered base, producing a significant amount goods and services for export and bring net new wealth into the local economy. Despite the fact that in the County overall, 11 major sectors include base activities (half of which support some local-serving elements as well), El Dorado Hills has a slightly larger share of base employment at close to 28 percent compared to the County's 25 percent. Nevertheless, El Dorado Hills is still below the regional average of 34 percent. The greatest contributors to the base economy in El Dorado Hills are among the area's largest including Professional, Scientific, & Technical Services; Arts, Entertainment, & Recreation; and Wholesale Trade. These three sectors account for almost 69 percent of all base employment in El Dorado Hills.

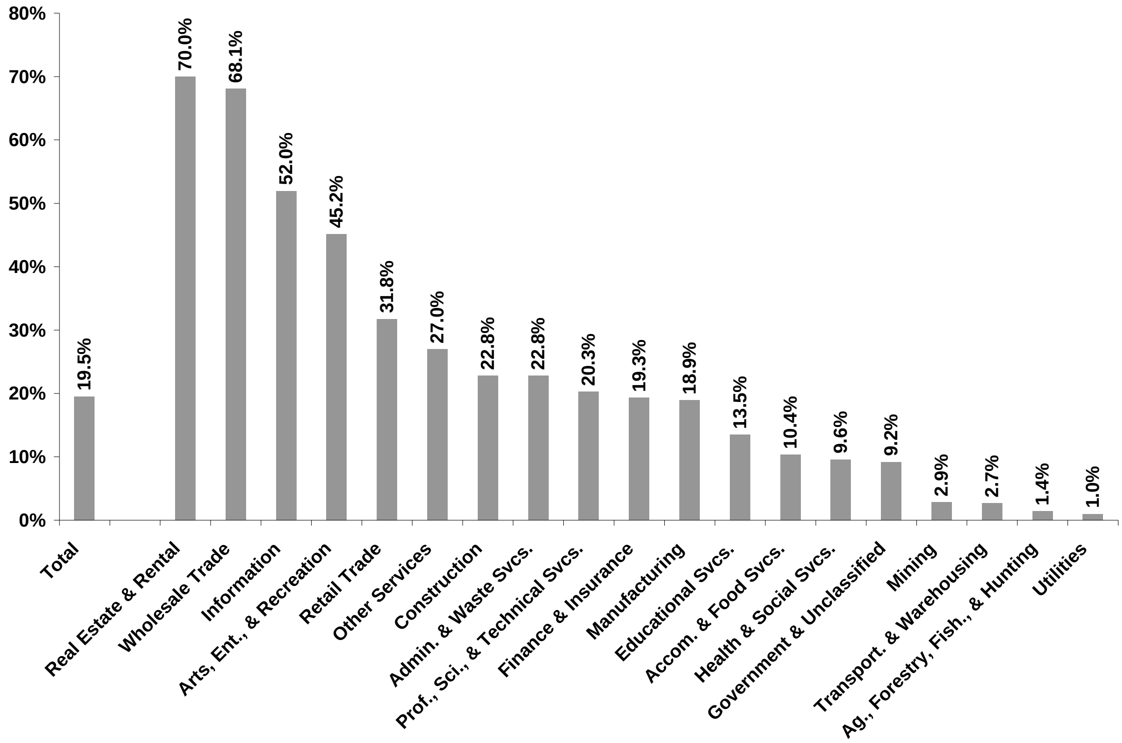
FIGURE 33
EL DORADO HILLS
BASE AND LOCAL
COMPONENT EMPLOYMENT

Sector	2009 Employment Base	2009 Employment Local
Ag., Forestry, Fish., & Hunting	13	0
Mining	1	0
Utilities	0	2
Construction	0	853
Manufacturing	412	0
Wholesale Trade	576	0
Retail Trade	0	1,739
Transport. & Warehousing	16	0
Information	126	231
Finance & Insurance	0	488
Real Estate & Rental	0	559
Prof., Sci., & Technical Svcs.	649	53
Mgmt. of Companies	0	0
Admin. & Waste Svcs.	0	622
Educational Svcs.	0	130
Health & Social Svcs.	0	554
Arts, Ent., & Recreation	583	50
Accom. & Food Svcs.	126	441
Other Services	0	361
Government & Unclassified	120	695
Total	2,623	6,777
Percent Total	27.9%	72.1%

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on ESRI Business Analyst Online, 2009 Business Summary; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; and IMPLAN, 2008 Coefficients information
Note: Based on El Dorado Hills Community Region boundaries.

A notably large share of the County's employment in four major sectors is concentrated in the El Dorado Hills area, as demonstrated in Figure 34. El Dorado Hills' Real Estate & Rental; Wholesale Trade; Information; and Arts, Entertainment, & Recreation sectors capture between 45 and 70 percent of all County jobs in these sectors. Several other sectors also contain a proportion of County employment that is larger than the area average such as Retail Trade; Other Services; Construction; and Administrative & Waste Services.

FIGURE 34
EL DORADO HILLS SHARE OF COUNTY INDUSTRY EMPLOYMENT, 2009



Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on ESRI Business Analyst Online, 2009 Business Summary; Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages information
Note: Based on El Dorado Hills Community Region boundaries.

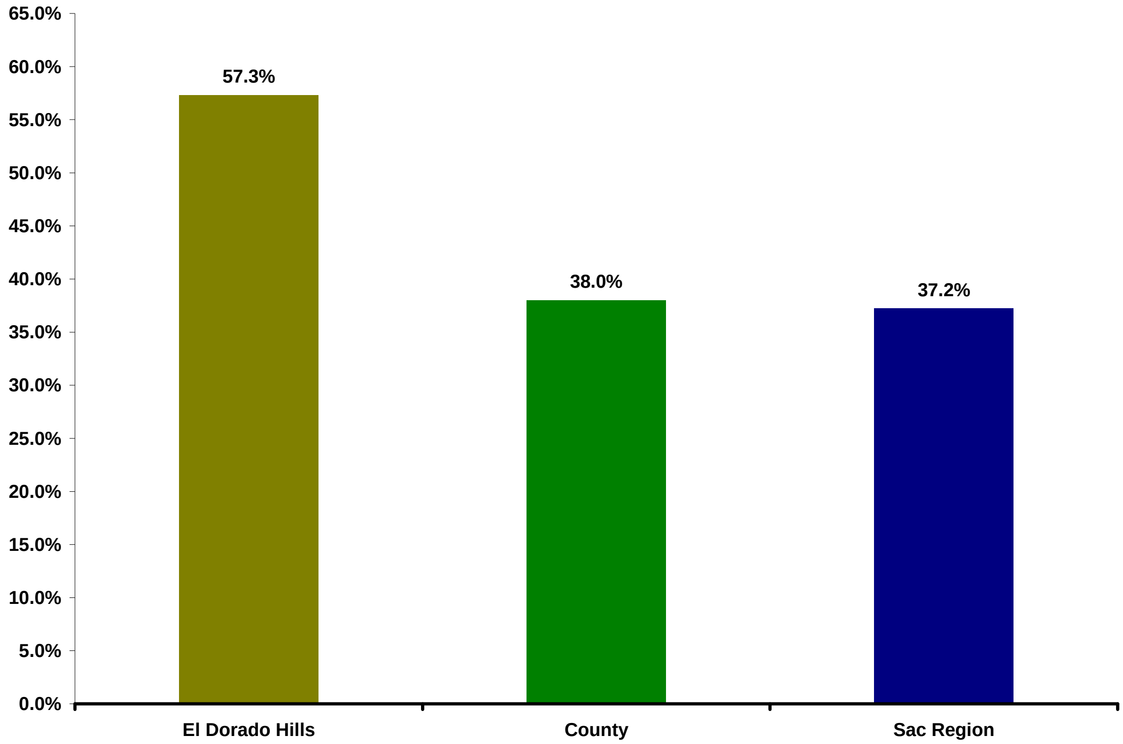
The El Dorado Hills area's residential real estate market contains over 12,500 housing units, dominated by single-family properties. Housing costs in El Dorado Hills have tracked considerably higher than other areas in western El Dorado County as well as the countywide and the regional averages. When incomes are taken into account, El Dorado Hills is more affordable than the County overall, but falls under the Region in terms of affordability—at the end of 2009, the median home price in the area was 8.4 times the per capita income compared to 9.4 times for the County and 7.5 times for the Region.[§] The commercial real estate market is generally considered a segment of the Highway 50 Corridor sub-market. Rents for office and retail space in the sub-market have been fairly competitive within the Region, but rents for industrial space historically come in above the rest of the Sacramento market.[**]

El Dorado Hills contains an exceptionally high percentage of residents with an Associate Degree and above educational attainment level, demonstrating a unique workforce attribute. As shown in Figure 35, about 57 percent of all local residents have reached this

[§] Data Source: DQNews, California Home Sale Price Medians by County and City, December 2009 and previously cited sources for population and income figures
[**] Data Source: CB Richard Ellis, Summary of Existing Property

educational attainment, over 19 percentage points higher than the County and 20 percentage points higher than the Region, both of which are well above the statewide and national averages. Some of the largest occupational categories among the working resident population include Managerial; Office & Administrative Support; and Sales & Related (nearly 50 percent of all residents' occupations fall in these groupings).[††]

FIGURE 35
ASSOCIATE DEGREE AND ABOVE EDUCATIONAL ATTAINMENT, 2009

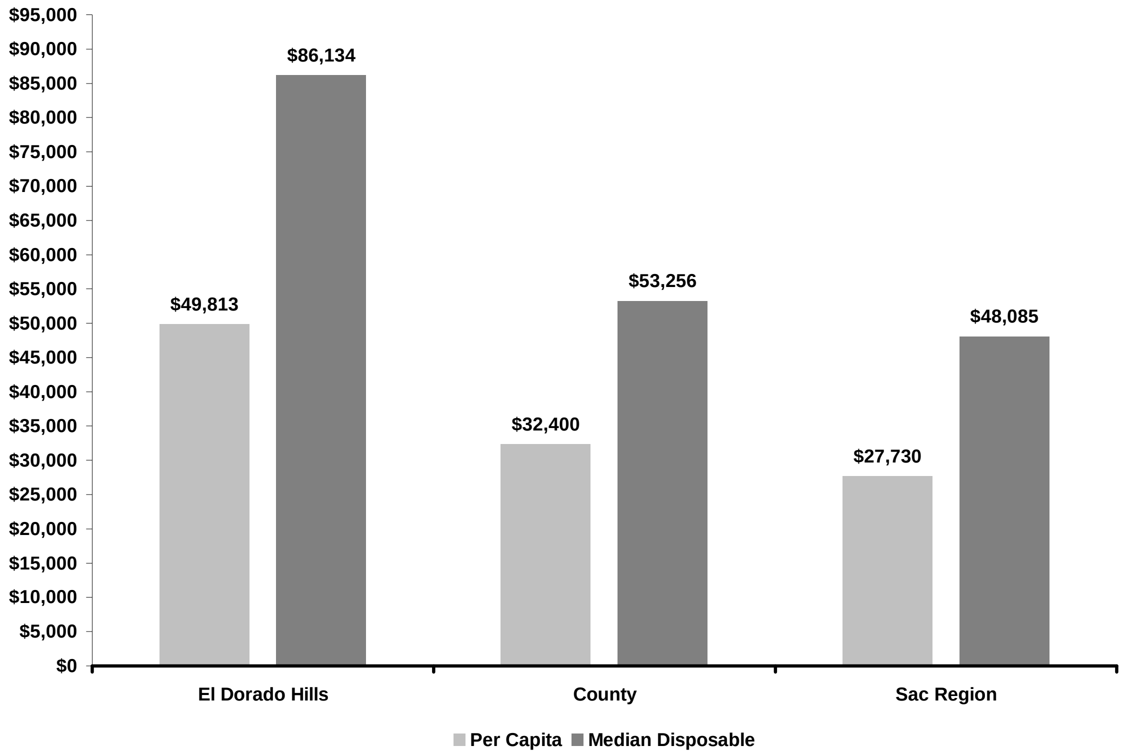


Center for Strategic Economic Research, June 2010
Data Sources: ESRI Business Analyst Online, 2009 Market Profile
Note: Based on El Dorado Hills Community Region boundaries.

Income levels in El Dorado Hills are also higher than the County and the Region. Figure 36 demonstrates these large gaps with per capita income in El Dorado Hills at nearly $50,000 and median disposable income topping $86,000. Despite these notably high income levels and presence of the Retail Trade sector, the El Dorado Hills retail market captures only a very small amount of local retail demand, approximately 22 percent. This gap between potential demand and estimated sales exists in every standard retail category, many with practically no sales activity in the area.[‡‡]

[††] Data Source: U.S. Census Bureau, 2006-2008 American Community Survey—based on El Dorado Hills Census Defined Place boundaries
[‡‡] Data Source: ESRI Business Analyst Online, 2009 Retail MarketPlace Profile

FIGURE 36
INCOME LEVELS, 2009



Center for Strategic Economic Research, June 2010
Data Source: ESRI Business Analyst Online, 2009 Retail MarketPlace Profile
Note: Based on El Dorado Hills Community Region boundaries.

Figure 37 provides a summary of key characteristics within the major sectors in the El Dorado Hills economy. Three local sectors in particular present unique aspects within El Dorado Hills, suggesting a competitive advantage compared to other areas in the County. Wholesale Trade is one of the largest and most specialized in El Dorado Hills plus all activities are considered base and the majority (68 percent) of the County's employment in this sector is housed in the area. Both Retail Trade and Arts, Entertainment, & Recreation are also among the biggest sectors, present a relatively high degree of specialization, and capture a large portion of County employment.

FIGURE 37
EL DORADO HILLS INDUSTRY
EMPLOYMENT SUMMARY

Sector	09 Comp.	09 Spec.	Percent Base	Share County
Ag., Forestry, Fish., & Hunting	0.1%	7.3%	100.0%	1.4%
Mining	0.0%	14.6%	100.0%	2.9%
Utilities	0.0%	5.1%	0.0%	1.0%
Construction	9.1%	116.9%	0.0%	22.8%
Manufacturing	4.4%	96.9%	100.0%	18.9%
Wholesale Trade	6.1%	348.4%	100.0%	68.1%
Retail Trade	18.5%	162.5%	0.0%	31.8%
Transport. & Warehousing	0.2%	13.7%	100.0%	2.7%
Information	3.8%	265.9%	35.3%	52.0%
Finance & Insurance	5.2%	98.9%	0.0%	19.3%
Real Estate & Rental	5.9%	358.2%	0.0%	70.0%
Prof., Sci., & Technical Svcs.	7.5%	103.8%	92.5%	20.3%
Mgmt. of Companies	0.0%	0.0%	0.0%	0.0%
Admin. & Waste Svcs.	6.6%	116.7%	0.0%	22.8%
Educational Svcs.	1.4%	69.2%	0.0%	13.5%
Health & Social Svcs.	5.9%	49.1%	0.0%	9.6%
Arts, Ent., & Recreation	6.7%	231.3%	92.1%	45.2%
Accom. & Food Svcs.	6.0%	53.1%	22.1%	10.4%
Other Services	3.8%	138.0%	0.0%	27.0%
Government & Unclassified	8.7%	46.9%	14.8%	9.2%

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on ESRI Business Analyst Online, 2009 Business Summary; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; and IMPLAN, 2008 Coefficients information
Note: Based on El Dorado Hills Community Region boundaries.

El Dorado Hills shares most of the same internal strengths and weaknesses and external opportunities and threats as the County overall with a few notable exceptions. In terms of strengths, the community's location offers closer proximity to high-technology activity (business and talent) in the Highway 50 Corridor, more immediate access to the large regional market, and a reverse commute option to pull in workforce from other parts of the Region. Additionally, the availability of commercial real estate and executive housing as well as its position as the primary future population and job center of the County adds to its competitiveness. Further, the area contains residents with even higher educational attainment and incomes than the County as a whole. As a result of the competitive strengths within El Dorado Hills, the area is well positioned in the County to foster growth and development in many of the core activities within the potential viable clusters in the County—specifically, the strength in retail activities, greater integration within a regional economic node, and real estate options enhance opportunities especially within the identified Advanced Manufacturing, Business Services, and Retail & Personal Care clusters among others. Two key weaknesses are even more pronounced in El Dorado Hills compared to the County including a larger labor force leakage rate with longer commute times and higher residential real estate costs. The integration into the Highway 50 Corridor economic node is a stronger opportunity for El Dorado Hills than the rest of the County. However, the node integration introduces two threats including expanding competition from Folsom (with its southward growth focus) and growth and development within the competing South Placer County economic node (offering similar assets as the Highway 50 Corridor).

Conclusions and Recommendations

El Dorado County has seen healthy population and employment growth in the past decade with rates on par with or exceeding the Sacramento Region, state, and nation. Projections show that the County will see growth slow in the next decade with rates below the regional, statewide, and national averages. As other areas of the Region capture a greater share of regional growth in the coming ten years, El Dorado County's role in the Region is expected to decline. The assumptions behind these anticipated trends reflect "business as usual" local behavior, demonstrated relationships to regional performance, and unique local attributes. While these projections simply provide estimates of the trajectory and level of future growth, changes in activities and programs at the local and regional levels can create significantly different growth patterns. Therefore, if local leaders wish to see an alternative future, efforts must be adjusted and targeted to create the desired change. This section provides summary-level conclusions on key elements driving industry-focused economic development efforts as well as a few strategic recommendations for the County to consider as it moves forward.

The County has a number of unique attributes that can be exploited to create ongoing economic development potential. As part of an established economic node within a large, dynamic, and growing inland region in California, El Dorado County is well-positioned to capture opportunities that arise from the broader trends, visibility, and assets of the Sacramento Region. Within the Region, the County is viewed as a desirable place to live with an attractive mix of urban and rural areas, world-class recreational amenities, and high local quality of life. Its residents have relatively high educational attainment and income levels, demonstrating workforce quality and disposable income potential. On the surface, the County also ranks as a very low business cost area—one of only three jurisdictions within the Sacramento Region. Internal weaknesses such as negative views on permitting and regulatory issues, limited office and industrial space, and large retail and labor force leakages combined with competition from other areas in the Region and a lack of external understanding of the County's amenities and advantages could hinder economic development potential unless efforts are directed at mitigating these aspects.

Evaluating the trends and characteristics of specific economic activities in the County helps reveal opportunities for focused business creation, retention, expansion, and attraction efforts. Economic activities can be analyzed both in terms of major groupings of establishments according to similarity in the processes used to produce goods or services (industries or sectors) or concentration of establishments within related and supporting industries (clusters). Figure 38 provides a summary of key economic factors for El Dorado County's major sectors. A few sectors in particular should pique the interest of economic development efforts based on unique characteristics:

- **Agriculture, Forestry, Fishing, & Hunting** shows a high degree of specialization, is dominated by base activities, and represents an above average share of regional employment. This sector, however, has been declining and is expected to continue to decline in the coming decade.

- **Construction** is one of the County's largest and most specialized sectors with an above average share of regional employment. Growth has been anemic over the past decade due to the impacts of the current recession, but this sector is expected to recover in the next ten years.
- **Professional, Scientific, & Technical Services** is also relatively large, specialized, and regionally concentrated. The rate of growth in this sector has been modest over the last ten years and is forecast to see very limited growth in the next decade.
- **Accommodation & Food Services** is among the largest sectors in the County and presents a high degree of specialization with a relatively large share of regional employment. The rate of employment growth seen in the past ten years is expected to accelerate in the coming ten years.
- **Utilities** is specialized and captures an above average share of regional employment. While employment growth has been strong between 1999 and 2009, this sector is expected to decline slightly through 2019.
- **Arts, Entertainment, & Recreation** is the most specialized sector in the County and supports the greatest share of regional employment. This sector has seen modest growth in the past decade and this performance is expected to continue into the next ten years.

For those sectors expected to see healthy conditions in the next decade, economic development efforts can help usher in this growth by mitigating barriers and looking for unique opportunities to take advantage of emerging business trends such as green building and agri-tourism. In the case of expected decline, economic development efforts must be sensitive to addressing this change with focused retention and layoff aversion as well as identifying specific high value opportunities that will likely present themselves despite the overall decline. For El Dorado Hills in particular, the Construction; Professional, Scientific, & Technical Services; and Arts, Entertainment, & Recreation sectors also display unique characteristics, suggesting the suitability of focused economic development efforts.

FIGURE 38
EL DORADO COUNTY INDUSTRY EMPLOYMENT SUMMARY

Sector	*99-09 Growth*	*09-19F Growth*	*09 Comp.*	*09 Spec.*	*Percent Base*	*Share Region*
Ag., Forestry, Fish., & Hunting	-29.0%	-11.8%	1.9%	141.5%	100.0%	7.7%
Mining	60.2%	-13.8%	0.1%	67.9%	100.0%	3.7%
Utilities	21.3%	-2.8%	0.4%	134.0%	0.0%	7.2%
Construction	1.8%	18.3%	7.8%	150.1%	0.0%	8.1%
Manufacturing	8.2%	-9.2%	4.5%	104.7%	100.0%	5.7%
Wholesale Trade	21.2%	2.6%	1.8%	61.4%	100.0%	3.3%
Retail Trade	-2.9%	-3.3%	11.4%	107.9%	0.0%	5.8%
Transport. & Warehousing	2.5%	-5.1%	1.3%	49.0%	100.0%	2.6%
Information	21.6%	9.4%	1.4%	71.9%	35.3%	3.9%
Finance & Insurance	204.5%	3.2%	5.2%	113.6%	0.0%	6.1%
Real Estate & Rental	-3.6%	-2.0%	1.7%	110.8%	0.0%	6.0%
Prof., Sci., & Technical Svcs.	6.5%	0.3%	7.2%	121.3%	92.5%	6.6%
Mgmt. of Companies	-33.1%	-8.7%	0.3%	27.0%	100.0%	1.5%
Admin. & Waste Svcs.	72.8%	17.1%	5.7%	119.6%	0.0%	6.5%
Educational Svcs.	426.2%	15.2%	2.0%	118.5%	0.0%	6.4%
Health & Social Svcs.	43.3%	22.3%	12.0%	113.3%	0.0%	6.1%
Arts, Ent., & Recreation	5.5%	2.3%	2.9%	199.4%	92.1%	10.8%
Accom. & Food Svcs.	3.3%	8.8%	11.4%	142.1%	22.1%	7.7%
Other Services	12.5%	7.7%	2.8%	82.9%	0.0%	4.5%
Government & Unclassified	7.4%	1.6%	18.5%	66.1%	14.8%	3.6%

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; and IMPLAN, 2008 Coefficients information

Breaking El Dorado County's industries apart into specific economic activities uncovers the fact that the County has core competencies within several clusters that present economic development potential, which are not readily apparent when solely examining major sectors. Figure 39 lists the potential viable clusters and provides a summary of the core competencies within them. All of the core competencies pointing to opportunities within the clusters ranked within the top quartile of economic performance among around 275 detailed sub-sectors in the County economy, a strong basis for continued economic contributions. Efforts that focus on fostering and growing these clusters not only tap into those activities in the County that have demonstrated healthy economic performance across a number of factors, but, in many cases, can also create opportunities to establish local and regional linkages between firms, create additional jobs through the ripple effect, locally address historically imported goods and services, match the skills and abilities of the resident workforce to local jobs, and bring net new wealth into the local economy. The Advanced Manufacturing; Medical; and Recreation & Tourism clusters present opportunities for some level of all these benefits with the other clusters offering a mix of added advantages. Moreover, the core activities within many of these clusters play to the County's internal strengths and external opportunities. Many of the potential viable clusters require industrial and office space, real estate types where, overall, the County is undersupplied—therefore, economic development efforts focusing on jobs-led growth in these clusters must be strategic in directing companies to available and developable space particularly in the El Dorado Hills area.

FIGURE 39
POTENTIAL VIABLE CLUSTERS SUMMARY

		Percent of Core Competencies				
Cluster	2009 Employment	Regional Linkages	Employment Multiplier	Commodity Imports	Occupation Match	Base
Advanced Manufacturing	697	22.2%	22.2%	33.3%	22.2%	100.0%
Business Services	3,639	44.4%	0.0%	22.2%	66.7%	33.3%
Creative	221	0.0%	50.0%	100.0%	50.0%	50.0%
Education	1,402	0.0%	0.0%	28.6%	14.3%	0.0%
Finance and Insurance	2,751	83.3%	0.0%	66.7%	16.7%	0.0%
Medical	5,243	33.3%	6.7%	20.0%	13.3%	13.3%
Recreation and Tourism	2,871	20.0%	20.0%	20.0%	20.0%	66.7%
Retail and Personal Care	3,625	0.0%	0.0%	0.0%	20.0%	0.0%

Center for Strategic Economic Research, June 2010
Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages; IMPLAN, 2008 Coefficients information; and U.S. Census Bureau, 2006-2008 American Community Survey

There are a handful of commonly-recognized factors that point to a specific area's economic development potential related to business creation, retention, expansion, and attraction across nearly all major sectors and clusters. Figure 40 lists and summarizes the general perceptions of these factors within El Dorado County based on technical analysis, discussion with regional and local businesses and leaders, and professional experience. Out of the nine factors, only two elicit perceptions that tip the scale into positive territory including quality of life and entrepreneurial environment. There are four factors that sit in neutral territory. The workforce and consumer base factors can be defined as high quality, but the scale is limited by the general size of the local market as well as large out-commutes and redirected retail spending. El Dorado County's western portion has decent access to markets but the rest of the County faces obstacles. Cost of doing business in the County is very competitive on standard ratings but infrastructure capacity and costs in addition to regulatory and permitting issues are burdens. Factors on the negative side relate to the hindrances to development created by the lack of available sites and infrastructure and perceptions of a poor business climate as a result of a disjointed regulatory environment and difficult permitting processes. With seven of the nine key factors in neutral or negative territory, there are clearly some real issues affecting economic development potential in the County.

FIGURE 40
PERCEPTIONS OF KEY ECONOMIC DEVELOPMENT FACTORS

Factor	Positive	Neutral	Negative
Suitability of commercial real estate			X
Suitability of infrastructure			X
Workforce size and quality		X	
Consumer base size and quality		X	
Cost of doing business		X	
Business climate			X
Access to markets		X	
Quality of life	X		
Entrepreneurial environment	X		

Center for Strategic Economic Research, June 2010

The information presented in this report and others lays the groundwork for the County to become more strategic in its economic development efforts. Several initiatives are already underway through County staff and the Economic Development Advisory Committee as well as various local chambers of commerce. Based on the information presented in and reviewed to create this report, CSER encourages El Dorado County, the El Dorado Hills Chamber of Commerce, and local partners to consider the following recommendations as the County looks to enhance ongoing initiatives and generate new or targeted efforts.

Engage stakeholders in a collaborative process to create a more comprehensive economic development strategy and build capacity.

This study and others provide information that can be used to build on the County's 2007 Economic Development Strategy. Since the Strategy was created nearly three years ago and the majority of the incorporated action items were classified as short-term (one to three years), it is an appropriate time to consider updating the plan and incorporating processes and elements to make it more comprehensive. In the update it will be important to consider the fact that stakeholders in the County represent widely varying interests and, to some extent, all stakeholders are affected by economic development efforts or can help implement strategies. Therefore, it is critical to appropriately engage stakeholders in creating an economic development strategy unique to El Dorado County and its individual communities that is widely supported, easy to implement, leverages resources, addresses stakeholder needs, and forms networks and relationships amongst stakeholders. Any collaborative designed for economic development purposes should incorporate both process and content experts that can effectively facilitate participatory decision-making informed by objective information on economic characteristics and the practice of economic development. One of the first steps in the update process should be to review and consolidate information on strengths and weaknesses and recommendations from previously-completed reports at the County and local levels as well as key findings from contacts with businesses in surveys, business walks, and meetings. This information can then be added to the mix of background materials used to inform the process. At the tail end of the process it will also be important to create plans to monitor and evaluate outcomes and maintain the network of relationships created amongst stakeholders.

Further analyze opportunities within major sectors exhibiting unique characteristics and potential viable clusters.

With limited resources available for economic development, in addition to being demand-responsive, it is important to focus proactive business creation, retention, expansion, and attraction efforts on targeted areas based on quantitative and qualitative information. This study reveals that economic development potential exists within a few key major sectors and clusters in El Dorado County and El Dorado Hills presents some unique attributes for certain economic activities. Additional analysis will be needed in order to fully understand opportunities that exist within these sectors and clusters and which economic development activities would be the most beneficial. Once the potential has been assessed and appropriate strategies have been developed for County and community activities, ongoing information collection and dissemination, coordination with workforce development programs, and identification of support resources will be important. The County has already contracted for four reports that will analyze one selected sector each in greater detail—while County staff will select which sectors the reports will focus on, it would be ideal to choose from those major sectors exhibiting unique characteristics and potential viable clusters. In addition, the County has also contracted for a tool to assist with economic development efforts focused on retail, one of the clusters identified in this report as presenting economic development potential. By promoting targeted employment-led growth, the County can start to capture out-commutes and provide jobs for local residents.

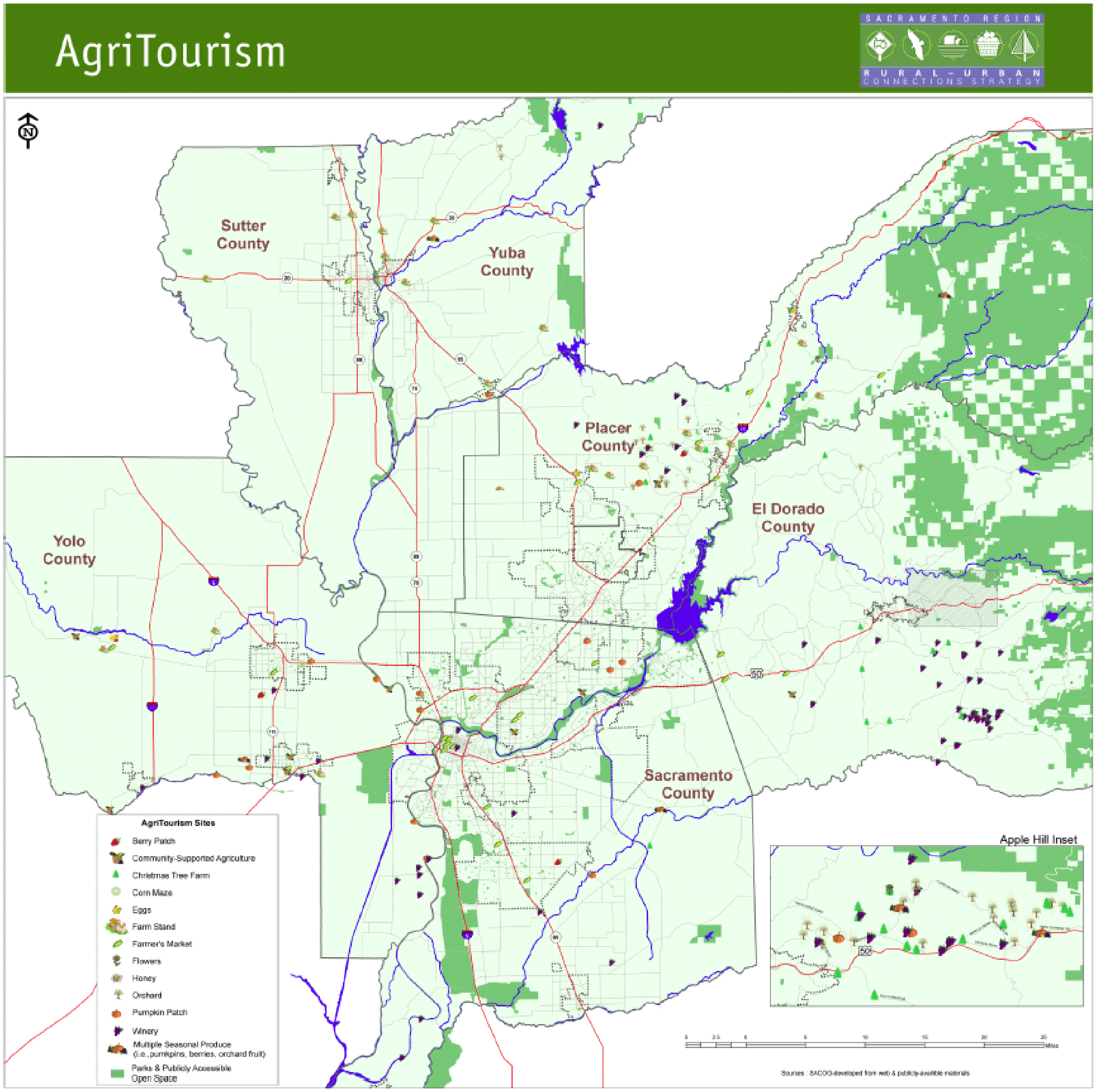
Make reducing uncertainty and the disjointed nature of the County's regulatory and permitting process the center of attention until significant progress is made.

With California already widely perceived as a difficult place to do business, any local area in the state that is viewed as having a disjointed regulatory environment and difficult permitting process is put at a serious disadvantage. While the County's Economic Development Advisory Committee recognizes these issues and has been working on addressing them, these topics were regularly cited in discussions with regional and local businesses and leaders as barriers to growth and reasons for companies not locating or eliminating operations in the County. It is clear that these are still top of mind issues for many leaders and the progress being made is not readily visible. Noting this, efforts to address these issues should remain the center of the Committee's attention until the problem is truly solved. A working group or sub-committee structure could direct greater attention to this issue by completing a series of tasks such as mapping the permitting process, suggesting strategies to change the system, and building timelines and expectations. To determine if significant progress has been made, it will also be necessary to reach out to regional and local businesses and leaders regularly to see if the negative perceptions have changed.

Embrace the concepts within SACOG's RUCS as an economic and environmental sustainability strategy for rural areas.

The unique perspectives of rural areas in the Sacramento Region have been captured through SACOG's RUCS initiative. Several core topics related to economic and environmental sustainability have been created in the process that could be attractive to El Dorado County. In particular, the Economic Opportunities topic should be mined for concepts that could complement the County's strengths and economic features. These concepts should be adapted within local economic development efforts and continued participation in the RUCS dialogue should be embraced. The RUCS Economic Opportunities concept encompasses agri-tourism, carbon sequestration, easements, energy production, and local markets. The most immediate opportunities for El Dorado County could be within the agri-tourism (e.g. wineries and Apple Hill), energy production (forest and farm byproducts), and local markets (locally-grown produce and value added farm products) topics due to the local agricultural activity and forest characteristics. Figure 41 illustrates the agri-tourism opportunities in the Sacramento Region and demonstrates a relatively heavy concentration in El Dorado County. Aligning with this regional effort brings additional momentum to strategies which directly complement the County's unique characteristics.

FIGURE 41
SACOG RUCS AGRI-TOURISM MAP



Source: Sacramento Area Council of Governments

Identify, survey, and support entrepreneurial business ventures.

Economic data suggests that El Dorado County has a high concentration of proprietor/self-employed business activity, which could, if nurtured, generate significant economic benefits. Unfortunately, there is no reliable external information available to create a detailed profile of specifically what these business ventures are doing and internally-collected data does not distinguish the type of business. Therefore, the County should undertake a primary data collection effort to identify entrepreneurial ventures in the local area and survey them to gather background information and assess needs.

Looking for groupings of specific types of companies could reveal unique incubation or networking opportunities while assessing general needs could inform economic development strategies and demonstrate where support resources can be leveraged. In discussions with regional and local businesses and leaders there were a few commonly-mentioned support resources that might boost the entrepreneurial environment including incubators, capital connections, revolving loan funds, and technical assistance.

Allocate resources to creating external exposure for the County and local companies.

A critical threat to the County's economic development potential, especially as it relates to business expansion and attraction, is the lack of external understanding of local amenities and advantages. This threat can be mitigated over time through a well-executed marketing plan. First and foremost, the plan should include elements focused on increasing the visibility of El Dorado County as a place to do business and creating exposure for local companies within external markets. The plan should also incorporate strategies to promote tourism and recreation as well as quality of life features to attract talent. One of the most pressing needs is for marketing collateral highlighting the County's amenities and advantages that economic development representatives can share with companies, the community, and regional partners. Another immediate opportunity is to push the *Experience El Dorado* shows to broader audiences.

Encourage partnerships to address weaknesses and mitigate threats.

Nearly all of the weaknesses identified in the Economic Development SWOT analysis can be addressed to some extent and many of the noted threats can be mitigated. Areas where existing partnerships can be leveraged offer the most hope for reversal. Issues related to real estate, broadband, marketing, entrepreneurship, and transportation can tap into relationships with developers and the real estate community, SACTO, CETF, Northern California SBDC, and SACOG. In addition, rebuilding interactions with other jurisdictions and organizations within the Highway 50 Corridor economic node to collectively foster growth and development can benefit El Dorado County and El Dorado Hills, in particular. Working collaboratively to maximize the potential of the economic node and meet common goals can be much more effective than working in isolation or regularly competing. Further, as it is part of the County, success in El Dorado Hills depends on the area's ability to either work with the County or identify other ways to boost its competitiveness. Representatives from the El Dorado Hills area should belong to and actively participate in local and regional organizations such as chambers of commerce, regional advisory committees, and industry associations. Moreover, the County has the opportunity to become more engaged at a regional level within the proximate Sacramento and Reno regions to build an external understanding of the County's amenities and advantages.

Regularly gather and consolidate information on the economic and demographic features and trends in the County and its core communities.

Successful economic development efforts are shaped by knowledge of the local area and region. On an annual basis, key economic and demographic factors should be refreshed and trends should be interpreted at the regional, County, and community levels. This will help economic development representatives in El Dorado County stay on top of major shifts in underlying conditions, be fully prepared to respond to company requests, and create information for marketing and community education purposes. In addition to standard economic and demographic data, the County should supplement the business license database which currently maintains very limited information on each of the business ventures. Since the license fee is standard across businesses, additional interpretation is difficult. The information collected or internally input for each applicant should be expanded to include type of business (e.g. home, proprietor, general, etc.), industry sector (based on NAICS), and number of employees. The license identification should also be tied to the County's MetroPulse system. This would allow County staff to access a more comprehensive database on specific businesses and get a much better understanding of economic activity and business climate issues in the unincorporated portions of the County. Critical findings that arise from this information need to be effectively communicated with decision makers. One way to accomplish this would be to create an ongoing educational process for the County Board of Supervisors and local leaders on economic development trends specific to the County and El Dorado Hills area. As part of this effort, it will be necessary to not only consolidate information on economic and demographic trends, but also refine the large quarterly economic development scorecard reports by creating a dashboard with meaningful summary information and develop a template for success stories.

Research Methodology

The data, analysis, and figures presented throughout this report were developed using the cited sources. Qualitative factors were incorporated through document reviews and completed interviews with roughly 30 regional and local businesses and leaders including Economic Development Advisory Committee members, economic development entities, chambers of commerce, technical assistance providers, real estate brokers, government representatives, planning professionals, and major employers. CSER created internal estimates and detailed analysis for several of the quantitative components in this study. A description of the methodology employed in producing these components is provided in this section.

El Dorado County employment estimates were created by CSER using a two-step process. First, a county-level database of annual employment at the four-digit North American Industrial Classification System (NAICS) code hierarchy was acquired from Moody's Economy.com. The Moody's Economy.com data includes annual historical employment from 1970 as well as projections through 2039. The historical data are created using official government-provided estimates of employment by industry. Moody's Economy.com projections are developed using a proprietary econometric model and are highly-regarded by researchers throughout the country, including CSER. Second, historical industry-levels information from the Moody's Economy.com database was checked for large variances against other publicly-available datasets including the California Employment Development Department Employment by Industry Data and the United States Bureau of Labor Statistics Quarterly Census of Employment & Wages and Current Employment Statistics information. Industries with more than five percent variance were evaluated further and appropriate adjustments were made to the full El Dorado County dataset. A similar process was used to create the comparative Sacramento Region (El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties) dataset. The California and United States data were pulled directly from California Employment Development Department Employment by Industry Data and the United States Bureau of Labor Statistics Current Employment Statistics with minimal adjustments made to create greater industry detail than was reported in the Trade, Transportation, & Utilities sector based on the United States Bureau of Labor Statistics Quarterly Census of Employment & Wages. El Dorado Hills industry employment information was acquired from the ESRI Business Analyst Online Business Summary report based on El Dorado Hills Community Region boundaries—the ESRI database is primarily based on establishment-level information from the InfoUSA business database. Since the aggregated information does not fully split government activities from the rest of the industries (e.g. Trade, Transportation, & Utilities and Educational & Health Services), CSER recreated the Government sector and adjusted other relevant sectors based on historical annual average information for El Dorado County from the United States Bureau of Labor Statistics Quarterly Census of Employment & Wages. For the major sector analysis, all four-digit NAICS datasets were aggregated to the two-digit level. It is important to note that the current estimates for all benchmark areas were created at a point in time when the economy is in the middle of a severe recession. In addition, the forecasts are presented simply to provide context for economic development efforts in El Dorado County and are not meant to incorporate judgments about the likelihood of the forecast results or embedded assumptions.

The split of base and local-serving activities was created using a three-step process. First, CSER identified export-oriented sectors in El Dorado County using regional sales coefficient data from IMPLAN (2008 Coefficient series). Sectors where less than 90 percent of the value of goods and services produced was absorbed locally (i.e. more than 10 percent of production was exported domestically and internationally) were identified. Second, CSER determined whether those identified sectors were typically considered base within the Sacramento Region according to the California Regional Economies Project 2004 Greater Sacramento Region Economic Base Report. In cases where the sectors did not meet this screen, additional analysis was performed to determine whether unique attributes exist within the County to classify the activity as base. Third, the base activities were matched to four-digit NAICS employment data for El Dorado County. This information was then aggregated back to the two-digit NAICS level, reflecting the split between base and local-serving employment for major sectors in the County. The base analysis for El Dorado Hills relied on the proportion of base versus local-serving employment within the two-digit sectors at the County level. The table on the following pages shows the specific activities defined as base within each of the major sectors.

NAICS	Major Sector/Base Activity
11	**Agriculture, Forestry, Fishing, and Hunting**
1111	Agriculture & Logging
21	**Mining**
2111	Oil and Gas Extraction
2123	Nonmetallic Mineral Mining and Quarrying
2131	Support Activities for Mining
31-33	**Manufacturing**
3111	Animal Food Manufacturing
3112	Grain and Oilseed Milling
3113	Sugar and Confectionery Product Manufacturing
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing
3115	Dairy Product Manufacturing
3116	Animal Slaughtering and Processing
3118	Bakeries and Tortilla Manufacturing
3119	Other Food Manufacturing
3121	Beverage Manufacturing
3132	Fabric Mills
3133	Textile and Fabric Finishing and Fabric Coating Mills
3141	Textile Furnishings Mills
3149	Other Textile Product Mills
3151	Apparel Knitting Mills
3152	Cut and Sew Apparel Manufacturing
3162	Footwear Manufacturing
3169	Other Leather and Allied Product Manufacturing
3211	Sawmills and Wood Preservation
3212	Veneer, Plywood, and Engineered Wood Product Manufacturing
3219	Other Wood Product Manufacturing
3221	Pulp, Paper, and Paperboard Mills
3222	Converted Paper Product Manufacturing

3231	Printing and Related Support Activities
3241	Petroleum and Coal Products Manufacturing
3251	Basic Chemical Manufacturing
3252	Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing
3254	Pharmaceutical and Medicine Manufacturing
3255	Paint, Coating, and Adhesive Manufacturing
3256	Soap, Cleaning Compound, and Toilet Preparation Manufacturing
3259	Other Chemical Product and Preparation Manufacturing
3261	Plastics Product Manufacturing
3262	Rubber Product Manufacturing
3271	Clay Product and Refractory Manufacturing
3272	Glass and Glass Product Manufacturing
3273	Cement and Concrete Product Manufacturing
3274	Lime and Gypsum Product Manufacturing
3279	Other Nonmetallic Mineral Product Manufacturing
3311	Iron and Steel Mills and Ferroalloy Manufacturing
3312	Steel Product Manufacturing from Purchased Steel
3313	Alumina and Aluminum Production and Processing
3314	Nonferrous Metal (except Aluminum) Production and Processing
3315	Foundries
3321	Forging and Stamping
3322	Cutlery and Handtool Manufacturing
3323	Architectural and Structural Metals Manufacturing
3324	Boiler, Tank, and Shipping Container Manufacturing
3325	Hardware Manufacturing
3326	Spring and Wire Product Manufacturing
3327	Machine Shops, Turned Product, and Screw, Nut, and Bolt Manufacturing
3328	Coating, Engraving, Heat Treating, and Allied Activities
3329	Other Fabricated Metal Product Manufacturing
3331	Agriculture, Construction, and Mining Machinery Manufacturing
3332	Industrial Machinery Manufacturing
3333	Commercial and Service Industry Machinery Manufacturing
3334	Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing
3335	Metalworking Machinery Manufacturing
3336	Engine, Turbine, and Power Transmission Equipment Manufacturing
3339	Other General Purpose Machinery Manufacturing
3341	Computer and Peripheral Equipment Manufacturing
3342	Communications Equipment Manufacturing
3343	Audio and Video Equipment Manufacturing
3344	Semiconductor and Other Electronic Component Manufacturing
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing
3346	Manufacturing and Reproducing Magnetic and Optical Media
3351	Electric Lighting Equipment Manufacturing
3359	Other Electrical Equipment and Component Manufacturing
3361	Motor Vehicle Manufacturing
3362	Motor Vehicle Body and Trailer Manufacturing
3363	Motor Vehicle Parts Manufacturing
3364	Aerospace Product and Parts Manufacturing
3366	Ship and Boat Building
3369	Other Transportation Equipment Manufacturing
3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing
3372	Office Furniture (including Fixtures) Manufacturing
3379	Other Furniture Related Product Manufacturing
3391	Medical Equipment and Supplies Manufacturing
3399	Other Miscellaneous Manufacturing

42	**Wholesale Trade**
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers
4232	Furniture and Home Furnishing Merchant Wholesalers
4233	Lumber and Other Construction Materials Merchant Wholesalers
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers
4235	Metal and Mineral (except Petroleum) Merchant Wholesalers
4236	Electrical and Electronic Goods Merchant Wholesalers
4237	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers
4238	Machinery, Equipment, and Supplies Merchant Wholesalers
4239	Miscellaneous Durable Goods Merchant Wholesalers
4241	Paper and Paper Product Merchant Wholesalers
4242	Drugs and Druggists' Sundries Merchant Wholesalers
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers
4244	Grocery and Related Product Merchant Wholesalers
4245	Farm Product Raw Material Merchant Wholesalers
4246	Chemical and Allied Products Merchant Wholesalers
4247	Petroleum and Petroleum Products Merchant Wholesalers
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers
4249	Miscellaneous Nondurable Goods Merchant Wholesalers
4251	Wholesale Electronic Markets and Agents and Brokers
48-49	**Transportation and Warehousing**
4811	Scheduled Air Transportation
4812	Nonscheduled Air Transportation
4831	Deep Sea, Coastal, and Great Lakes Water Transportation
4832	Inland Water Transportation
4841	General Freight Trucking
4842	Specialized Freight Trucking
4851	Urban Transit Systems
4853	Taxi and Limousine Service
4854	School and Employee Bus Transportation
4855	Charter Bus Industry
4859	Other Transit and Ground Passenger Transportation
4860	Pipeline Transportation
4870	Scenic and Sightseeing Transportation
4881	Support Activities for Air Transportation
4883	Support Activities for Water Transportation
4884	Support Activities for Road Transportation
4885	Freight Transportation Arrangement
4889	Other Support Activities for Transportation
4921	Couriers and Express Delivery Services
4931	Warehousing and Storage
51	**Information**
5112	Software Publishers
5171	Wired Telecommunications Carriers
5172	Wireless Telecommunications Carriers (except Satellite)
5179	Other Telecommunications
5191	Other Information Services
54	**Professional, Scientific, and Technical Services**
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services
5413	Architectural, Engineering, and Related Services
5415	Computer Systems Design and Related Services
5416	Management, Scientific, and Technical Consulting Services
5417	Scientific Research and Development Services

5419	Other Professional, Scientific, and Technical Services
55	**Management of Companies and Enterprises**
5511	Management of Companies and Enterprises
71	**Arts, Entertainment, and Recreation**
7111	Performing Arts Companies
7113	Promoters of Performing Arts, Sports, and Similar Events
7115	Independent Artists, Writers, and Performers
7131	Amusement Parks and Arcades
7139	Other Amusement and Recreation Industries
72	**Accommodation and Food Services**
7211	Traveler Accommodation
7212	RV (Recreational Vehicle) Parks and Recreational Camps
7213	Rooming and Boarding Houses
92	**Government**
	Federal Government
	State Government

The discussions of SACOG's 2035 MTP are based on a projection series provided directly from SACOG at the Transportation Analysis Zone level. SACOG staff noted that the series was based on draft 2005 modeling estimates specifically for four points in time including 2005, 2013, 2018, and 2035. To match other timeframes presented in this report, CSER annualized the SACOG data to create points between the provided years. For the El Dorado Hills analysis, CSER matched the Transportation Analysis Zones to the Community Region boundaries to the greatest extent possible using provided maps. It is important to note that the draft SACOG series is based on a point several years before the current recession hit. In addition, SACOG is in the process of creating a new series with a 2008 base year—at the time of this study, the new data was not officially available.

The set of potential viable clusters was created primarily based on an index of economic performance. The index utilized six factors for all four-digit NAICS sectors in the El Dorado County economy (approximately 275):

1. Historical employment growth rate, 2004-2009
2. Forecast employment growth rate, 2009-2014
3. Composition (percent of total in El Dorado County), 2009
4. Shift in composition, 2004-2009
5. Specialization (percent of total in El Dorado County compared to percent of total in the Sacramento Region), 2009
6. Change in specialization, 2004-2009

Every sector received an index score on each of the six factors based on performance relative to all other sectors. For each sector, the six index scores were averaged, reindexed, and then ranked. Sectors within the top quartile of economic performance (about 70) were identified. Groupings of eight potential cluster activities were then created based on CSER professional experience. CSER then searched for sectors just below the top quartile that also fit within the identified clusters. The groupings of clusters were presented to local leaders for feedback. Six other factors were also analyzed within each cluster to demonstrate further opportunities and benefits as well as help screen for viable activities:

1. Regional Linkages—reflects sectors that use goods and services from the largest sectors in El Dorado County and the Sacramento Region as inputs (forward linkages) or acts as suppliers of goods and services to the largest sectors in El Dorado County and the Sacramento Region (backward linkages). This factor relied on regional use data for forward linkages and social accounts matrix industry by industry information for backward linkages, both from IMPLAN (2008 Coefficient series). The top two forward linkage and top two backward linkage sectors were identified based on value of goods and services for each of the five largest sectors in the El Dorado County and the Sacramento Region based on employment. The core cluster activities were then matched to this list of 40 regional linkage sectors.
2. Employment Multiplier—demonstrates the ripple effect created by direct, indirect (linked suppliers of goods and services), and induced (employee spending) employment within specific sectors. This factor utilized the employment multiplier information from IMPLAN (2008 Coefficient series). The top 40 employment multiplier sectors in El Dorado County were identified and matched to the list of core cluster activities.
3. Commodity Imports—shows sectors that El Dorado County imports relatively high values of goods and services from and have an existing presence in the Sacramento Region. Commodity trade data from IMPLAN (2008 Coefficient series) was used to determine the sectors with high import activity and screened against those sectors in the Sacramento Region with higher than median employment based on IMPLAN data. The top 40 import sectors that met the Sacramento Region employment screen were selected and compared to the list of core cluster activities.
4. Occupation Match—determines specific sectors that heavily utilized occupations currently held by El Dorado County residents. The top 20 detailed occupations in El Dorado County were identified through U.S. Census Bureau 2006-2008 American Community Survey data. Then the two sectors with the greatest level of employment in these occupations were selected based on the California Employment Development Department's statewide industry-occupation matrix (2006-2016 update). The core cluster activities were compared to the resulting 40 sectors with occupational matches.
5. Base Activity—illustrates if the core cluster activity can be considered base according to the base analysis completed in other areas of this study.
6. Cited in Interviews—reflects whether the sector or broad activity was mentioned regularly (in two or more instances) as an area presenting growth and development opportunities in the County based on discussion with regional and local businesses and leaders.

The table on the following pages summarizes the potential viable clusters and core activities including the six factors described above plus those top-performing activities which were not categorized into a cluster. It is important to note that the cluster potential reflects only those core activities presented, not necessarily a fully-integrated cluster.

Potential Cluster / Activities	2009 Employment	Screens: Regional Linkages	Screens: Employment Multiplier	Screens: Commodity Imports	Screens: Occupation Match	Screens: Screen Tally	Base	Cited in Interviews	NAICS Code
Advanced Manufacturing									
Core Top Performing Activities									
Machine Shops, Turned Product, and Screw, Nut, and Bolt Manufacturing	252	No	No	No	No	0	Yes	Yes - Mfg.	3327
Semiconductor and Other Electronic Component Manufacturing	154	No	Yes	Yes	Yes	3	Yes	Yes - Mfg.	3344
Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	77	No	No	No	Yes	1	Yes	Yes - Mfg.	3345
Manufacturing and Reproducing Magnetic and Optical Media	11	No	No	No	*No*	0	Yes	Yes - Mfg.	3346
Aerospace Product and Parts Manufacturing	45	No	Yes	No	No	1	Yes	Yes - Mfg.	3364
Warehousing and Storage	56	No	No	No	No	0	Yes	No	4931
Other Activities									
Machinery, Equipment, and Supplies Merchant Wholesalers	53	Yes	No	Yes	No	2	Yes	No	4238
Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing	12	No	No	No	No	0	Yes	Yes - Mfg.	3334
Electrical and Electronic Goods Merchant Wholesalers	37	Yes	No	Yes	No	2	Yes	No	4236
Business Services									
Core Top Performing Activities									
Architectural, Engineering, and Related Services	586	Yes	No	No	Yes	2	Yes	Yes - Prof. Svcs.	5413
Management, Scientific, and Technical Consulting Services	329	No	No	Yes	Yes	2	Yes	Yes - Prof. Svcs.	5416
Employment Services	1,222	Yes	No	No	Yes	2	No	No	5613
Investigation and Security Services	92	No	No	No	Yes	1	No	No	5616
Vocational Rehabilitation Services	181	No	No	No	No	0	No	No	6243
Business, Professional, Labor, Political, and Similar Organizations	277	No	No	No	No	0	No	No	8139
Wholesale Electronic Markets and Agents and Brokers	207	Yes	No	Yes	Yes	3	Yes	No	4251
Other Activities									
Services to Buildings and Dwellings	703	Yes	No	No	Yes	2	No	No	5617
Other Support Services	41	No	No	No	No	0	No	No	5619
Creative									
Core Top Performing Activities									
Software Publishers	79	No	Yes	Yes	Yes	3	Yes	No	5112
Motion Picture and Video Industries	142	No	No	Yes	No	1	No	No	5121
Education									
Core Top Performing Activities									
Elementary and Secondary Schools	506	No	No	No	No	0	No	No	6111
Colleges, Universities, and Professional Schools	197	No	No	Yes	Yes	2	No	No	6113
Other Schools and Instruction	211	No	No	No	No	0	No	No	6116
Educational Support Services	11	No	No	No	No	0	No	No	6117
Child Day Care Services	442	No	No	No	No	0	No	No	6244
Other Activities									
Junior Colleges	11	No	No	Yes	No	1	No	No	6112
Technical and Trade Schools	23	No	No	No	No	0	No	No	6115

Potential Cluster / Activities	2009 Employment	Screens: Regional Linkages	Screens: Employment Multiplier	Screens: Commodity Imports	Screens: Occupation Match	Screens: Screen Tally	Base	Cited in Interviews	NAICS Code
Finance and Insurance									
Core Top Performing Activities									
Depository Credit Intermediation	537	Yes	No	Yes	Yes	3	No	No	5221
Insurance Carriers	1,602	Yes	No	Yes	No	2	No	No	5241
Agencies, Brokerages, and Other Insurance Related Activities	205	Yes	No	Yes	No	2	No	No	5242
Lessors of Real Estate	223	Yes	No	No	No	1	No	No	5311
Consumer Goods Rental	174	No	No	No	No	0	No	No	5322
Other Activities									
Monetary Authorities-Central Bank	10	Yes	No	Yes	No	2	No	No	5211
Medical									
Core Top Performing Activities									
Offices of Physicians	591	No	No	Yes	Yes	2	No	Yes - HC	6211
Offices of Dentists	658	No	No	Yes	No	1	No	Yes - HC	6212
Offices of Other Health Practitioners	307	No	No	Yes	No	1	No	Yes - HC	6213
Outpatient Care Centers	93	Yes	No	No	No	1	No	Yes - HC	6214
Home Health Care Services	383	No	No	No	No	0	No	Yes - HC	6216
General Medical and Surgical Hospitals	1,779	Yes	No	No	Yes	2	No	Yes - HC	6221
Specialty (except Psychiatric and Substance Abuse) Hospitals	45	Yes	No	No	No	1	No	Yes - HC	6223
Nursing Care Facilities	415	No	No	No	No	0	No	Yes - HC	6231
Residential Mental Retardation, Mental Health and Substance Abuse Facilities	166	No	No	No	No	0	No	Yes - HC	6232
Community Care Facilities for the Elderly	138	No	No	No	No	0	No	Yes - HC	6233
Medical Equipment and Supplies Manufacturing	142	No	No	No	No	0	Yes	Yes - Mfg.	3391
Health and Personal Care Stores	395	No	No	No	No	0	No	Yes - Retail	4461
Other Activities									
Other Ambulatory Health Care Services	67	Yes	No	No	No	1	No	Yes - HC	6219
Medical and Diagnostic Laboratories	27	Yes	No	No	No	1	No	Yes - HC	6215
Pharmaceutical and Medicine Manufacturing	35	No	Yes	No	No	1	Yes	Yes - Mfg.	3254
Recreation and Tourism									
Core Top Performing Activities									
Beverage Manufacturing	251	No	Yes	No	No	1	Yes	Yes - Mfg.	3121
Scenic and Sightseeing Transportation	143	No	No	No	No	0	Yes	Yes - Tourism	4870
Other Activities									
Beer, Wine, and Liquor Stores	63	No	No	No	No	0	No	Yes - Retail	4453
Full-Service Restaurants	2,339	Yes	No	Yes	Yes	3	No	No	7221
RV (Recreational Vehicle) Parks and Recreational Camps	75	No	No	No	No	0	Yes	Yes - Tourism	7212
Retail and Personal Care									
Core Top Performing Activities									
Other Motor Vehicle Dealers	53	No	No	No	No	0	No	Yes - Retail	4412
Automotive Parts, Accessories, and Tire Stores	248	No	No	No	No	0	No	Yes - Retail	4413
Furniture Stores	47	No	No	No	No	0	No	Yes - Retail	4421
Building Material and Supplies Dealers	486	No	No	No	No	0	No	Yes - Retail	4441
Grocery Stores	1,614	No	No	No	No	0	No	Yes - Retail	4451
Department Stores	365	No	No	No	Yes	1	No	Yes - Retail	4521
Other General Merchandise Stores	394	No	No	No	No	0	No	Yes - Retail	4529
Personal Care Services	233	No	No	No	Yes	1	No	No	8121
Other Personal Services	68	No	No	No	No	0	No	No	8129
Other Activities									
Sporting Goods, Hobby, and Musical Instrument Stores	118	No	No	No	No	0	No	Yes - Retail	4511

Potential Cluster / Activities	2009 Employment	Screens: Regional Linkages	Employment Multiplier	Commodity Imports	Occupation Match	Screen Tally	Base	Cited in Interviews	NAICS Code
Remaining Top Performing Activities									
Cable and Other Subscription Programming	60	No	Yes	No	No	1	No	No	5152
Cement and Concrete Product Manufacturing	97	Yes	No	No	No	1	Yes	Yes - Mfg.	3273
Civic and Social Organizations	91	No	No	No	No	0	No	No	8134
Community Food and Housing, and Emergency and Other Relief Services	66	No	No	No	No	0	No	No	6242
Electric Power Generation, Transmission and Distribution	127	No	No	Yes	No	1	No	Yes - CET	2211
Glass and Glass Product Manufacturing	25	No	No	No	No	0	Yes	Yes - Mfg.	3272
Inland Water Transportation	11	No	Yes	No	No	1	Yes	Yes - Tourism	4832
Miscellaneous Durable Goods Merchant Wholesalers	103	Yes	No	Yes	No	2	Yes	No	4239
Office Furniture (including Fixtures) Manufacturing	20	No	No	No	No	0	Yes	Yes - Mfg.	3372
Oil and Gas Extraction	12	No	No	Yes	No	1	Yes	Yes - Mining	2111
Other Miscellaneous Manufacturing	160	No	No	No	No	0	Yes	Yes - Mfg.	3399
Other Specialty Trade Contractors	854	Yes	No	Yes	No	2	No	No	2389
Rubber Product Manufacturing	165	No	No	No	No	0	Yes	Yes - Mfg.	3262
Sawmills and Wood Preservation	118	No	No	No	No	0	Yes	Yes - Mfg.	3211
Soap, Cleaning Compound, and Toilet Preparation Manufacturing	14	No	Yes	Yes	No	2	Yes	Yes - Mfg.	3256
Social Advocacy Organizations	72	No	No	No	No	0	No	No	8133
Support Activities for Road Transportation	33	No	No	No	No	0	Yes	No	4884
Waste Collection	111	No	No	No	No	0	No	No	5621
Waste Treatment and Disposal	118	No	No	No	No	0	No	No	5622
Wired Telecommunications Carriers	72	Yes	Yes	No	No	2	Yes	Yes - Tech.	5171
Wireless Telecommunications Carriers (except Satellite)	61	Yes	Yes	No	No	2	Yes	Yes - Tech.	5172

Appendix—Comparative Information

The following table compares a few key economic and demographic factors in El Dorado County to two other benchmark areas in Northern California, Sonoma County and the Yuba-Sutter Region. The table also includes the comparative areas used throughout the main sections of the report including the Sacramento Region, California, and the United States.

ECONOMIC AND DEMOGRAPHIC FACTOR COMPARISONS

Factor	***El Dorado County***	*Sonoma County*	*Yuba-Sutter Region*	*Sacramento Region*	*California*	*United States*
Population Growth 99-09	**17.6%**	6.6%	22.7%	23.7%	15.5%	12.6%
Population Growth 04-09	**6.0%**	2.9%	11.6%	8.1%	5.8%	4.8%
Unemployment Rate 99	**3.9%**	2.7%	12.6%	4.6%	5.3%	4.2%
Unemployment Rate 04	**5.3%**	5.0%	10.3%	5.8%	6.2%	5.5%
Unemployment Rate 09	**11.3%**	9.7%	17.1%	12.0%	11.4%	9.3%
Associate Degree and Above 09	**38.0%**	39.5%	25.4%	37.2%	36.6%	34.0%
Per Capita Income 09	**$32,400**	$33,834	$18,654	$27,730	$28,199	$27,277
Median Disposable Income 09	**$53,256**	$54,758	$36,169	$48,085	$50,178	$43,361
Innovation Index*	**105.7**	104.5	77.4	91.8	117.4	100.0
Percent Total Employment 09	**-**	-	-	-	-	-
Ag., Forestry, Fish., & Hunting	**1.9%**	3.3%	10.3%	1.3%	2.6%	-
Mining	**0.1%**	0.0%	0.6%	0.1%	0.2%	0.5%
Utilities	**0.4%**	0.3%	0.4%	0.3%	0.4%	0.4%
Construction	**7.8%**	5.5%	3.5%	5.2%	4.3%	4.6%
Manufacturing	**4.5%**	11.3%	4.7%	4.3%	8.9%	9.1%
Wholesale Trade	**1.8%**	3.8%	2.6%	2.9%	4.5%	4.3%
Retail Trade	**11.4%**	11.9%	13.0%	10.6%	10.5%	11.1%
Transport. & Warehousing	**1.3%**	2.0%	2.7%	2.6%	2.9%	3.2%
Information	**1.4%**	1.5%	1.2%	2.0%	3.1%	2.1%
Finance & Insurance	**5.2%**	3.4%	1.7%	4.6%	3.8%	4.4%
Real Estate & Rental	**1.7%**	1.0%	1.7%	1.5%	1.8%	1.5%
Prof., Sci., & Technical Svcs.	**7.2%**	5.9%	2.8%	5.9%	7.0%	5.7%
Mgmt. of Companies	**0.3%**	1.0%	0.8%	1.0%	1.3%	1.4%
Admin. & Waste Svcs.	**5.7%**	4.2%	2.8%	4.7%	5.8%	5.5%
Educational Svcs.	**2.0%**	2.2%	2.2%	1.7%	2.1%	2.4%
Health & Social Svcs.	**12.0%**	11.3%	11.5%	10.6%	9.9%	12.3%
Arts, Ent., & Recreation	**2.9%**	1.8%	1.4%	1.5%	1.7%	1.5%
Accom. & Food Svcs.	**11.4%**	9.4%	7.1%	8.0%	8.7%	8.6%
Other Services	**2.8%**	3.4%	2.4%	3.4%	3.4%	4.1%
Government & Unclassified	**18.5%**	16.9%	27.0%	28.0%	17.3%	17.2%

ECONOMIC AND DEMOGRAPHIC FACTOR COMPARISONS (CONTINUED)

Factor	***El Dorado County***	*Sonoma County*	*Yuba-Sutter Region*	*Sacramento Region*	*California*	*United States*
Industry Employment Growth 99-09	**15.7%**	-4.0%	1.4%	7.6%	0.4%	1.5%
Ag., Forestry, Fish., & Hunting	**-29.0%**	-9.9%	-30.5%	-42.5%	-7.5%	-
Mining	**60.2%**	-75.0%	0.0%	9.2%	7.1%	17.1%
Utilities	**21.3%**	-2.4%	44.4%	47.6%	5.1%	-7.8%
Construction	**1.8%**	-17.6%	-21.1%	-7.9%	-9.5%	-7.8%
Manufacturing	**8.2%**	-30.8%	-41.2%	-25.0%	-29.9%	-31.4%
Wholesale Trade	**21.2%**	21.8%	22.2%	0.2%	2.4%	-4.5%
Retail Trade	**-2.9%**	-9.4%	1.9%	1.3%	0.4%	-3.0%
Transport. & Warehousing	**2.5%**	-2.4%	44.4%	3.3%	-8.3%	-1.5%
Information	**21.6%**	-27.8%	25.0%	-7.4%	-13.8%	-17.9%
Finance & Insurance	**204.5%**	-23.0%	0.0%	1.3%	-0.3%	1.7%
Real Estate & Rental	**-3.6%**	-23.0%	0.0%	-5.8%	-2.4%	0.6%
Prof., Sci., & Technical Svcs.	**6.5%**	50.0%	8.0%	26.3%	18.6%	18.3%
Mgmt. of Companies	**-33.1%**	-37.9%	8.0%	-45.0%	-34.5%	4.6%
Admin. & Waste Svcs.	**72.8%**	-22.9%	8.0%	-9.3%	-10.8%	-7.9%
Educational Svcs.	**426.2%**	14.2%	45.0%	85.7%	38.0%	33.2%
Health & Social Svcs.	**43.3%**	14.2%	45.0%	49.7%	24.8%	29.0%
Arts, Ent., & Recreation	**5.5%**	14.3%	20.0%	20.4%	13.7%	12.0%
Accom. & Food Svcs.	**3.3%**	14.3%	20.0%	21.1%	15.7%	13.8%
Other Services	**12.5%**	-3.2%	-9.1%	9.6%	2.2%	5.4%
Government & Unclassified	**7.4%**	13.5%	10.7%	14.8%	11.5%	11.0%
Industry Employment Growth 04-09	**-3.3%**	-6.5%	-3.0%	-2.6%	-3.1%	-0.4%
Ag., Forestry, Fish., & Hunting	**-20.7%**	1.3%	-13.7%	-19.7%	-3.0%	-
Mining	**21.9%**	-66.7%	50.0%	18.9%	18.1%	18.4%
Utilities	**32.1%**	2.6%	30.0%	9.8%	7.0%	-0.5%
Construction	**-28.9%**	-28.5%	-40.0%	-37.1%	-27.1%	-13.5%
Manufacturing	**19.2%**	-16.5%	-31.0%	-15.5%	-15.8%	-17.0%
Wholesale Trade	**1.8%**	0.0%	-8.3%	-8.1%	-1.7%	-0.7%
Retail Trade	**-4.3%**	-9.7%	-1.8%	-8.3%	-6.2%	-3.5%
Transport. & Warehousing	**26.4%**	2.6%	30.0%	5.1%	-3.0%	-0.3%
Information	**12.8%**	-39.5%	25.0%	-17.2%	-7.4%	-10.0%
Finance & Insurance	**0.9%**	-23.0%	0.0%	-10.8%	-13.3%	-3.1%
Real Estate & Rental	**-11.0%**	-23.0%	-12.5%	-15.9%	-7.9%	-4.3%
Prof., Sci., & Technical Svcs.	**-16.1%**	14.1%	-6.9%	8.3%	10.6%	11.3%
Mgmt. of Companies	**-46.9%**	0.0%	-6.9%	-11.3%	-15.5%	7.6%
Admin. & Waste Svcs.	**-8.0%**	-14.9%	-6.9%	-11.1%	-11.3%	-8.9%
Educational Svcs.	**146.1%**	7.1%	16.0%	20.9%	15.2%	11.9%
Health & Social Svcs.	**15.2%**	7.1%	16.0%	22.0%	10.8%	13.5%
Arts, Ent., & Recreation	**-30.2%**	-1.0%	5.9%	-3.3%	2.9%	3.5%
Accom. & Food Svcs.	**-10.1%**	-1.0%	5.9%	1.8%	4.4%	5.1%
Other Services	**3.4%**	-4.7%	-23.1%	0.1%	-3.9%	-0.8%
Government & Unclassified	**8.1%**	1.7%	4.6%	6.9%	4.2%	4.3%

Center for Strategic Economic Research, June 2010

Population Data Source: CSER estimates based on CA Department of Finance, County/State Population & Housing Estimates; CA Department of Transportation, Long-Term Socio-Economic Forecasts by County; and U.S. Census Bureau, Population Estimates and Projections information

Unemployment Data Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics and Current Population Survey

Educational Attainment Data Source: ESRI Business Analyst Online, 2009 Market Profile

Income Data Source: ESRI Business Analyst Online, 2009 Retail MarketPlace Profile

Innovation Index Data Source: Indiana Business Research Center, Innovation in American Regions

Industry Employment Data Source: CSER estimates based on Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; and U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages and Current Employment Statistics information

*Note: United States is used as the 100 benchmark in the Innovation Index. Sacramento Region only includes Sacramento-Arden Arcade-Roseville MSA.

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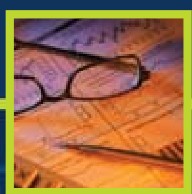

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