



ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDDS)

Submitted to: City of Escondido

February 2013



THE NATELSON DALE GROUP INC

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

WRITTEN BY:



THE NATELSON DALE GROUP INC

24835 La Palma Avenue, Suite I

Yorba Linda, California 92887

O: 714.692.9596 F: 714.692.6597

E: info@natelsondale.com

W: www.natelsondale.com

February 2013

CONTENTS

EXECUTIVE SUMMARY OF CEDS IMPLEMENTATION PLAN	1
A. BACKGROUND	4
A.1. MARKET OVERVIEW SUMMARY	4
A.1.1. DEMOGRAPHIC CONDITIONS	4
A.1.2. ECONOMIC CONDITIONS	5
B. ANALYSIS OF ECONOMIC DEVELOPMENT PROBLEMS AND OPPORTUNITIES	8
B.1. ESCONDIDO COMPETITIVE ASSESSMENT	8
B.1.1. INTRODUCTION	8
B.1.2. COMPARISONS OF ESCONDIDO WITH CLOSE-BY COMMUNITIES	9
B.1.3. COMPARISONS OF SAN DIEGO COUNTY AND CALIFORNIA WITH OTHER COUNTIES AND STATES	13
B.1.4. OTHER ECONOMIC DEVELOPMENT ENTITIES, PLANS AND STRATEGIES	15
B.2. SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL CEDS PROJECT	17
B.3. ESCONDIDO TARGET INDUSTRY CLUSTER ANALYSIS	17
B.3.1. INTRODUCTION	17
B.3.2. OVERVIEW OF METHODOLOGY	18
B.3.3. LIST OF TARGET CLUSTERS	19
C. CEDS GOALS AND OBJECTIVES -- DEFINING REGIONAL EXPECTATIONS	25
C.1. IDENTIFIED GOALS AND STRATEGIES	25
C.2. PRIORITIZATION OF STRATEGIES	27
D. COMMUNITY AND PRIVATE SECTOR PARTICIPATION	29
D.1. OVERVIEW OF COMMUNITY PARTICIPATION APPROACH	29
D.2. CEDS COMMITTEE ROLE AND COMPOSITION	29
E. STRATEGIC PROJECTS, PROGRAMS AND ACTIVITIES	31
F. CEDS IMPLEMENTATION PLAN	33
F.1. IMPLEMENTATION PLAN ELEMENTS	33
F.2. RECOMMENDED INITIAL STRATEGIC FOCUS	59
F.3. STRATEGY INTERACTIONS	60
F.4. INTEGRATION WITH STATE'S ECONOMIC DEVELOPMENT PRIORITIES	63

- APPENDIX A. ESCONDIDO MARKET OVERVIEW REPORT**
- APPENDIX B. PROFILE OF LOCAL WORKFORCE & TRAINING RESOURCES**
- APPENDIX C. ESCONDIDO COMPETITIVE ASSESSMENT REPORT**
- APPENDIX D. ESCONDIDO TARGET INDUSTRY ANALYSIS**
- APPENDIX E. SUMMARY OF INFRASTRUCTURE PROJECTS POTENTIALLY ELIGIBLE FOR EDA GRANT FUNDING**
- APPENDIX F. LIST OF CEDS COMMITTEE MEMBERS**
- APPENDIX G. STAKEHOLDERS INTERVIEWED FOR CEDS PROCESS**
- APPENDIX H. EDA-REQUIRED CENSUS DATA**

FIGURES

Figure C-1. Strategic Prioritization Chart 28

TABLES

Table A-1. Demographic Conditions, Summary 4

Table A-2. Economic Conditions, Summary 5

Table B-1. Economic Development Entities, Plans and Strategies 16

Table B-2. Employees and Average Earnings by Cluster by Region, 2011. 22

Table B-3. Share of Total Employment and LQs by Cluster by Region, 2011..... 23

Table B-4. Percentage Employment Change by Cluster by Region, 2009 - 2011 and Two-year Forecast.. 24

Table E-1. Infrastructure Projects Potentially Eligible for EDA Grant Funding 32

Table F-1. Implementation Plan Table 35

Table F-2. Strategy Interaction Matrix 61

Table F-3. Interaction of CEDS Strategies with General Plan Update and 62

Table G-1. Performance Measures 64

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

This document is the culmination of a series of reports prepared by the authors that together comprise the Economic Development Master Plan for the City of Escondido. The Economic Development Master Plan was also designed to serve as a Comprehensive Economic Development Strategy (CEDS), as specified by the U.S. Department of Commerce, Economic Development Administration (EDA). Preparation of a CEDS will facilitate the process by which the City can potentially access federal funding for infrastructure and other economic development-related activities through the EDA. At the same time, the document serves to guide the City's internal policies and priorities for economic development over the next five to ten years.

Background reports prepared as part of the CEDS process (and attached, in full, as appendices to this CEDS document) include the following:

- Escondido Market Overview (Appendix A)
- Profile of Local Workforce & Training Resources (Appendix B)
- Escondido Competitive Assessment (Appendix C)
- Escondido Target Industry Analysis (Appendix D)

The main body of the CEDS summarizes the findings of the full (appendix) reports and provides additional detail regarding the goals and strategies identified during the course of the Economic Development Master Plan process.

Executive Summary of CEDS Implementation Plan

The CEDS Implementation Plan, detailed in Section F of this report, outlines over 40 individual action items for the City's economic development program. Some of the initiatives are recommended new activities while others represent existing City practices that can be re-focused and given greater visibility as part of the Master Plan implementation. Some of the strategies relate directly to "core" economic development functions (e.g., target industry retention and attraction) whereas others are "support" activities (e.g., initiatives to improve the City's quality of life) that will serve to enhance the City's overall attractiveness to prospective businesses and their employees.

In order to prioritize the relatively long list of potential action items, Section F.2 of the CEDS describes the recommended initial strategic focus for the Economic Development Master Plan. In this section, the highest-priority action items are organized under the following themes:

1. Organizational Capacity
2. Identity and Marketing
3. Catalyst Projects
4. Business-Friendly City

Executive Summary of CEDS Implementation Plan

Theme 1. Organizational Capacity	
Strategies	Action Direction
<i>Expand City’s organizational capacity for economic development (Strategy 1)</i>	This includes the creation of a full-time Special Events/Economic Development Coordinator position, Economic Development Task Force to overview selected action items, volunteer corps of local Business Ambassadors to help promote Escondido, expansion of Mayor’s business outreach program to include other Council members and/or City staff, and the expansion/refocus of partnerships/alliances with private and regional organizations.
Theme 2. Identity and Marketing	
Strategies	Action Direction
<i>Implement an identity/image enhancement program (Strategy 6)</i>	Integrate closely with all marketing efforts. Initial working group will set timing, define scope and leadership, etc.
<i>Leverage recent/forthcoming development & investment to attract new business and visitors to the City (Strategy 2)</i>	Includes coordination with Palomar Health, Westfield Group, and Stone Brewing Co., to identify specific opportunities to attract new support businesses related to these existing businesses and their associated development.
Theme 3. Catalyst Projects	
Strategies	Action Direction
<i>Implement target industry marketing program (Strategy 4)</i>	Select initial focus targets based on achieving “showcase” designation in the strategy-prioritization process and the potential for leveraging other strategic interests: Cleantech, Hospitals And Healthcare, and Specialty Foods and Beverages including the related strategy to support the agriculture, wine and tourism industries.
<i>Continue efforts to develop reclaimed water for agriculture (Strategy 3)</i>	The focus of this strategy is to explore the feasibility of, and other advantages associated with, agricultural use of reclaimed wastewater from the City.
This strategy has important interrelationships with other City goals and objectives, such as the potential to significantly reduce mandated wastewater treatment costs, while simultaneously preserving or expanding agricultural jobs	Related to this strategy is support for the wine and craft beer industries in the Escondido area. The City can support these industries with land use policies, etc. to facilitate/incentivize private investment, for example by reducing barriers, and other non-financial investments.

Executive Summary of CEDS Implementation Plan

Theme 4. Business-Friendly City	
Strategies	Action Direction
Marketing/identity (Theme 2 above)	All Business-Friendly strategies should be developed and operated in close coordination with overall marketing and identity measures, to maximize their potential for leveraging economic development.
<i>Ensure that City’s development/permit processing is timely and business friendly (Strategy 8)</i>	Establish relationship with BIA for development-processing improvements, with a focus on expediting development through time-saving measures that lower costs for investors/developers without compromising City oversight.
	Formalize City “red team” to ensure timely development processing, building on the structure of the existing interdepartmental team.
<i>Enhance outreach and marketing for economic development, through a set of coordinated channels (Strategy5)</i>	This activity should be coordinated through the Economic Development Task Force and the strategy to establish dedicated economic development staff within the City. One important aspect of any such involvement is that all such activity be subject to a consistent set of protocols.

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

A. Background

A.1. Market Overview Summary

The *Market Overview* provides background information and data for the Economic Development Master Plan, the full report can be found in Appendix A. Consistent with EDA requirements for CEDs documents, the report is primarily based on a compilation of standard secondary data (e.g. Census data) to allow for ready comparison to other places.

A.1.1. Demographic Conditions

The following data (Table A-1, below) were obtained from the U.S. Census Bureau, including decennial 2000 and 2010 censuses and the American Community Survey (ACS) 1-year estimates (2010)¹, for comparison of demographic characteristics in the City of Escondido. Data are provided for the City of Escondido, the North County² portion of San Diego County, San Diego County, and the State of California. Topics address current and historical conditions related to population, race/ethnicity, age, educational attainment and household and personal income levels.

Table A-1. Demographic Conditions, Summary

Data type	Analysis
Population, 2000/2010	Between 2000 and 2010, Escondido added nearly 10,000 residents but grew at the slowest rate (7.8%) compared to the other geographies (i.e., North County, San Diego County, and California).
Race/Ethnicity, 2000/2010	Escondido is relatively underrepresented in the Black or African American (alone) and Asian (alone) categories, with the City holding the smallest shares of the population belonging to these racial groups in all of the evaluated geographic areas. Compared to North County and San Diego County, the City also has a much smaller share in the White (alone) category. Of all the evaluated geographies, Escondido, by far, has the highest share of Hispanic or Latino residents, with close to one-half of the population in this ethnic group. Although all of the geographies saw significant increases in the Hispanic/Latino population between 2000 and 2010, Escondido experienced the fastest growth in this population segment, with its share of the total population increasing by more than 10 percentage points.

¹ The ACS replaced the “long form” that historically produced demographic, housing, and socio-economic estimate for the nation as part of the once-a-decade census.

² Hereafter “North County” refers to the area covered by the five member cities of the San Diego North County Economic Development Council (EDC), including Carlsbad, Escondido, Oceanside, San Marcos, and Vista.

Background

Age, 2000/2010	As of 2010, Escondido has a higher share of the population in the 0-19 age cohort, along with smaller shares in the 25-44, 45-64 and 65+ groups. Between 2000 and 2010, all of the geographies saw the biggest percentage increases in the 45-65 age cohorts.
Educational Attainment, 2000/2010	Escondido residents are relatively less educated compared to the other geographies. The percentage of Escondido residents without a high school diploma (27.9%) is between 8.6 and 13.0 percentage points higher than the other geographies. Moreover, between 2000 and 2010, this group increased by 0.5 percentage points in the City, compared to notable percentage declines in the other geographies.
Personal and Household Income, 1999/2010	Escondido's per capita income was below the other geographies' levels both in 1999 (\$18,241) and 2010 (\$19,514). In addition, per capita income levels in Escondido increased at a much slower rate between 2000 and 2010 (7.0%) compared to the other geographies. As a result of the slower growth rates in per capita income, both Escondido and the North County lost ground in per capita income levels relative to the State, while the County gained ground against the State. The median household income data tell a similar story and show similar trends as the per capita income measures.

A.1.2. Economic Conditions

The following economic data (Table A-2, below) focus on Escondido, North County, San Diego County and California. For some topics, data for the cities of Temecula and Murrieta in south Riverside County are also included in the comparisons. Data were obtained from the Bureau of Labor Statistics, California State Board of Equalization (SBOE), Dataquick (a private data provider of home sales statistics), and the U.S. Census Bureau. The data focus on current and historical economic conditions related to unemployment, taxable retail sales, home prices and residential building permits.

Table A-2. Economic Conditions, Summary

Data type	Analysis
Unemployment, 2005-2010	As anticipated, due to the current economic recession, unemployment rates have steadily risen since 2005. The most recent Escondido unemployment rate (11.0%), as of 2010, is slightly above the County rate (10.5%) but well below the State's (12.4%).
Taxable Retail Sales, 2000-2010	The City of Escondido had the highest per capita retail sales compared to evaluated geographies in 2000 and 2010. This is not a surprising finding given the presence of the Westfield North County mall, which "imports" retail sales from outside of the City. However, while per capita retail sales showed slight declines in the other geographies – ranging from 0.4% (San Diego County) to 4.1% (North County) – they declined by 17.0% in Escondido. The recent announcement of the Westfield North County mall expansion and renovation and the attraction of Target to reoccupy the vacant anchor space should help to reverse this trend.
Home Values,	Based on the most recent data, only the cities of Carlsbad (\$535,000) and San

Background

Data type	Analysis
12/2010 and 12/2011 (1)	<p>Marcos (\$358,500) had median sales prices above the County average (\$315,000). San Marcos and Temecula were the only cities to experience an increase in median sales prices between December, 2010 and December, 2011. During this time period, median sales prices in Escondido fell by much less in percentage terms than in the County, -1.7% and -6.0%, respectively.</p>
Building Permits, 2000-2010	<p>For Escondido, the data reveal a considerable reduction in new residential permits beginning in 2007. Residential permits continued to fall through 2010 and the County follows the same trend as Escondido, but with significant drop-off in permit activity beginning in 2006. For the five North County cities, all have experienced a significant reduction in the number of building permits over the last five years or so. The cities of Carlsbad and San Marcos experienced the most significant absolute and relative declines in building permits.</p>
Employment, by Industry (2-digit NAICS), 2009 (2)	<p>In terms of concentration of industry employment, Escondido is heavily represented in the Retail Trade industry, which accounts for 13.9% of total employment in the City. In addition, the top five industries account for more than one-half (53%) of total employment in the City. When evaluated with the other geographies, Escondido had the largest shares of employment in the Retail Trade and Construction industries.</p> <p>The City had the smallest shares of employment in the Educational Services, Information, and Transportation and Warehousing industries compared to the other geographies. Compared to the County, Escondido has a much smaller share of employees in the relatively high-paying Professional, Scientific, and Technical Services industry – 6.5% compared to 9.7%. The biggest industry difference between the City and the North County area is in Manufacturing, which accounts for 12.0% of employment in the North County versus 9.8% in Escondido.</p>
Employment by Industry (2-digit NAICS), 2002-2009 Comparison (2)	<p>Through a combination of overall job gains from 2002-2007, and overall losses 2007-2009, Escondido had a net loss of close to 1,700 jobs during this period, declining by 3.9%, while the other three geographies all added jobs. Job losses in Escondido (2002-2009) were concentrated in the Construction and Retail Trade industries, with the City losing 2,819 and 1,915 jobs, respectively. Although the other three geographies also lost jobs in these two industries, the magnitude of the declines (-47.1% in construction and -24.6% in retail) was much higher in Escondido.</p> <p>With an increase of over 1,000 jobs in Escondido, Wholesale Trade increased the most in absolute terms, and the second-most in percentage terms (86.5%). In contrast, Wholesale Trade job growth was more or less flat at the County and State levels.</p> <p>The City added over 1,000 jobs in the Professional, Scientific, and Technical Services industry, increasing by 59.3%. In percentage terms, this industry grew in Escondido at close to five to six times the rates in the other geographies. Although the overall existing share of employment in this industry in Escondido significantly lags the Countywide share, the growth over this period indicates the City is making up ground. Manufacturing added 757 jobs during this time period</p>

Background

Data type	Analysis	
	in the City, while the other three geographies experienced significant declines in this industry, with percentage changes ranging from -15.1% to -17.9%.	
Employment by Occupation, 2011 (3)	For Escondido, the Office and administrative support, Sales and related, and Food preparation and serving-related occupational categories account for close to four out of every 10 jobs (37%). In contrast, approximately three out of every 1,000 jobs (0.3%) are in Legal occupations.	
	<p>Compared to the evaluated geographies, Escondido has much higher employment concentrations in the Construction and Extraction (5) and Sales and related occupational groups. In contrast, the City is relatively under-represented in the following occupations (with all three of the other geographies having higher concentrations of employment):</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top; width: 50%;"> <ul style="list-style-type: none"> • Protective services • Arts, design, entertainment, sports & media • Education, training and library • Legal </td> <td style="vertical-align: top; width: 50%;"> <ul style="list-style-type: none"> • Management • Life, physical and social sciences • Architecture and engineering • Computer and mathematical science • Business and financial operations </td> </tr> </table>	<ul style="list-style-type: none"> • Protective services • Arts, design, entertainment, sports & media • Education, training and library • Legal
<ul style="list-style-type: none"> • Protective services • Arts, design, entertainment, sports & media • Education, training and library • Legal 	<ul style="list-style-type: none"> • Management • Life, physical and social sciences • Architecture and engineering • Computer and mathematical science • Business and financial operations 	
Wages, 2009 (2)	Escondido has the highest concentration of jobs with monthly earnings of \$1,250 or less (27.2%). One-third of Escondido jobs have monthly earnings of more than \$3,333, which is well above the State share (17.6%) but well below the County share (41.0%).	
Work Inflow-Outflow Patterns, 2009 (2)(4)	<p>In terms of in-area labor force efficiency, close to 20% of Escondido residents in the labor force also work within the City. Only Carlsbad (22.8%), among the remaining North County cities, has a higher measure of labor force efficiency.</p> <p>For in-area employment efficiency, approximately one-fourth (25.3%) of those employed in Escondido also live in the City. Only Oceanside (29.9%), among the remaining North County cities, has a higher measure of employment efficiency.</p>	

- (1) Data are not available for the aggregated North County area, so the figures show data for the individual cities in this area, in addition to home price data for the south Riverside County cities of Temecula and Murrieta to provide additional context.
- (2) Data are provided U.S. Census Bureau’s Local Employment Dynamics (LED) series, which provides the only official government source of industry employment data at the city level of geography.
- (3) Data are provided by Economic Modeling Specialists Inc. (EMSI, a private economic research group that provides labor market information down to the zip code level of geography).
- (4) This section examines work in-flow and out-flow patterns of residents and employees in the cities in the North County area based on the measures of labor force efficiency and employment efficiency. The concept of labor force efficiency measures the share of an area’s labor force employed within the same area.
- (5) Extraction industries include processes that involve the extraction of raw materials from the earth to be used by consumers. The extraction industry consists of any operations that remove metals, mineral and aggregates from the earth. Examples include oil and gas extraction, mining, dredging and quarrying.

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

B. Analysis of Economic Development Problems and Opportunities

B.1. Escondido Competitive Assessment

B.1.1. Introduction

The Competitive Assessment, conducted as background for the CEDS, examines a number of competitive influences, including growth trends and capacity for growth, general recessionary influences, the developed base and economic base of communities, local governmental policies and practices, economic development plans, marketing, etc., and the special issue of Regulatory Relief with examples or potential models from other southern California cities. The assessment has two primary geographic components:

1. Comparisons of Escondido with a set of relatively close-by communities, and
2. For certain broader measures of competitiveness, comparisons of San Diego County (or the metro area) with other California counties (or metros), and California compared to other states.

In general, Escondido compares favorably in terms of the following variables considered in this analysis:

- a) Amount of developed office and industrial space and presence of major employers, when paired with Rancho Bernardo (as explained further below);
- b) Overall balance of jobs and housing (although this balance does not carry through all employment sectors, which is typical for all the competitive communities), and in being adjacent to the job-surplus community of Rancho Bernardo ;
- c) Per capita retail sales, which are important in terms of the City's tax base and also indicative of potential to increase other visitor-oriented economic activity;
- d) Having current economic development plans, with the recently updated General Plan (adopted by the City Council in May 2012, with related land use changes subject to voter approval in November 2012) and the current completion of an Economic Development Master Plan;
- e) Housing market stress, which is lower in Escondido compared to several of the competitive communities;
- f) Housing affordability;
- g) Development impact fees;
- h) Transportation facilities; and
- i) Business development incentives.

Analysis of Economic Development Problems and Opportunities

The City's interest in Expedited Development Processing policies could put it ahead of some communities and at least in line with others such as Temecula/Murrieta. This issue is addressed in the CEDS Implementation Plan.

Escondido's competitive challenges include:

- a) A modest growth rate for population;
- b) Substantial recessionary job losses;
- c) Demographic conditions that could tend to increase municipal service costs over time; and
- d) Relatively low levels of education and household income.

B.1.2. Comparisons of Escondido with Close-By Communities

Local Competitive Communities

The North San Diego County cities together make up an urban area that has the potential to become increasingly autonomous. The companion communities of Temecula and Murrieta in south Riverside County constitute another urban node subject to similar influences as the North County cities, but distinct from that group.

The set of local competitive communities includes:

- Carlsbad
- Oceanside
- San Marcos
- Vista
- Rancho Bernardo – included as a sub-area for some data elements, mainly due to the community's function as an employment center and its immediate proximity to Escondido
- Temecula and Murrieta

Information for San Diego County is included for comparison purposes in some data elements. Data availability varies among these communities. For some data variables considered in the assessment, data are unavailable for certain communities and/or time periods. However, when considered in the context of the whole study, the available data are sufficient to provide an accurate overall picture of Escondido's relative competitive position among the comparison communities.

Past Trends as Competitive Indicators

During the period of 2000-2010, Temecula-Murrieta experienced the highest percentage change in population, followed by San Marcos and Carlsbad. Escondido, Oceanside and Vista each experienced population growth rates of less than 10%. As of 2010, Temecula-Murrieta represented nearly 24% of the Study Area population, followed by Oceanside (19.5%) and Escondido (16.8%).

Information in The Natelson Dale Group's (TNDG's) *Escondido CEDS - Market Overview* report shows that employment in North County cities grew, 2002-2007, for all industries combined, at roughly twice the rate of Escondido. For the 2007 to 2009 period, when job losses occurred in both San Diego County and the state, the rate of employment losses in Escondido was almost double that of North County. The 2007-2009 high loss rate for Escondido was largely due to high pre-recession levels of employment in the city in Retail and Construction, both sectors that were hard-hit by the recession. In 2010, Temecula and Carlsbad were the clear leaders in residential building permit activity for this "recovery period" year, and therefore have the current edge on the region for this competitive indicator.

Current Development Status for Employment Uses, and Economic Base

A review of real estate conditions in employment-type facilities for the competitive cities shows that in comparison to the other communities, Escondido has low vacancy rates in Industrial space, and high vacancy in Office. Escondido's inventory of industrial space is relatively small compared to the other communities, but when combined with Rancho Bernardo, the two communities together have nearly as much space as Temecula, which has the most space of any one community. Similarly, Escondido and Rancho Bernardo together have a substantial base of office space compared to the other communities (for which data were available). Carlsbad and Rancho Bernardo have the highest number of major employers, a majority of which are manufacturing operations. The only major employer within Escondido, as identified by a SANDAG database, is in the Health care industry³.

For just the four sectors that are typically export-oriented and/or high-value industries (Manufacturing, Information, Professional/Scientific/Technical Services, Administration & Support), the only competitive communities where the employment by *place of residence* is outnumbered by the *place of work* figures are Carlsbad, Rancho Bernardo and Temecula. These cities clearly have a surplus of jobs, and consequently an overall inflow of residents from other communities for employment purposes. Within Escondido, the overall place of work employment figures exceed place of residence figures by approximately 25%. We also know from data in TNDG's *Escondido CEDS - Market Overview* report that there is much cross-commuting into and out of the city (and other competitive cities as well).

Per Capita Retail Sales figures for the competitive communities show a broad variation of retail sector strength among them. Carlsbad's figure is roughly double that of Oceanside, with the lowest per capita level. Escondido has the second-highest per capita sales figures, although this competitive advantage has been diminishing.

³ The referenced SANDAG database is intended to identify "major" employer-industries in the context of the overall San Diego County economy. The Target Industry/Cluster Analysis completed for the Escondido CEDS process provides an in-depth review of Escondido industries that are significant within the North County region.

Implications of growth plans, capacity for growth, and Housing Market Stress

A GIS database provided by SANDAG shows that Carlsbad (161 acres) and Escondido (81 acres) have the greatest amount of commercially-designated land available among the competitive communities. Carlsbad, Oceanside and San Marcos have the highest amount of vacant *industrial* land. According to this database (which does not reflect Escondido's draft General Plan update), Escondido and San Marcos currently each have less than 100 acres of industrial land available. The Escondido General Plan update (subject to voter approval of proposed land use changes) calls for significant increases in the city's employment land base in several new areas, and for encouraging revitalization of employment and activity opportunities in five areas currently designated for commercial or industrial use. As is described in greater detail in section B.4.1 of this report, the potential adoption of the General Plan will add 280 acres to the available supply of industrial land in Escondido.

In recent years, home foreclosure activity has been significant enough across the US to constitute an indicator of distress in local markets. One measure of distress is to compare the percent of foreclosure activity in each community with that community's percent of *households*. Escondido's percentage of foreclosure activity is only slightly higher than its percentage of households. Carlsbad and Oceanside have the lowest levels of foreclosure stress, proportionately; that is, their percentage of foreclosure activity is lower than their percentage of households, by the highest margin among the group of cities. According to a different source, recent foreclosure activity in both Temecula and Murrieta was at a similar level to Escondido; while Temecula and Murrieta each (the two are similarly sized) have only about 70 percent of the number of households in Escondido. By this measure, Temecula and Murrieta would both have considerably more housing-market distress than Escondido.

Selected Quality of Life Indicators

Escondido has the highest percentage of residents without a high school diploma (28%, among adult residents over the age of 25) among the competitive communities. Carlsbad and Temecula have the highest percentage of residents with a bachelor's degree or higher. Escondido ranks next-to-last in this measure. Carlsbad, Murrieta, Oceanside and Temecula each have greater median household income when compared to San Diego County. Escondido has the lowest median household income of the competitive cities.

A comparison of median home sale prices and affordability indexes for the six San Diego County communities for which detailed data were available shows that Escondido ZIP code 92027 has the highest affordability percentage for single family detached (SFD), and ZIP 92026 the highest percentage for single family attached (SFA) homes. Oceanside and Vista are the most comparable cities to Escondido in affordability. Prices for SFD homes are similar for the three communities, while SFA homes are generally lower in Escondido ZIP codes than the other two cities. Information in TNDG's *Escondido CEDS - Market Overview* report shows that Temecula's median sales prices are only slightly above Escondido's for December 2011, and Murrieta's are 18 percent below Escondido's and the lowest of the

competitive group. Median household incomes in Temecula and Murrieta are 1.6 times incomes in Escondido, which would imply that affordability percentages in those two cities should be considerably higher than Escondido figures.

How Local Policies and Practices Compare

Business Taxes. Escondido is, generally speaking, situated roughly in the middle of the competitive communities among the various tax categories. The communities of Carlsbad, Oceanside and Vista have higher rates for all of the business tax categories. The approximate⁴ ranking of these communities is shown below, from lowest (starting at 1) to highest tax rates.

City	Tax Rate Ranking
San Marcos	1
San Diego	2
Murrieta	3
Escondido	4
Vista	5
Carlsbad	6
Oceanside	7
Temecula	(insufficient data to rank)

Development Impact and Exaction Fees. Escondido, Carlsbad and Vista have the fewest number (3) of identified development impact and exaction fees. The other competitive communities of Murrieta, Oceanside, San Diego, San Marcos and Temecula have all, or nearly all, of the seven development impact and exaction fee categories, as identified in the source document.

Special Zones. Collectively, the group of competitive cities has a variety of specially designated areas, and they all share membership in the San Diego Innovation Hub (iHub) and the state-sponsored North San Diego County Recycling Market Development Zone (RMDZ).

Transportation. Temecula and Murrieta have no rail transit service and are further away from a major airport than the other cities. Escondido has a unique rapid-bus system (BREEZE Rapid) and also has the eastern-most station of the North County Transit District’s SPRINTER light rail train system (this 22-mile long rail system runs east-west along the Highway 78 corridor between Escondido and Oceanside, serving 15 stations).

⁴ The data are not directly comparable across all cities and business classes, due to different methods and varying rates. See Appendix C (page 28) for details.

Economic Development Documents; Expedited Development Processing; Economic Development Marketing Component; Economic Incentives. See Table B-1

The Special Issue of Regulatory Relief: Models from Anaheim and San Diego

Regulatory relief measures can be extremely effective at improving a city’s actual and/or perceived levels of “business friendliness” and are therefore common components of economic development strategic plans. As part of the background research for the CEDS, the Competitive Assessment report summarizes key features of recent regulatory relief initiatives undertaken by the cities of Anaheim and San Diego. Relevant elements of these cities’ programs can potentially serve as models for Escondido.

The Anaheim Regulatory Relief Task Force made recommendations in 17 categories, addressing both conceptual and specific issues. For example, Recommendation 1: *Expand economic freedom in Anaheim by taking on the role as advocate for the business applicant in their efforts to build and expand*, is intended to set the tone for the City's overall relationship to the business community. A related recommendation put forth the position that *minimum* code requirements should be the *maximum* requirements. The authors also saw that these business-advocacy principles, once institutionalized, should be marketed by the city as an economic development attribute.

Specific recommendations by the Anaheim Task Force included the following:

- Expedite the permitting process for conditional use permits and building permits, including holding the relevant departments monetarily responsible for completing processing tasks when promised.
- Reduce the land-use categories for which conditional use permits are required. The Task Force identified 70 categories for elimination.
- Review all impact fees for amounts, development nexus, and uniformity across the City.

In late 2011 the San Diego City Council held a “Business Regulatory Relief Workshop” to address issues of possible inconsistent, redundant, or outdated regulations. The output of this workshop records 58 suggestions made at the workshop by organizations and individuals in attendance. The range of comments and suggestions was similar in spirit and content to the Anaheim report. That is, attendees put forth both conceptual and specific policy recommendations. Several suggestions reflected the themes of increased business and development advocacy, accountability of regulatory bodies, and regulatory review that also appeared in the Anaheim document.

B.1.3. Comparisons of San Diego County and California with Other Counties and States

Although the comparisons with the other North County cities are of primary interest (since they address competitive issues for which it is most practical for Escondido to directly improve its competitive position via proactive economic development policies), competitive comparisons at the county and state levels are also useful for an economic development strategic planning process. While the City has no direct control over the issues affecting county and state competitive rankings, selected comparisons are provided in this report as part of the overall research base for the Economic Development Master Plan.

These comparisons are valuable in understanding the “default” perceptions that industry prospects may have about Escondido by virtue of its location with San Diego County and California. This understanding can, in turn, assist Escondido in effectively positioning its marketing message to its industry targets.

County/Metro-Area Comparisons

The publication, *State and Metro Rankings*, produced by Business Facilities, provides nationwide top-10 rankings for a number of metro-area attributes including job growth, suitability for various industry sectors, cost of living, and economic growth potential. The San Diego metro area (San Diego County) appears on the following top-10 lists (along with other California metro areas as noted):

- Job Growth Leaders (large metros), behind San Jose
- Manufacturing Cities, behind Los Angeles

A review of recent employment-activity data for a set of the larger California counties, or those associated with major metropolitan areas, indicates that San Diego County has high levels of Net Job Flows – the highest of any of the counties in comparison to their Total Employment – which is an indicator of the presence of growing firms. The County's Turnover rate is relatively high. Average monthly earnings are similar to the California average.

State Comparisons

The Business Facilities *State and Metro Rankings* publication provides top-10 state rankings for 16 different business and economic variables. Each variable is rated individually (i.e., the publication lists the top-10 states within each category, but does not provide an overall or composite ranking across the variables). The 16 variables are listed as follows (California's rank is included parenthetically following each category in which it was ranked in the top-10):

- Economic Growth Potential
- Best Business Climate
- Installed Wind Power Capacity Leaders (3)
- Installed Solar Power Capacity Leaders (1)
- Alternative Energy Industry Leaders (5)
- Biotechnology Strength (1)
- Employment Leaders
- Workforce Training Leaders
- Best Business Tax Climate
- Quality of Life
- Lowest Cost of Labor
- Highest Average Wages
- Automotive Manufacturing Strength
- Best Transportation Infrastructure (4)
- Best Education Climate
- Workforce and Health Safety

Although California scores in the top 10 in several categories, the categories in which California is strong are not indicative of “business friendliness” across a wide range of industry activities (especially for industries seeking low-cost environments). Among California’s five “strong” categories, three relate specifically to renewable energy (Installed Wind Power Capacity Leader, Installed Solar Power Capacity Leader, and Alternative Energy Industry Leader); one relates specifically to biotechnology; and one relates to transportation infrastructure. While these five categories match well to anticipated growth/priority industries nationally (thereby providing some justification for interpreting California’s composite rankings in a positive light), it still needs to be acknowledged that in categories representing more traditional measures of competitiveness (e.g., business climate, business tax climate, education climate, cost of labor), California does not score well. These varying interpretations of California’s competitiveness need to be carefully considered in Escondido’s future market positioning strategies.

Based on the above, TNDG identified ten states that are competitive comparable to California (see Sections C.2.2 and C.2.3 of the Competitive Assessment report). These ten states were reviewed using Business Dynamic Statistics (BDS) data, a product of the US Census Bureau, which includes measures of establishment openings and closings, firm startups, job creation and destruction by state. In the database, California falls near the bottom of the 10 comparison states, with comparatively low *net job creation* and high job *destruction* rates.

B.1.4. Other Economic Development Entities, Plans and Strategies

The following table provides a summary of information related to economic development plans, documents, strategies, and marketing components for Escondido and surrounding communities that are, generally, available from online resources including municipal and other relevant websites.

Analysis of Economic Development Problems and Opportunities

Table B-1. Economic Development Entities, Plans and Strategies

Economic Development Entities	City of Carlsbad	City of Escondido	City of Murrieta	City of Oceanside	City of San Marcos • San Marcos Economic Development Corporation	City of Temecula	City of Vista
Economic Development Documents (Marketing materials not included in this table. See Competitive Assessment)	General Plan • General Plan, Land Use Element • Strategic Priorities (2007-2009)	General Plan • Economic Prosperity Element of the General Plan • Council Action Plan	Comprehensive Economic Development Strategy Framework (2008) • Murrieta General Plan Update 2035, Economic Development Element	CEDS, General Plan	General Plan, Land Use Element	Economic Development Plan • Old Town Specific Plan • Cultural Arts Master Plan	Economic Development Stimulus Package • Vista 2030: General Plan Update
Economic Development Strategies, Generalized	<p>General Plan: Emphasis on local, service-oriented commercial development. Foster industry development, with particular focus on high-tech and R&D (to occur within Industrial corridor). General Plan is currently being updated. • Chamber of Commerce has strategy to create an economic development entity within Chamber, retain Small Business Success Center and create a Main Street-like association.</p>	<p>General Plan: Escondido envisioned as the “economic hub” of inland San Diego North County. Policies promote long-term vitality by developing and guiding employment and business opportunities; includes a major focus on designating more land for employment uses; sustainability. Downtown Specific Plan under review for increased housing opportunities and more business-friendly policies and programs. Council Action Plan priorities: Economic Development, Embrace Diversity & Community Outreach, Financial Stability, and Image and Appearance. In-progress Economic Development Master Plan will add to strategic direction</p>	<p>General Plan Vision: Maintain housing affordability, while attracting higher education and high-tech facilities, developing a regional hub at I-15 and I-215 freeways • Create a vibrant Historic Downtown.</p>	<p>CEDS: 3 top issues - Access to capital, Eliminate barriers to bus. park investment, Evaluate new employment land opportunities. General Plan: Create quality jobs through retention and expansion/recruiting efforts. • General focus - market Oceanside as great place to do business and great tourism destination. • Top industries include: Manufacturing, distribution, tourism and agriculture.</p>	<p>General Plan: Maintain a strong local economy and employment base with an emphasis on sustainable growth principles. • Create a synergy between business community and academia to promote San Marcos as the education hub for North County.</p>	<p>City: Temecula strongly emphasizes the connection with Murrieta - less prevalent on the Murrieta side. • ED Plan: Foster diverse economic base of clean manufacturing, retail, service- and knowledge-based professional activities. • Provide diverse education and job training systems. • Promote the advantages for businesses locating in Temecula. • Strong emphasis on coordinating with regional entities.</p>	<p>Economic Stimulus Program intended to encourage retail development and revitalize the local economy through investment and growth.</p>
Expedited Development Processing			[See Note 2 below]			[See Note 2 below]	

B.2. San Diego North Economic Development Council CEDS Project

The San Diego North Economic Development Council (SDNEDC) describes itself as, “a coalition of the private and public sectors working together to sustain and carefully grow the economic base of North San Diego County. Our goal is to market the area internally and externally in an effort to retain and attract quality businesses and create additional, higher paying jobs.” SDNEDC’s current initiative is preparation of a CEDS for the North County region, which is in progress as this Escondido CEDS is also being prepared. The focus of the North County CEDS is an initiative called *Prosperity on Purpose: San Diego North Region’s Strategy for Economic Growth*, described by SDNEDC⁵ as “a comprehensive, action-oriented regional economic development strategy that will systematically move the Region’s economy forward. The process will engage public- and private-sector leaders from throughout the region, to define a shared vision for sustained economic growth.”

Prosperity on Purpose includes the following Task Forces:

- **Education and Training Taskforce:** to identify the training and educational needs of the community and develop strategies for education that support regional economic development.
- **Industry Taskforce:** to represent private industry and employers in the CEDS process.
- **Infrastructure Taskforce:** to identify the infrastructural needs of the community and develop strategies to support the development of infrastructure that supports regional economic development.

This CEDS for Escondido follows similar themes: industry clusters and workforce development are major components, and the Escondido CEDS Project list features primarily improvements to streets and to water and wastewater systems.

B.3. Escondido Target Industry Cluster Analysis

B.3.1. Introduction

A core component of the CEDS Implementation Plan is a **Business Retention/Expansion/Attraction** program focused on creating jobs in industries that have the most promising growth potentials in the local economy. The Target Industry Analysis report, completed as part of the CEDS process, identified an initial list of industry “clusters” that may be suitable targets for Escondido. This has been refined and prioritized based on input from the CEDS Committee. Key findings from the Target Industry Analysis are summarized below.

⁵ <http://www.sdnedc.org/prosperity-on-purpose/overview>

The U.S. economy is undergoing many well-documented structural changes as a result of globalization of markets, revolutionary technical changes, demographic shifts, advances in production practices, transportation, and emerging technologies. At the local level, these changes present both opportunities and challenges for business and civic leaders. In response to this dynamic and global environment, Escondido must develop a multifaceted economic development strategy. While no economic development practitioner will discount the value of attracting new firms and industries, retention and expansion of existing industries and firms are often the most productive means of creating jobs in a local economy. In this regard, Escondido should also consider adopting an “economic gardening” or growth from within strategy, working closely with existing industries on all levels of the supply chain to maximize opportunities for growth. In addition to fostering future growth of high wage jobs, an effective business retention/expansion/attraction program can enhance overall quality of life, and significantly improve a community’s image.

What is an industry “cluster”?

“Industry targeting” has long been a part of the economic development vocabulary. Over time the practice of targeting specific industries has evolved from a focus on individual sectors to a focus on **closely related groups of industries** or “clusters.” In either case, the concept of targeting responds to one of the most fundamental needs of economic development organizations—the need to focus marketing and other investments on industries that offer realistic promise for creating quality economic growth in a particular geographic area, based on a comprehensive assessment of the area’s comparative advantages.

Whereas the objective of a targeted industry study is to identify *individual* industries that are likely to be key “engines” of economic growth in a region, a full-fledged cluster study takes the process a few steps further by identifying *linked* industries whose growth potentials are likely to be closely aligned with expansion of the “engine” sectors. **A local example of a cluster is tourism. Whereas the San Diego Zoo Safari Park is a major “engine” that attracts visitors to the area, it helps to support a cluster of linked businesses including restaurants, hotels, etc.**

B.3.2. Overview of Methodology

The analysis recognizes that Escondido’s economy does not exist in a vacuum. Large numbers of Escondido’s residents commute to jobs outside the City; conversely, many of the jobs based in the City are held by workers who commute in from elsewhere. With this high degree of interconnectedness, economic activity in San Diego County as a whole, and especially in the immediate North County area, has a direct bearing on Escondido’s future potentials. The analysis focuses on two groups of potential targets:

- (1) Industries/clusters that are established core strengths in Escondido, and thus represent appropriate targets for a retention/expansion focus; and

- (2) Industries/clusters that, although not currently well represented in the City, are strong in the larger North County area. This group represents industries that could potentially be attracted to the City based on their existing attraction to the larger region.

The preliminary list of possible target clusters for Escondido has been derived by evaluating 2009-2011 employment trends for a master list of over 1,000 individual industries (defined at the 6-digit NAICS⁶ code level of detail). Two types of analysis were used to identify each industry's existing strength in Escondido and North County:

- (1) **Location quotient (LQ) analysis** – An LQ is a number which indicates the existing concentration of industry at the local level compared to its concentration in the U.S. economy overall. An LQ greater than 1.0 means that an industry is more concentrated/important locally than it is nationally, potentially indicating a local area of specialization or comparative advantage.
- (2) **Shift-share analysis** – This process compares an industry's recent growth/retraction locally to its recent growth/retraction nationally. A favorable "competitive effect" indicates that a local industry has outperformed the national industry in terms of growth.

B.3.3. List of Target Clusters

Based on the LQ and shift-share analyses, the consultants developed a preliminary list of candidate clusters for the CEDS Committee's consideration. Based on a systematic voting process at the Committee's April 4, 2012 meeting, the cluster list was refined and prioritized. The preliminary list included a total of 16 clusters, representing 359 individual industries (see the Target Industry Analysis report for a detailed list of the industries included in each cluster).

The following tables (Table B-1 through Table B-4) summarize key data for the full list of candidate clusters.

⁶ NAICS = North American Industry Classification System.

Analysis of Economic Development Problems and Opportunities

Table B-1. Summary Cluster Matrix

Cluster ⁷	2011 LQ Relative to U.S.	Favorable 2009-11 Growth Compared to U.S.	High LQ Industry Sectors in North County	Recommended Strategic Focus
Action Sports Mfg	City - 0.7 North County - 18.1 County - 4.7	City - Yes North County - Yes County - Yes	Sporting Goods Mfg: 23.98 Sporting Goods Wholesale: 12.66	Attraction
Advanced Precision Mfg	City - 0.8 North County - 1.6 County - 0.9	City - Yes North County - Yes County - No	Vending Machine Mfg: 8.70 Machine Tool (Forming) Mfg: 4.0 Machine Tool (Cutting) Mfg: 2.0	Attraction
Agribusiness and Ag-Tech	City - 1.8 North County - 1.6 County - 0.6	City - Yes North County - Yes County - Yes	Farm Mgmt. Svcs: 9.68 Crop & Animal Production: 2.09 Soil Prep, Cultivation, Planting: 2.09	Retention/Expansion
Business and Professional Services	City - 0.7 North County - 0.7 County - 0.7	City - Yes North County - Yes County - Yes	Mgmt. Consulting Svcs: 4.95 Drafting Svcs: 3.96 Real Estate Svcs: 2.85	Retention/Expansion
Cleantech	City - 1.5 North County - 1.8 County - 1.8	N/A	Testing Labs: 10.32 Instruments-Ind. processes: 7.54 Other comm./svc. machine Mfg: 6.78	Attraction
Culture, Entertainment, and Tourism	City - 1.0 North County - 1.4 County - 1.3	City - No North County - No County - No	Zoos & Botanical Gardens: 10.18 Amusement & Theme Parks: 7.43 Golf Courses and Country Clubs: 1.70	Retention/Expansion
Defense Related Manufacturing	City - 0.1 North County - 0.6 County - 2.1	City - Yes North County - Yes County - Yes	Boat Building: 2.19 Search, Detect., & Nav System: 1.88 Guided Missile and Space Parts: 1.67	Attraction
Education and Knowledge Creation	City - 0.8 North County - 0.8 County - 1.8	City - Yes North County - Yes County - Yes	Professional Dev Training: 10.26 Exam Prep and Tutoring: 2.87 Other Tech & Trade Schools: 1.89	Attraction
Elderly Care Services	City - 1.3 North County - 0.9 County - 0.6	City - Yes North County - Yes County - Yes	Retirement Community: 2.63 Homes for Elderly: 1.85 Nursing Care Facilities: .54	Retention/Expansion

⁷ There is some degree of overlap among closely-related clusters (e.g., Cleantech and Energy Generation).

Analysis of Economic Development Problems and Opportunities

Cluster ⁷	2011 LQ Relative to U.S.	Favorable 2009-11 Growth Compared to U.S.	High LQ Industry Sectors in North County	Recommended Strategic Focus
Energy Generation	City - 1.5 North County - 1.8 County - 1.8	City - No North County - Yes County – Yes	Nuclear Power Generation: 5.05 Natural gas Distribution: 3.51 Fossil Fuel Power Generation: 2.17	Retention/Expansion
Hospitals and Healthcare	City ⁸ - 0.9 North County - 0.7 County - 0.7	City - Yes North County - Yes County – Yes	Health Care Services: 0.94 Hospitals: 0.40	Retention/Expansion
Information, Communications, Technology	City - 1.3 North County - 1.3 County - 1.3	City - No North County - No County – No	AV Equipment Mfg.: 19.23 Wireless Comm Eqpmt Mfg: 12.63 Electronics Connector Mfg: 11.90	Retention/Expansion
Medical Devices	City - 1.0 North County -5.6 County - 1.9	City - Yes North County – Yes County – Yes	Ophthalmic Goods Mfg: 9.81 Surgical Appliance Mfg: 6.15 Surgical & Medical Instrmt. Mfg: 5.15	Attraction
Pharmaceuticals	City - 0.0 North County - 2.8 County - 1.9	City - N/A North County - Yes County – Yes	In-Vitro Diagnostic Mfg: 22.68 Medicinal& Botanical Mfg: 4.85 Pharmaceutical Prep Mfg: 1.08	Attraction
Retail Trade	City - 1.6 North County - 1.2 County - 0.9	City - No North County - Yes County – Yes	Luggage and Leather Goods: 6.27 Electronics Shopping: 2.89 Health Supplement Stores: 2.17	Retention/Expansion
Specialty Foods and Beverages	City - 9.0 North County - 2.9 County - 1.0	City - Yes North County - Yes County – Yes	Pastries Mfg: 6.69 Breweries: 5.55 Tortilla Mfg: 4.05	Retention/Expansion

Source: Economic Modeling Specialists, Inc. (EMSI) Covered Employment; Henderhsot Economics.

⁸ The LQ for Hospitals and Healthcare reflects existing employment levels. The City’s LQ in this cluster will increase with the completion of Palomar Medical Center West.

Analysis of Economic Development Problems and Opportunities

Table B-2. Employees and Average Earnings by Cluster by Region, 2011.

Cluster	Employees			Average Earnings		
	Escondido	North County	County	Escondido	North County	County
Action Sports Mfg	25	3,330	4,387	\$68,061	\$67,880	\$67,897
Advanced Precision Mfg	134	1,443	4,219	\$46,388	\$50,493	\$51,409
Agribusiness and Ag-Tech	941	4,357	8,059	\$38,210	\$36,724	\$37,108
Business and Professional Services	2,386	13,465	93,588	\$70,040	\$72,056	\$75,163
Cleantech	209	2,411	8,303	\$87,266	\$87,255	\$111,564
Culture, Entertainment, and Tourism	1,868	13,434	63,619	\$23,736	\$26,953	\$32,875
Defense Related Mfg	36	1,079	18,448	\$95,863	\$91,211	\$83,280
Education and Knowledge Creation	913	5,033	58,213	\$61,936	\$66,937	\$88,911
Elderly Care Services	1,647	6,129	21,293	\$28,144	\$27,626	\$27,882
Energy Generation	818	2,398	12,360	\$102,688	\$97,597	\$98,825
Hospitals and Healthcare	4,003	16,103	82,210	\$58,332	\$60,884	\$61,548
Information, Communications, Technology	118	3,370	6,332	\$80,756	\$84,661	\$89,670
Medical Devices	118	3,370	6,332	\$94,751	\$79,182	\$81,157
Pharmaceuticals	0	1,606	5,289	N/A	\$90,987	\$94,562
Retail Trade	8,969	34,717	130,393	\$33,415	\$30,911	\$29,995
Specialty Foods and Beverages	615	1,077	1,768	\$38,376	\$34,540	\$38,819

Source: EMSI Covered Employment; Hendershot Economics.

Analysis of Economic Development Problems and Opportunities

Table B-3. Share of Total Employment and LQs by Cluster by Region, 2011.

Cluster	Share of Total Employment			Location Quotient (LQ)		
	Escondido	North County	County	Escondido	North County	County
Action Sports	0.0%	1.2%	0.3%	0.7	18.1	4.7
Advanced Precision Mfg	0.3%	0.5%	0.3%	0.8	1.6	0.9
Agribusiness and Ag-Tech	1.8%	1.6%	0.6%	1.8	1.6	0.6
Business and Professional Services	4.5%	4.8%	6.7%	0.7	0.7	1.0
Cleantech	0.4%	0.9%	0.6%	1.5	3.5	3.8
Culture, Entertainment, and Tourism	3.6%	4.8%	4.5%	1.0	1.4	1.3
Defense Related Mfg	0.1%	0.4%	1.3%	0.1	0.6	2.1
Education and Knowledge Creation	1.7%	1.8%	4.1%	0.8	0.8	1.8
Elderly Care Services	3.1%	2.2%	1.5%	1.3	0.9	0.6
Renewable Energy and Fossil Fuels	1.6%	0.9%	0.9%	1.5	1.8	1.8
Hospitals and Healthcare	7.6%	5.8%	5.9%	0.9	0.7	0.7
Information, Communications, Technology	0.2%	1.2%	0.5%	1.3	1.3	1.3
Medical Devices	0.2%	1.2%	0.5%	1.0	5.6	1.9
Pharmaceuticals	0.0%	0.6%	0.4%	0.0	3.0	1.9
Retail Trade	17.1%	12.4%	9.3%	1.6	1.2	0.9
Specialty Foods and Beverages	1.2%	0.4%	0.1%	9.0	2.9	1.0

Source: EMSI Covered Employment; Hendershot Economics.

Analysis of Economic Development Problems and Opportunities

Table B-4. Percentage Employment Change by Cluster by Region, 2009 - 2011 and Two-year Forecast.

Cluster	% Employment Change 2009-11			Forecast % Employment Change 2011-13		
	Escondido	North County	County	Escondido	North County	County
Action Sports	4.2%	-1.8%	-1.3%	4.0%	-8.9%	-7.8%
Advanced Precision Mfg	4.7%	-0.1%	1.2%	5.2%	-5.5%	-0.5%
Agribusiness and Ag-Tech	4.9%	5.5%	5.4%	-5.2%	-4.6%	-5.1%
Business and Professional Services	3.6%	3.3%	0.4%	1.5%	0.8%	1.0%
Cleantech	12.4%	5.0%	8.8%	8.1%	8.9%	9.6%
Culture, Entertainment, and Tourism	1.6%	0.1%	0.0%	0.9%	2.8%	1.7%
Defense and Military	5.9%	3.4%	-2.6%	0.0%	4.9%	4.5%
Education and Knowledge Creation	0.7%	14.6%	23.9%	-2.0%	3.4%	6.4%
Elderly Care Services	7.3%	7.8%	6.0%	9.3%	9.6%	7.7%
Hospitals and Healthcare	5.8%	7.5%	7.4%	6.1%	6.2%	6.0%
Information, Communications, Technology	-11.6%	-6.9%	-10.5%	-5.8%	-1.8%	-0.4%
Medical Devices	16.8%	10.5%	11.5%	8.5%	4.4%	4.3%
Pharmaceuticals	0.0%	6.4%	6.3%	0.0%	10.6%	8.0%
Renewable Energy and Fossil Fuels	-2.4%	18.0%	3.9%	-9.0%	-4.0%	-1.7%
Retail Trade	0.1%	0.8%	0.9%	-0.6%	1.6%	1.4%
Specialty Foods and Beverages	37.9%	13.0%	8.5%	17.6%	19.0%	15.2%

Source: EMSI Covered Employment; Hendershot Economic

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

C. CEDS Goals and Objectives -- Defining Regional Expectations

C.1. Identified Goals and Strategies

The following Goals and Strategies emerged from the CEDS Committee's second meeting:

GOALS (in priority order)

1. Create new jobs through business retention/expansion/attraction
2. Expand City's tax base
3. Improve employment opportunities of Escondido residents; upgrade workforce preparedness
4. Improve amenities of Escondido as a residential community (residential quality of life)

Based on the group discussion at the Committee's third meeting, an additional goal has been included (as Goal #1) in the CEDS Implementation Plan (see Section F.1):

- **Consistently convey a message to the business/development community that the City of Escondido is "ready for business"; instill an attitude among City staff that economic development is a very high priority**

Note that these goals have varying implications in terms of the internalization of activities with the City. For example, for expanding the City's tax base, new businesses and development should occur within the City limits; while job creation can occur outside the City and still be beneficial to Escondido residents. Data in the *Market Overview* report for this project indicate that cross-commuting is common among all North County cities, including Escondido. Ideally, jobs created at locations outside the City will be in close proximity. In this regard, the jobs-rich community of Rancho Bernardo, immediately adjacent to Escondido, can be viewed as part of Escondido's job base, and therefore a relatively advantageous location for new employment.

STRATEGIES

Create Jobs/Expand Tax Base

- A. Implement an identity/image enhancement program
- B. Implement target industry marketing program
- C. Coordinate with other North County cities on business attraction efforts – for unique applications and where otherwise warranted.

CEDS Goals and Objectives -- Defining Regional Expectations

- D. Leverage recent/forthcoming development and investment to attract new business and visitors to City (e.g., Palomar Medical Center West, Westfield North County mall expansion and renovation, Stone Brewing Co. expansion and related hotel proposal)
- E. Continue/intensify efforts to revitalize key subareas of the City
 - Downtown
 - East Valley Parkway
 - Mercado
 - South Escondido Boulevard
 - Proposed Business Park
- F. Establish dedicated economic development staff in City
- G. Establish business ombudsman position in City
- H. Establish relationship with Building Industry Association (BIA) to implement pilot program to improve development processing/permitting
- I. Continue/expand Mayor's business retention/outreach program
- J. Formalize City "red team" to ensure timely development processing. The "red team" will build upon the existing interdepartmental team through promotion and interdepartmental coordination, and continue to review projects and shepherd them through the development process.
- K. Continue efforts to develop reclaimed water to create an affordable water source for agriculture
- L. Expand promotion of Escondido as a destination for tourism
- M. Expand special events to attract visitors/shoppers to City

Improve Residential Quality of Life and Workforce Preparedness

- N. Expand housing options for higher-income residents
- O. Improve utilization of California Center for the Arts –to accomplish multiple objectives of improving the City's return on investment, adding to residents' quality of life, and leveraging business attraction
- P. Expand athletic/recreational/environmental amenities
- Q. Establish collaborative relationships/programs with primary/secondary schools
- R. Explore feasibility of establishing a CSU San Marcos satellite campus in Escondido. NOTE: This strategy was later removed from consideration, as it was ranked as a low-priority item by the CEDS Committee, and also determined to be infeasible from a state-funding perspective
- S. Expand job training capacity in Escondido

Strategies identified subsequent to the CEDS Committee meeting #2

Based on further discussions with City officials, and as part of the process of generating a well-rounded Implementation Plan (see Section F.1 below), the following additional strategies were identified and incorporated into the Implementation Plan:

- Support the development of the wine and craft beer industries in the Escondido area
- Establish "Business Ambassadors" program to enhance outreach and marketing for economic development (consistent with 2011–2012 City Council Action Plan)

- Identify options for integrating City economic development efforts with regional economic development organizations

C.2. Prioritization of Strategies

The following chart (Figure C-1, below) indicates priority levels associated with each strategy. The final priority levels were determined by the CEDS Committee during a meeting in which the Committee members were able to formally rank each strategy using handheld electronic voting devices. The Committee members ranked each strategy in terms of the following priority categories:

“Showcase” strategy – those strategies that would be featured in marketing efforts and the like as being particularly representative of the intent of the Economic Development Master Plan

High, 1st-year priority

Medium, 1st-year priority (can be deferred to subsequent years as needed)

Low priority (can be deferred)

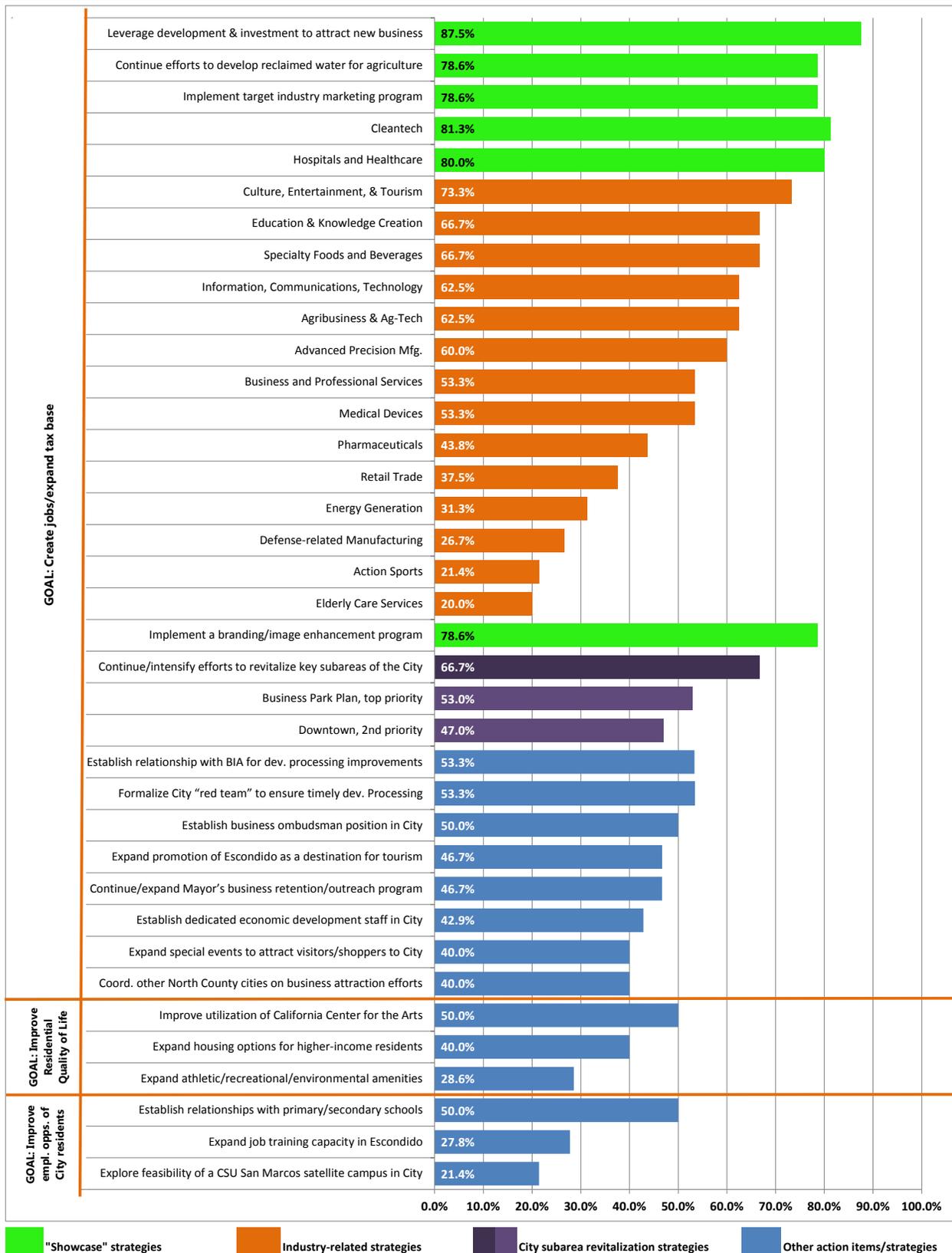
The responses from this session are summarized on Figure C-1 (below) in terms of a composite percentage score for each strategy, representing the combined percentages of stakeholders ranking the strategy as either a “Showcase” or “High, 1st-year” priority.

Note that the strategies are bracketed according to related goals, and color-coded for certain topically related items, such as target clusters and redevelopment⁹/revitalization areas.

⁹ The term “redevelopment” does not have the same technical meaning it once had in California, under recent legislation dissolving local redevelopment agencies. In this CEDS, the term is simply meant to identify existing development areas that are subject to revitalization and/or re-use.

CEDS Goals and Objectives -- Defining Regional Expectations

Figure C-1. Strategic Prioritization Chart



ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

D. Community and Private Sector Participation

D.1. Overview of community participation approach

Community participation is an essential element of preparing a Comprehensive Economic Development Strategy (CEDS). Escondido's CEDS process included the following community outreach components:

- The City of Escondido appointed a 23-member CEDS Committee to oversee the process and to provide a direct link to the private sector business community. The roles and composition of the CEDS Committee are described in greater detail below.
- The CEDS consultant conducted interviews with 18 key stakeholders, including all members of the Escondido City Council, a representative of the County Board of Supervisors, representatives of several local business associations, and executives of key individual businesses located in the City.
- The consultant participated in two meetings of the Mayor's Economic Advisory Board (which includes key local business and institutional stakeholders).
- The CEDS also reflects relevant public outreach summarized in two other recently completed policy documents – the updated Escondido General Plan and the 2011–2012 City Council Action Plan.
- Finally, as noted elsewhere, the Escondido CEDS was completed in tandem with a regional CEDS for North San Diego County, which involved its own community participation process.

After the CEDS is formally approved and adopted, a CEDS implementation task force will approve CEDS Progress Reports and recommend modifications as appropriate.

D.2. CEDS Committee Role and Composition

The CEDS Committee had a total of three meetings during the CEDS development process:

- CEDS Committee meeting #1 (February 29, 2012). During this meeting the CEDS consultants presented the *Market Overview* report (which had been distributed to the Committee members prior to the meeting). Following the presentation, the consultants facilitated a group discussion which focused on preliminarily identifying key themes/issues to be addressed in the CEDS.

Community and Private Sector Participation

- CEDS Committee meeting #2 (April 4, 2012). During this meeting, the CEDS consultants presented a summary of the Target Industry Analysis (which had been distributed to the Committee prior to the meeting) and provided a preliminary outline of CEDS goals and strategies. The consultants then facilitated a “voting” exercise (using hand-held electronic voting devices) that enabled the Committee members to prioritize the targeted industry clusters and the preliminary list of CEDS strategies.
- CEDS Committee meeting #3 (June 19, 2012). At this meeting the consultants presented the draft CEDS (which was distributed to the Committee members in advance of the meeting). The Committee then provided input to assist with refining and finalizing the CEDS document.

A listing of the CEDS Committee members is provided as Appendix F. Consistent with EDA requirements; a majority of the 23 Committee members represent the private sector business community. In particular, the Committee includes executives of ten (10) individual businesses and the following five (5) business organizations:

- Comerciantes Latinos Asociados (Latino business association);
- Escondido Growers for Agricultural Preservation (EGAP);
- Escondido Chamber of Commerce;
- North San Diego County Association of Realtors;
- San Diego North Economic Development Council.

The Committee also includes the following workforce-related and institutional representatives:

- Teamsters Local 911;
- Palomar Health;
- California Center for the Arts, Escondido;
- Escondido Charter High School;
- North County Transit District;
- San Diego Workforce Partnership;
- San Diego Workforce Investment Board;
- San Dieguito River Park Joint Powers Agreement.

In addition, key City staff (from the City Manager’s Office, City Attorney’s Office, and Planning Division) attended the CEDS meetings in a technical advisory capacity.

The lists for the CEDS Committee and the stakeholder interviews were built around the existing Mayor’s Economic Advisory Board and supplemented with additional members to ensure the broad range of participation required for a CEDS.

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

E. Strategic Projects, Programs and Activities

A key function of the Comprehensive Economic Development Strategy (CEDS) is to identify and prioritize economic development projects that may be eligible for infrastructure grants from the Economic Development Administration (EDA). As indicated in the most recent EDA Announcement of Federal Funding Opportunity (FFO), the types of projects eligible for this category of grant funding include the following: *“Construction or rehabilitation of essential public infrastructure and facilities to help communities and regions leverage their resources and strengths to create jobs, drive innovation, become centers of competition in the global economy, and ensure resilient economies”*.¹⁰

The list of potential candidate projects for EDA funding is summarized on Table E-1 and detailed in Appendix E. The project information is from the following sources:

- The City’s Five-Year Capital Improvement Program and Budget, FYs 2011/12 – 2015/16.
- Interviews with the following City staff:
 - Jay Petrek, Principal Planner, Planning,
 - Christopher McKinney, Director of Utilities, Utilities
 - Craig Whittemore, Deputy Director of Utilities
 - Ed Domingue, Director of Engineering Services

It should be noted that most of the utility projects on the CEDS project list already have identified funding. However, if additional grant funds are available through the EDA, it would free up City funds for other potential projects.

Projects included on the CEDS list have been screened so as only to include projects that are likely to meet EDA’s funding criteria (e.g., projects that have the potential to create or retain significant numbers of jobs). The indicated priority levels reflect the degree to which individual projects are likely to match EDA criteria, and are not intended to supersede priorities within the currently approved Capital Improvement Plan.

Prior to commencing physical improvements associated with any CEDS project, appropriate environmental review will be conducted in compliance with state and federal regulations. It should be noted that use of EDA funds would trigger NEPA requirements, which would add considerably to the processing time and expense for environmental clearance.

¹⁰ EDA, Announcement of Federal Funding Opportunity - Public Works and Economic Adjustment Assistance Programs. <http://www.eda.gov/ffo.htm>.

Strategic Projects, Programs and Activities

Table E-1. Infrastructure Projects Potentially Eligible for EDA Grant Funding

Priority	Project/Type	Project Total Cost	Located in Distressed Areas
LOW	HARRF Influent Pump Station WASTEWATER UTILITIES	\$6,700,000	N
LOW	Lindley Reservoir Replacement WATER UTILITIES	\$4,200,000	N
HIGH	Recycled Water Easterly Main Extension WASTEWATER UTILITIES	\$6,905,000	N
MEDIUM	Traffic Signals and Intersections STREETS	\$1,630,325	Citywide
MEDIUM	Valley Boulevard Relocation STREETS	\$3,855,000	Y
LOW	Vista Verde Reservoir WATER UTILITIES	\$5,900,000	N
LOW	Water Line - Cemetery Area WATER UTILITIES	\$5,609,000	N
MEDIUM	Water Pipeline Replacement WATER UTILITIES	\$15,750,000	Citywide
LOW	HARRF Expansion Phase III - Ops Building WASTEWATER UTILITIES	\$4,500,000	Citywide
LOW	Lift Station No. 1 and Force Main WASTEWATER UTILITIES	\$9,300,000	N
LOW	Lift Station No. 8 Relocation WASTEWATER UTILITIES	\$3,850,000	N
HIGH	Recycled Water Easterly Main Trunk and Pump Station WASTEWATER UTILITIES	\$10,300,000	N
MEDIUM	Sewer Pipeline Rehabilitation / Replacement WASTEWATER UTILITIES	\$7,251,900	Citywide
LOW	Water Treatment Plant - Upgrades WATER UTILITIES	\$4,200,000	Citywide
HIGH	Citracado Parkway Extension STREETS	\$15,270,750+	N
HIGH	Street & Water/Sewer Improvements for Proposed Downtown Business Park Development Area STREETS	TBD	N (directly adjacent to area)
LOW	Various Escondido Creek Trail Improvements COMMUNITY SERVICES	TBD	Y
HIGH but future	"Advanced Water Treatment Plant" WASTEWATER UTILITIES	\$10,000,000+	N

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDDS)

F. CEDDS Implementation Plan

F.1. Implementation Plan Elements

The CEDDS Implementation Plan can be characterized in terms of three major categories of action items:

1. Expanding the City's organizational capacity to carry out economic development initiatives. These foundational actions include:
 - a. Establishing new City staff positions dedicated to economic development
 - b. Effective utilization of partnerships/alliances with private and regional organizations
 - c. Focused, systematic support from local business leaders and elected officials
2. "Core" economic development programs focused on creating jobs and expanding the City's tax base. These activities include:
 - a. A comprehensive marketing program, including a broad identity/image enhancement campaign and an industry-specific business retention/expansion/attraction effort
 - b. Leveraging the City's remaining land resources to create development opportunities to accommodate targeted job and fiscal revenue growth
 - c. A series of measures aimed at improving the City's development permitting processes and overall business friendliness
3. "Support" activities that will serve to enhance the City's overall attractiveness to prospective businesses and their employees. These include:
 - a. Action items aimed at improving the City's residential quality of life
 - b. Focused coordination on educational and workforce development issues

The industry-specific business retention/expansion/attraction program would be based on the target industry clusters identified during the course of the CEDDS process (with the initial marketing effort focused on the highest-priority clusters):

CEDS Implementation Plan

<i>Industry Cluster, in priority rank order</i>	<i>Recommended Strategic Focus</i>
<i>Cleantech</i>	Attraction
<i>Hospitals and Healthcare</i>	Retention/Expansion
<i>Culture, Entertainment & Tourism</i>	Retention/Expansion
<i>Education & Knowledge Creation</i>	Attraction
<i>Specialty Foods and Beverages</i>	Retention/Expansion
<i>Information, Communications, Technology</i>	Retention/Expansion
<i>Agribusiness & Ag-Tech</i>	Retention/Expansion
<i>Advanced Precision Mfg.</i>	Attraction
<i>Business and Professional Services</i>	Retention/Expansion
<i>Medical Devices</i>	Attraction
<i>Pharmaceuticals</i>	Attraction
<i>Retail Trade</i>	Retention/Expansion
<i>Energy Generation</i>	Retention/Expansion
<i>Defense-related Manufacturing</i>	Attraction
<i>Action Sports</i>	Attraction
<i>Elderly Care Services</i>	Retention/Expansion

Based on input from commercial/industrial real estate professionals familiar with the North County market (and members of the CEDS Committee), the targeting strategy for the Medical Devices and Pharmaceuticals clusters may require refinement to reflect the unique locational requirements of certain types of firms within these clusters. In particular, the manufacturing components of these clusters, while very established in North County, tend to prefer coastal locations due to air quality sensitivities. Thus, the targeting focus for Escondido should be refined to focus on specific firms for which this issue is not a constraint (e.g., support /supplier firms not engaged in this type of manufacturing).

The Implementation Plan is detailed below in Table F-1. Strategies in the table are organized according to goal categories, and correspond sequentially, generally, to the priorities assigned, as discussed above. Recommended Action Items that apply to each strategy are shown in the third column.

The dollar amounts indicated in the Cost Implication column represent general estimates of the potential net new City costs associated with implementing key action items. For items where the cost implication is noted as “N/A”, no significant new costs are anticipated (i.e., it is assumed that these efforts would be included within the workloads of the budgeted new Program Coordinator and/or existing City staff). The indicated costs for marketing-related initiatives (Action Items 4.b and 6.b.) have been estimated based on a review of marketing budgets for other cities and direct discussions with marketing firms with specialized expertise in local economic development (Blane, Canada Ltd. and Brand HUB LLC).

Table F-1. Implementation Plan Table

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Consistently convey a message to the business/development community that the City of Escondido is “ready for business”; reinforce an attitude among City staff that economic development is a very high priority</p>	<p>1. <i>Expand City’s organizational capacity for economic development</i></p> <p>Currently Economic Development is the responsibility of the City Manager, Assistant City Manager, Assistant to the City Manager and a Management Analyst. This structure ensures the appropriate visibility and the highest levels of leadership needed to implement the City’s economic development initiatives, particularly business retention, expansion and attraction activities.</p> <p>To provide an initial point of contact for business persons who are unfamiliar with city rules and processes, “Ombudsman” or business advocacy services are provided by the Management Analyst position. However, greater awareness of this service needs to be developed.</p> <p>Special events can enhance the vitality, quality and economic prosperity of a community. To maximize the success of such events, the City Manager’s organizational</p>	<p>1a. Establish full-time Special Events/Economic Development Coordinator position</p>	<p>\$91,665 (fully benefited cost for Step 5 Program Coordinator position)</p>	<p>GP-Economic Prosperity</p> <p>2011-2012 Council Action Plan</p>
		<p>1b. Publicize Ombudsman services of Management Analyst</p>	<p>N/A</p>	
		<p>1c. Convene Economic Development Task Force (City staff and selected local stakeholders) to overview selected action items</p>	<p>N/A</p>	
		<p>1d. Establish volunteer corps of local Business Ambassadors to help promote Escondido (see also Action Item 5b)</p>	<p>N/A</p>	
		<p>1e. Expand Mayor’s business outreach program to include other Council members(see also Action Item 5a)</p>	<p>N/A</p>	
		<p>1f. Expand and refocus partnerships/alliances with private and regional organizations</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Consistently convey a message to the business/development community that the City of Escondido is “ready for business”; reinforce an attitude among City staff that economic development is a very high priority</p>	<p>1. <i>Expand City’s organizational capacity for economic development (cont.)</i></p> <p>structure should be expanded to include a Special Events/Economic Development Coordinator. This person would plan, direct, and coordinate special events that take place on public property.</p> <p>Action Item 1g will utilize the existing Economic Development (ED) Subcommittee as the initial structure for establishing protocols for the involvement of elected officials and business leaders in the City’s economic development initiatives. The ED Subcommittee consists of two City Council members appointed by the Mayor. The subcommittee meets on an as-needed basis to review all requests for processing under the City’s Business Enhancement Zone (BEZ), as well as other requests involving incentives or financial participation by the City to stimulate economic development. The subcommittee makes recommendations to the City Council for consideration at a public meeting.</p>	<p>1g. Establish clear protocols for the involvement of elected officials and business leaders in formal and informal support roles related to the City’s economic development initiatives, using the existing ED Subcommittee as the initial structure for this process</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>2. <i>Leverage recent/forthcoming development and investment to attract new business and visitors to the City</i></p>	<p>2a. Coordinate with Palomar Health to identify specific opportunities to attract new support businesses related to development of Palomar Medical Center West</p>	<p>N/A</p>	<p>GP-Economic Prosperity</p>
		<p>2b. Coordinate with Westfield Group to identify specific opportunities to link Westfield North County mall expansion/renovation to City's marketing, retail tenant recruitment and tourism promotion activities</p>	<p>N/A</p>	
		<p>2c. Coordinate with Stone Brewing Co. to identify specific opportunities to link the brewery expansion and related hotel development proposal to City initiatives to promote the Specialty Food/Beverage and Culture/Entertainment/Tourism industries</p>	<p>N/A</p>	
		<p>2d. Incorporate information about development and investment initiatives, both public and private, into marketing materials and campaigns for the City</p>	<p>Included in budget for Action Item 4.b below</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>3. <i>Continue efforts to develop reclaimed water for agriculture.</i></p> <p>This strategy has the potential to significantly reduce mandated wastewater treatment costs, while simultaneously preserving and expanding agricultural jobs, within an already established Escondido cluster and one which is closely tied to the City's image and basic amenities.</p> <p>Support development of the wine and craft beer industries in the Escondido area.</p> <p>This strategy has potential connections to three of the target industry clusters:</p> <ul style="list-style-type: none"> • Culture, Entertainment & Tourism • Specialty Foods and Beverages • Agribusiness and Ag-Tech <p>The intent of the indicated Action Items is for the City to serve in a facilitation role rather than a direct financial investment role. The City can support this industry with land use policies that reduce barriers to and</p>	<p>3a. Establish public/private Task Force to serve as an advocacy/advisory group, a clearinghouse for information related to this issue</p>	<p>N/A</p>	<p>GP-Economic Prosperity GP-Economic Prosperity</p>
		<p>3b. Facilitate the investigation of the feasibility of developing an Alternating Proprietorship (AP) Facility, to support wine production in San Diego County</p>	<p>N/A</p>	<p>Documentation for this concept is in the report, <i>AP Wine Production Facility, Escondido California</i>, by John Barlow (2010).</p>
		<p>3c. Continue efforts to attract private investors to investigate the feasibility of and develop a multi-room wine tasting facility (in Downtown Escondido). This facility could include a crush pad for winemaking as an ancillary (and non-essential, at this location) use.</p>	<p>N/A</p>	
		<p>3d. Pursue efforts to attract private investors to investigate the feasibility of and develop a multi-room craft beer tasting facility (in Downtown Escondido)</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
Create jobs / expand tax base	<p>3. Continue efforts to develop reclaimed water for agriculture. (cont.)</p> <p>incentivize private investment.</p>	<p>3e. Integrate all wine and craft beer industry development strategies with tourism, identity and image for the City, and overall support for and marketing of the Food and Beverage cluster</p>	N/A	
	<p>4. Implement target industry marketing program to attract new firms in high-priority clusters</p> <p>The intent of this Strategy (along with Strategy 6) is to commit resources to a comprehensive marketing initiative (including both general identify/image and industry-specific components) <u>led by a professional marketing firm.</u></p> <p>Based on the CEDS research and stakeholder input processes, the top-five priority clusters for attraction are:</p> <ul style="list-style-type: none"> • Cleantech • Hospitals and Healthcare • Culture, Entertainment & Tourism • Education & Knowledge Creation • Specialty Foods and Beverages <p>This list should be further refined and prioritized by the Economic Development</p>	<p>4a. Convene Economic Development Task Force to identify specific industry attraction targets and goals for 2-year and 5-year horizons</p> <p>4b. Develop industry-specific marketing materials and campaigns for the initial “focus targets” identified by the EDTF, in conjunction with City’s identity and image enhancement program (Strategy 6 below)</p>	<p>N/A</p> <p>\$30K-\$45K initial program design; \$100K-\$150K annual budget; \$30K annually for “lead generation” (identification of candidate firms for attraction)</p>	<p>GP-Economic Prosperity; Vision</p>

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>4. <i>Implement target industry marketing program to attract new firms in high-priority clusters (cont.)</i></p> <p>Task Force to establish an initial set of “focus targets.”</p> <p>Recommended “focus targets” include “showcase” clusters of Cleantech, and Hospitals and Healthcare, plus other target clusters that offer the potential for leveraging other strategic interests: Specialty Foods and Beverages, and the related strategy of supporting the agriculture, wine and tourism industries.</p> <p>The selected “focus targets” should also reflect the industry screening process conducted for this CEDS, land availability, economic development institutional capabilities that currently exist in or to be initiated as part of the Action Plan, and budgetary considerations.</p>			
	<p>5. <i>Enhance outreach and marketing for economic development, through a set of coordinated channels</i></p> <p>The intent of this strategy is to <i>enhance and</i></p>	<p>5a. Establish “Business Ambassadors” program to utilize high-profile Escondido businesspersons as advocates in marketing effort</p>	<p>N/A</p>	<p>2011-2012 Council Action Plan</p>

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>5. Enhance outreach and marketing for economic development, through a set of coordinated channels (cont.)</p> <p><i>supplement</i> the professional marketing program (as outlined in Strategies 4 and 6) through support roles of elected officials and community stakeholders.</p> <p>This activity should be coordinated through the Economic Development Task Force and the strategy to establish dedicated economic development staff within the City. Current informal practices for this function, which now occur through the Mayor’s office, for example, should be considered in conjunction with more formalized, structured procedures, such as business retention surveys widely in use in the economic development profession.</p> <p>Consistent with Action Item 1g, it is critical that the involvement of City Council members and local business leaders is subject to a set of consistent protocols and otherwise coordinated with the City’s newly established economic development staff.</p>	<p>5b. Investigate implementation of formal business retention survey process, as part of the work plan for newly-established economic development staff</p>	<p>\$10,000 for business retention survey software</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>6. <i>Implement an identity/image enhancement program</i></p> <p>This strategy and Strategy 4 above are intended to be related components of a comprehensive marketing initiative <u>led by a professional marketing firm</u>.</p> <p>The following considerations should be included in defining the process for implementing an identity/image enhancement strategy:¹¹</p> <ul style="list-style-type: none"> The identity/image enhancement process should evolve from and be based on the “business model” of the relevant organization. That is, the business model, by being based on what is feasible, help establish the universe in which the identity/image will serve its marketing purposes. In Escondido's case, the organizational business model for purposes of this discussion is assumed to be that developed for the economic development function to be established within the City. Of course, the identity/image could relate to other 	<p>6a. Convene initial working group meeting to:</p> <ul style="list-style-type: none"> Consider the timing, preceding steps etc. of this effort Review past/recent efforts relevant to this process Define preliminary scope of a coordinated, citywide identity/image enhancement initiative Document key themes/ concepts to be included in refined identity for the community Identify leadership and organizational participation for initiative 	<p>N/A</p>	<p>GP-Economic Prosperity</p> <p>Council Action Ploan (program implementation)</p>
		<p>6b. Investigate options (and related costs) for retaining professional creative talent, identify funding resources, and secure budget commitments from participating organizations</p>	<p>\$35,000 - \$50,000 (one time cost)</p>	

¹¹ The following is based on discussions with Claudia Sieb, The Sieb Organization, a global, full-service marketing firm specializing in brand development, marketing and communications, and brand experiences.

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>6. <i>Implement an identity/image enhancement program (cont)</i></p> <p>aspects of the City as well, but it will probably be most meaningful if firmly anchored to the primary function in which it will be used.</p> <ul style="list-style-type: none"> • In keeping with the preceding point, a <i>marketing plan</i> will be developed as part of the organizational business plan (in this case for the economic development function/industry targeting function, which is distinct from other types of marketing such as tourism promotion). Marketing materials based on the plan will in turn be tied to some subset of all the target clusters identified in the strategic plan. Most likely, separate marketing packages will need to be prepared for each target cluster, even if these initial targets are complementary with one another. Production of these marketing materials will precede and thereby inform the identity/image enhancement process. The identity/image enhancement approach could also be influenced by the successes or lack of success in expanding employment within the initial target clusters. 			

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>7. <i>Continue/intensify efforts to revitalize key subareas of the City</i></p> <p>This Strategy is intended to dovetail with the recently approved General Plan update and the forthcoming approval of the Downtown Specific Plan update. Whereas these Plan updates address land use policies, the intent of the CEDS Action Item is to ensure full integration of the land use plans with other City policies/resources that may be focused on the revitalization of these areas. These policies should, in turn, be effectively integrated with the marketing and business attraction activities included in the CEDS. For example, marketing materials should highlight relevant development opportunities created by the Downtown Specific Plan <i>as they specifically relate to relevant target industries.</i></p> <p>The CEDS Committee has identified the following areas as priorities for revitalization:</p> <ul style="list-style-type: none"> • Proposed Business Park Plan Area, top priority • Downtown, second priority <p>Because the revitalization priorities</p>	<p>7a. Prepare detailed implementation plan for the revitalization process and priority revitalization areas</p>	<p>\$25,000 - \$40,000 (assumes focused strategic plan)</p>	<p>GP-Economic Prosperity; Vision; Land Use; Housing Council Action Plan</p>

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>7. <i>Continue/intensify efforts to revitalize key subareas of the City (cont.)</i></p> <p>identified as part of the CEDS process involve two program areas that are contiguous, revitalization efforts can be especially closely coordinated for these two areas.</p> <p>The revitalization plan must reflect the fact that: a) revitalization priorities need to be matched with industry cluster targeting and the kinds of specific users that are anticipated as a result of the targeting efforts, b) varying levels of effort can produce different levels of results in different areas, so the cost-effectiveness of revitalization efforts become another factor in the detailed prioritization of areas and processes, c) revitalization efforts affect the overall image of the community as well as enhance business activity, and finally d) that the potential for synergistic relationships among targeted revitalization areas must be recognized as part of the overall prioritization process.</p> <p>The prioritization of the business park area revitalization over downtown in this</p>			

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>7. <i>Continue/intensify efforts to revitalize key subareas of the City (cont.)</i></p> <p>document does not constitute a current policy shift (i.e. superseding the CIP) but that it can guide future policy direction, and is based on comments from the CEDS Committee and synthesis by the CEDS consultant team.</p>			
	<p>8. <i>Ensure that City's development/permit processing is timely and business friendly</i></p>	<p>8a. Deferment of impact fee collection until a Certificate of Occupancy is issued – by right rather than at City's discretion (Note: A revised fee deferral policy was just approved by Council in June 2012. http://www.escondido.org/fee-deferral-policy.aspx.)</p>	<p>N/A</p>	<p>GP-Economic Prosperity; Housing</p> <p>2011- 2012 Council Action Plan</p>

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>8. <i>Ensure that City’s development/permit processing is timely and business friendly (cont.)</i></p>	<p>8b. Partner with Building Industry Association (BIA) to implement pilot program for development-processing improvements</p> <p>Possible pilot programs include:</p> <ul style="list-style-type: none"> • Utilize BIA experience and expertise to refocus and refine City’s longstanding usage of 3rd party plan check and inspection services, recognizing the City’s existing agreement with ESGIL. • Raising the project-size threshold for triggering CEQA requirements, subject to City’s discretionary authority. • Identifying specific policies necessary to encourage development of targeted, specialized business activities (e.g., water/wastewater requirements of microbreweries). 	<p>N/A</p>	
		<p>8c. Formalize City “red team” to ensure timely development processing, building on the structure of the existing interdepartmental team</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>8. <i>Ensure that City’s development/permit processing is timely and business friendly (cont.)</i></p>	<p>The “Red Team” will consist of an interdepartmental team, already in place, which reviews projects and shepherds them through the development process. (See Item J in Section C.1 above for additional information.)</p>		
		<p>8d. Improve utilization of City’s systems for tracking permit processing times (so that available databases can be fully integrated with Action Items 8a and 8b above)</p>	<p>N/A</p>	
	<p>9. <i>Expand promotion of Escondido as destination for tourism</i></p> <p>Within the context of this Action Plan, organizations that promote tourism in Escondido, such as the Convention and Visitors Bureau (CVB), can coordinate their marketing and business development efforts with other target industry cluster activities outlined in this Action Plan. This coordination should be two-way, in the sense that enhancement of tourism facilities also improves the attractiveness of the</p>	<p>9a. Coordinate with CVB (a recommended participant in the Strategy 4/Strategy 6 marketing initiatives) to develop tourism component of overall marketing program</p>	<p>Included in budgets for Action Items 4.b and 6.b above</p>	<p>GP-Economic Prosperity</p>
		<p>9b. Inventory and profile all community “assets” that should be positioned as destinations/visitor amenities in tourism marketing plan</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Create jobs / expand tax base</p>	<p>9. Expand promotion of Escondido as destination for tourism (cont.)</p> <p>community for employers and employees, in the form of quality-of-life attributes. In the same sense, revitalization efforts can both encourage development of tourism facilities and increase the attractiveness of the community for visitors.</p> <p>Note: Implementation of the action items related to this strategy is subject to near-term resolution of the status and role of the CVB. While the City has allocated funds in the FY 2012-2013 budget to fund the Chamber of Commerce CVB function, the Chamber does not currently have someone filling the role of CVB manager.</p>	<p>9c. Focus on marketing existing Escondido-area recreational tourism facilities that have a large geographic draw, including Escondido’s Sports Center (soccer fields), Daley Ranch, Dixon Lake, etc. The purpose is to ensure effective tourism promotion of all tourism-oriented amenities in Escondido, thereby increasing the potential for tourists to visit multiple destinations within the City.</p>	<p>N/A</p>	
	<p>10. Expand special events to attract visitors/shoppers to City</p> <p>This strategy will be coordinated closely with the strategy for expanding the promotion of Escondido as a destination for tourism.</p>	<p>10a. Inventory all existing special events and compile data on visitation, including origins of visitors, utilization of visitor facilities during events, and similar details</p>	<p>N/A</p>	<p>GP-Economic Prosperity; Vision</p>

CEEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
Create jobs / expand tax base	<p>10. Expand special events to attract visitors/shoppers to City (cont.)</p>	<p>10b. Devise a method by which to systematically compile such information</p>	<p>N/A</p>	
	<p>11. Coordinate with other North County cities on business attraction efforts</p> <p>This activity will generally be reserved for unique situations in which such coordination is beneficial to the North County region.</p>	<p>11a. Review all existing regional coordination efforts and make recommendations as to the circumstances under which such coordination would be appropriate</p>	<p>N/A</p>	
	<p>12. Identify options for integrating City economic development efforts with regional economic development organizations</p> <p>This strategy recognizes that there are appropriate hierarchical relationships for certain economic development functions, such as marketing to certain clusters and processing leads from such marketing. The intent of this strategy is to find a balance between regional cooperation and independence, in economic development</p>	<p>12a. Establish criteria for and evaluate existing and new economic development initiatives in terms of potential applicability to this strategy</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Improve residential quality of life</p>	<p>13. <i>Improve utilization of California Center for the Arts</i></p> <p>According to material presented at the Center’s March 4, 2012, annual "Center Dialogues" sessions, the center is working on both balancing its budget and attempting to expand its programming. The intent of this strategy is to accomplish multiple objectives of: improving the City’s return on investment, adding to residents’ quality of life, and leveraging business attraction.</p>	<p>13a. Coordinate CEDS marketing initiatives with existing Center for the Arts Subcommittee</p>	<p>N/A</p>	<p>GP-Vision; Community Health & Svcs.</p>
	<p>14. <i>Expand housing options for higher-income residents</i></p> <p>Policies and land use designations in the General Plan provide for a broad range of housing opportunities. High-end housing is often associated with large-lot development typically located outside of the urban core in the rural areas at the perimeter and outskirts</p>	<p>14a. Undertake a thorough review of community plans, redevelopment/revitalization plans, zoning, development regulations, etc. and identify conditions that both encourage and discourage the development of this type of housing</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Improve residential quality of life</p>	<p>14. <i>Expand housing options for higher-income residents (cont.)</i></p> <p>of the City. This includes developed properties on large lots in the unincorporated area as well as development opportunities on vacant, underdeveloped and agricultural.</p>	<p>14b. Following the City review, prepare a market assessment that examines issues of supply and demand, for both higher - end housing and suitable (and suitably priced) land, the competitive environment surrounding Escondido for this type of product, and similar considerations</p>	<p>\$30,000</p>	
		<p>14c. Explore annexation of unincorporated county land that could increase high-end housing development opportunities</p>	<p>N/A</p>	
	<p>15. <i>Expand athletic / recreational / environmental amenities, consistent with and in coordination with the relevant policies from the recently updated General Plan</i></p>	<p>15a. Undertake a thorough review of both the existing stock of parks and recreation facilities and those included within its updated General Plan, Community Health Services element, and assess the extent to which existing and future facilities meet the standards outlined in the General Plan Update. The assessment can address costs, revenue sources, and, either in general or in detail, the</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Improve residential quality of life</p>	<p>15. <i>Expand athletic / recreational / environmental amenities, consistent with and in coordination with the relevant policies from the recently updated General Plan (cont.)</i></p>	<p>value added to parts of the community where these facilities exist or will be developed</p>		
		<p>15b. Incorporate into the assessment of current and future facilities, as outlined above, consideration of the Community Health and Services element of the General Plan, which addresses the concept of incorporating open space and recreational facilities provided by schools and the private sector into the overall system of parks and recreational facilities</p>	<p>N/A</p>	

CEEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Improve residential quality of life</p>	<p>15. Expand athletic / recreational / environmental amenities, consistent with and in coordination with the relevant policies from the recently updated General Plan (cont.)</p>	<p>15c. Review recommendations in The <i>Escondido Creek Trail Master Plan Report</i> (January 10, 2012) and incorporate to the extent feasible into the overall assessment of parks, open space and recreational facilities described above. The Trail Master Plan incorporates strategies to help encourage safe and healthy lifestyles, addressing safety and security, heritage, and discovery as well as recreational facility development</p>	<p>N/A</p>	
		<p>15d. Investigate options for funding new recreational facilities in the City, including potential public/private partnerships for facility development</p>	<p>N/A</p>	

CEDS Implementation Plan

Goal	Strategy: Opportunity or Challenge to be Addressed	Action Item	Cost Implication	Cross Reference to Other City Documents
<p>Improve employment opportunities of Escondido residents</p>	<p>16. Focus existing relationships with primary / secondary schools on workforce development, with specific focus on improving high school graduation rates</p>	<p>16a. Establish an Educational Task Force</p>	<p>N/A</p>	
		<p>16b. Draft an Educational Enhancement operational plan, specifically focused for this strategy on primary and secondary schools, but eventually addressing higher education within the City. The plan will be developed and continually refined in concert with educators, school administrators, and other stakeholders.</p>	<p>N/A</p>	
		<p>16c. Establish, as appropriate, and monitor ongoing collaborative efforts such as STEM (<i>Science, Technology, Engineering, and Mathematics</i>) programs and the like</p>	<p>N/A</p>	
	<p>17. Expand job training capacity in Escondido</p>	<p>17a. Review findings of Educational Enhancement operational plan and propose supplemental programs to address any identified training/job-readiness gaps</p>	<p>N/A</p>	<p>GP-Economic Prosperity; Vision</p>

Matrix of Recommended Lead and Other Participating Organizations

The matrix below indicates the recommended leadership (and partner/support) entities for each strategy. The following abbreviation legend applies to the listed organizations:

Abbreviation Legend:

- BIA Building Industry Association
- City City of Escondido
- Escondido Education COMPACT (Creating Opportunities Making Partnerships and Connecting Teens)
- CRT Chairmen’s Roundtable
- CTSD Cleantech San Diego
- County San Diego County Economic Development
- CVB Escondido Convention & visitors Bureau
- CVBSD San Diego Convention and Visitors Bureau
- C of C Escondido Chamber of Commerce
- DBA Downtown Business Association
- EDD California Employment Development Department
- EDTF Economic Development Task Force
- EGAP Escondido Growers for Agricultural Preservation
- ETF Educational Task force
- SBDC Small Business Development Center – North County
- SDEE San Diego Entrepreneurs Exchange
- SDNCOC San Diego North Chamber of Commerce
- SDNEDC San Diego North Economic Development Council
- SDRCOC San Diego Regional Chamber of Commerce
- SDREDC San Diego Regional Economic Development Corporation
- TCAL State of California Economic Development “Team California”
- TF Other special task force
- TBD To be determined as part of process

CEDS Implementation Plan

Trade San Diego Center for International Trade Development
 SDWP San Diego Workforce Partnership

Strategy	Rec. lead organization:	Other participating orgs:
1. <i>Expand City's organizational capacity for economic development</i>	City	EDTF
2. <i>Leverage recent/ forthcoming development and investment to attract new business and visitors to the City</i>	EDTF (convened by City)	City, C of C, SDNCOC, CVB
3. <i>Continue efforts to develop reclaimed water for agriculture.</i>	TF (convened by City)	EGAP, EDTF, UC Riverside agriculture and water specialists
4. <i>Implement target industry marketing program to attract new firms in high-priority clusters</i>	EDTF	City, C of C, SDNCOC, CVB, Other business and development organizations, SDWP, Educational institutions
5. <i>Enhance outreach and marketing for economic development, through a set of coordinated channels</i>	EDTF	City, C of C, SDNCOC
6. <i>Implement an identity/image enhancement program</i>	City	City, C of C, SDNCOC, EDTF, CVB, SDNEDC
7. <i>Continue/intensify efforts to revitalize key subareas of the City</i>	City	EDTF, C of C, SDNCOC, CVB
8. <i>Ensure that City's development/permit processing is timely and business friendly</i>	City	BIA, C of C, SDNCOC, EDTF
9. <i>Expand promotion of Escondido as destination for tourism</i>	CVB	EDTF, C of C, SDNCOC, Organization selected to lead the identity/image enhancement effort, SDNEDC
10. <i>Expand special events to attract visitors/shoppers to City</i>	City	EDTF, identity/image enhancement lead organization, CVB, C of C, SDNCOC, DBA
11. <i>Coordinate with other North County cities on business attraction efforts</i>	EDTF	City, SDWP, SDNEDC, Individual cities
12. <i>Identify options for integrating City economic development efforts</i>	EDTF	City, SDWP, SDNEDC, SDREDC, CONNECT, EDD, BIOCOC, CTSD,

CEDS Implementation Plan

Strategy	Rec. lead organization:	Other participating orgs:
<i>with regional economic development organizations</i>		SDNCOC, SDRCO, iHUB, SDCVB, SBDC, TCAL, Trade, CRT
13. Improve utilization of California Center for the Arts	TF	City, Center, CVB, C of C, SDNCOC, Educational institutions
14. Expand housing options for higher-income residents	City	BIA, Home builders
15. Expand athletic / recreational / environmental amenities, consistent with and in coordination with the relevant policies from the recently updated General Plan	City	CVB, Educational institutions, master planned community developers
16. Focus existing relationships with primary / secondary schools on workforce development, with specific focus on improving high school graduation rates	ETF (convened by City)	Educational institutions, City, SDWP, EDTF, C of C (ED Committee) , SDNCOC, Escondido Education COMPACT, Escondido Workforce Roundtable
17. Expand job training capacity in Escondido	ETF	Educational institutions, City, SDWP, EDTF, Escondido Education COMPACT,, private sector, EDD, Career Center (private firm contracted by EDD), C of C, SDNCOC

F.2. Recommended Initial Strategic Focus

In this section, Implementation Plan items from F.1 are organized under the following “themes,” which represent an initial strategic focus for the Economic Development Master Plan:

1. Organizational Capacity
2. Identity and Marketing
3. Catalyst Projects
4. Business-Friendly City

Theme 1. Organizational Capacity	
Strategies	Action Direction
<i>Expand City’s organizational capacity for economic development (Strategy 1)</i>	This includes the creation of a full-time Special Events/Economic Development Coordinator position, Economic Development Task Force to overview selected action items, volunteer corps of local Business Ambassadors to help promote Escondido, expansion of Mayor’s business outreach program to include other Council members and/or City staff, and the expansion/refocus of partnerships/alliances with private and regional organizations
Theme 2. Identity and Marketing	
Strategies	Action Direction
<i>Implement an identity/image enhancement program (Strategy 6)</i>	Integrate closely with all marketing efforts. Initial working group will set timing, define scope and leadership, etc.
<i>Leverage recent/forthcoming development & investment to attract new business and visitors to the City (Strategy 2)</i>	Includes coordination with Palomar Health, Westfield Group, and Stone Brewing Co., to identify specific opportunities to attract new support businesses related to these existing businesses and their associated development.
Theme 3. Catalyst Projects	
Strategies	Action Direction
<i>Implement target industry marketing program (Strategy 4)</i>	Select initial focus targets based on achieving “showcase” designation in the strategy-prioritization process and the potential for leveraging other strategic interests: Cleantech, Hospitals And Healthcare, and Specialty Foods and Beverages including the related strategy to support the agriculture, wine and tourism industries.
<i>Continue efforts to develop reclaimed water for agriculture (Strategy 3)</i>	The focus of this strategy is to explore the feasibility of, and other advantages associated with, agricultural use of reclaimed wastewater from the City.
This strategy has important interrelationships with other City goals and objectives, such as the potential to significantly reduce mandated wastewater treatment costs, while simultaneously preserving or expanding agricultural jobs	Related to this strategy is support for the wine and craft beer industries in the Escondido area. The City can support this industry with land use policies, etc. to facilitate/incentivize private investment, for example by reducing barriers, and other non-financial investments.

Theme 4. Business-Friendly City	
Strategies	Action Direction
Marketing/identity (Theme 2 above)	All Business-Friendly strategies should be developed and operated in close coordination with overall marketing and identity measures, to maximize their potential for leveraging economic development.
<i>Ensure that City’s development/permit processing is timely and business friendly (Strategy 8)</i>	Establish relationship with BIA for development-processing improvements, with a focus on expediting development through time-saving measures that lower costs for investors/developers without compromising City oversight
	Formalize City “red team” to ensure timely development processing
<i>Enhance outreach and marketing for economic development, through a set of coordinated channels (Strategy 5)</i>	This activity should be coordinated through the Economic Development Task Force and the strategy to establish dedicated economic development staff within the City. One important aspect of any such involvement is that all such activity be subject to a consistent set of protocols.

F.3. Strategy Interactions

Table F-2 is a matrix summarizing key **strategy interactions**, to highlight coordination activities that should be recognized in the implementation process. Given the City’s staffing constraints for economic development, activities showing multiple areas of overlap should be given the highest level of priority for implementation.

Table F-3 shows the interrelationship of CEDS strategies with the City’s General Plan elements and the 2011-2012 City Council Action Plan.

CEDS Implementation Plan

Table F-2. Strategy Interaction Matrix

Strategies/Strategies	1. Expand City's organizational capacity for economic development	2. Leverage recent/ forthcoming development and investment to attract new business	3. Continue efforts to develop reclaimed water for agriculture	4. Implement target industry marketing program to attract new firms	5. Enhance outreach and marketing for economic development, through coordinated channels	6. Implement an identity/image enhancement program	7. Continue/intensify efforts to revitalize key City subareas	8. Ensure City's development/permit processing is timely, business-friendly	9. Expand promotion of Escondido as destination for tourism	10. Expand special events to attract visitors/shoppers to City	11. Coordinate with other North County cities on business attraction efforts	12. Selectively integrate with regional economic development organizations	13. Improve utilization of California Center for the Arts	14. Expand housing options for higher-income residents	15. Expand athletic / recreational / environmental amenities	16. Focus existing relationships with primary / secondary schools on workforce development	17. Expand job training capacity in Escondido
1. Expand City's organizational capacity for economic development	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2. Leverage recent/ forthcoming development and investment to attract new business		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3. Continue efforts to develop reclaimed water for agriculture				X	X	X	X	X	X	X	X	X	X	X	X	X	X
4. Implement target industry marketing program to attract new firms			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5. Enhance outreach and marketing for economic development, through coordinated channels				X	X	X	X	X	X	X	X	X	X	X	X	X	X
6. Implement an identity/image enhancement program					X	X	X	X	X	X	X	X	X	X	X	X	X
7. Continue/intensify efforts to revitalize key City subareas					X	X	X	X	X	X	X	X	X	X	X	X	X
8. Ensure City's development/permit processing is timely, business-friendly					X	X	X	X	X	X	X	X	X	X	X	X	X
9. Expand promotion of Escondido as destination for tourism						X	X	X	X	X	X	X	X	X	X	X	X
10. Expand special events to attract visitors/shoppers to City						X	X	X	X	X	X	X	X	X	X	X	X
11. Coordinate with other North County cities on business attraction efforts							X	X	X	X	X	X	X	X	X	X	X
12. Selectively integrate with regional economic development organizations								X	X	X	X	X	X	X	X	X	X
13. Improve utilization of California Center for the Arts									X	X	X	X	X	X	X	X	X
14. Expand housing options for higher-income residents										X	X	X	X	X	X	X	X
15. Expand athletic / recreational / environmental amenities											X	X	X	X	X	X	X
16. Focus existing relationships with primary / secondary schools on workforce development													X	X	X	X	X
17. Expand job training capacity in Escondido																X	X

CEDS Implementation Plan

Table F-3. Interaction of CEDS Strategies with General Plan Update and 2011 -2012 Council Action Plan

CEDS Strategy	General Plan Update	2011-2012 City Council Action Plan
1. Expand City’s organizational capacity for economic development	EP	✓
2. Leverage recent/ forthcoming development and investment to attract new business and visitors to the City	EP	
3. Continue efforts to develop reclaimed water for agriculture.	EP	
4. Implement target industry marketing program to attract new firms in high-priority clusters	Vis, EP	
5. Enhance outreach and marketing for economic development, through a set of coordinated channels	EP	✓
6. Implement an identity/image enhancement program	EP	✓ (program implementation)
7. Continue/intensify efforts to revitalize key subareas of the City	Vis, EP, LU, Hsg	✓
8. Ensure that City’s development/permit processing is timely and business friendly	EP, Hsg	✓
9. Expand promotion of Escondido as destination for tourism	EP	
10. Expand special events to attract visitors/shoppers to City	Vis, EP	
11. Coordinate with other North County cities on business attraction efforts		
12. Identify options for integrating City economic development efforts with regional economic development organizations		
13. Improve utilization of California Center for the Arts	Vis, H&S	
14. Expand housing options for higher-income residents	Vis, H&S, LU	
15. Expand athletic / recreational / environmental amenities, consistent with and in coordination with the relevant policies from the recently updated General Plan	Vis, H&S, LU	
16. Focus existing relationships with primary / secondary schools on workforce development, with specific focus on improving high school graduation rates	Vis, EP, H&S, LU	
17. Expand job training capacity in Escondido	Vis, EP	

General Plan Update Element Legend:

- H&S Community Health and Services
- EP Economic Prosperity
- Hsg Housing
- LU Land Use
- Vis Vision and Purpose

F.4. Integration with State's Economic Development Priorities

According to a presentation by California Lieutenant Governor Gavin Newsom in August of 2011, *An Economic Growth and Competitiveness Agenda for California*, the state of California has lacked a strategic, statewide economic plan for more than ten years. The presentation “outlines how we can retake control and drive forward again, moving California back into the lead on sustainable growth and real job creation—regaining our leadership role as America’s opportunity capital.” The presentation argues that [California] “must develop the new economic model. . . [that involves] turning from a consumption-based economy to a production economy constructed on a few key strategies.” Those strategies have the following titles, which clearly emphasize production and the infrastructure and workforce to support it:

- Gear Up Exports
- Reinvigorate Manufacturing
- Drive Innovation
- Accelerate Clean Economy
- Skill Up for Opportunities
- Build Infrastructure
- Align With Regional Strengths
- Organize for Success

In this CEDS for Escondido, half of the 16 identified targeted industry clusters involve production, and a number of strategies (and other industry cluster targets) feature workforce development and support for businesses. The CEDS Project list features primarily improvements to core infrastructure such as streets and water and wastewater systems.

ESCONDIDO COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

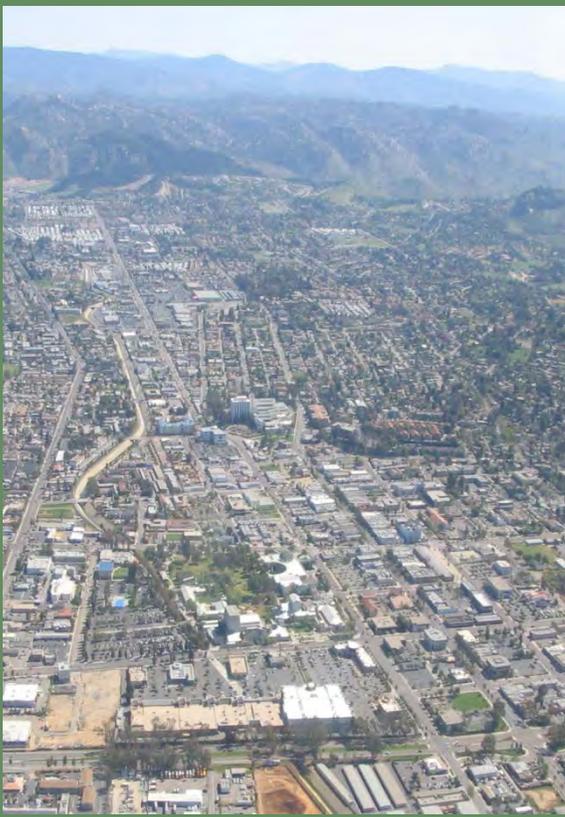
G. Performance Measures

The following performance measures (Table G-1) are related specifically to Escondido’s goals and challenges addressed by the CEDs. The focus of the performance measures is documenting the extent to which the City’s economic development indicators reflect movement toward enhanced economic opportunities, in the following respects:

Table G-1. Performance Measures

Performance Measure	Data source	Responsible agency	Data update
Extent to which the number of new/retained employees – in firms new to the area or involved in economic development retention/expansion activities – has increased in targeted industry clusters, and in higher-wage occupations, and overall.	Reporting by client firms, Census LEHD (note 2009 City employment by this source is 42,111)	City ED	Annual
Changes in labor force efficiency (Note that higher efficiency rates should only be expected to the extent targeted growth goals are being achieved). (The concept of labor force efficiency measures the share of an area’s labor force employed within the same area).	Census Bureau, Local Employment Dynamics	City ED	Annual/multi-year as avail. (after one or more years have elapsed)
Number and type of new firms and employees in targeted redevelopment / revitalization areas, in relation to public investment in those areas.	Inventory of firms	City ED	Annual
Lowered overall unemployment rates, relative to the State, County, and North County.	California Employment Development Dept. and/or other sources	City ED	Annual, for latest annual and latest month #s
Increases in non-residential building permits, by number and value, and number of high-value residential permits, above community averages, especially (for non-residential) for areas where development capacity was increased because of infrastructure improvements.	City building dept. Define affected areas	City	Annual
Increase in number of students and job trainees, in response to new programs and facilities	Relevant institutions	Institutions, City ED, SDWP	Annual

APPENDIX A. Escondido Market Overview Report



Escondido Market Overview

Submitted to: City of Escondido

February 9, 2012



THE NATELSON DALE GROUP, INC.
24835 E La Palma Ave, Suite I
Yorba Linda, CA 92887
(O): 714.692.9596 | (F): 714.692.9597
WWW.NATELSONDALE.COM

Table of Contents

I. INTRODUCTION	1
II. MARKET OVERVIEW	2
Overview of Demographic Conditions.....	2
Overview of Economic Conditions	9
Employment Overview	14
III. ELIGIBILITY FOR EDA FUNDING	26
IV. TARGETED DEVELOPMENT AREAS	28
Specific Plan Areas.....	28
Target Areas	31
Other Planned Commercial Areas	38

Tables

Table 1. Population by Area, 2000 - 2010.....	2
Table 2. Race/Ethnicity by Area, 2000.....	3
Table 3. Race/Ethnicity by Area, 2010.....	3
Table 4. Age Distribution by Area, 2000.....	3
Table 5. Age Distribution by Area, 2010.....	4
Table 6. Educational Attainment for Persons over 25, 2000.....	4
Table 7. Educational Attainment for Persons over 25, 2010.....	4
Table 8. Industry Employment Growth by Area, 2002-2007.....	18
Table 9. Industry Employment Growth by Area, 2007-2009.....	19

Figures

Figure 1. Per Capita Income by Area, 1999 and 2010.....	5
Figure 2. Percentage Growth in Per Capita Income by Area, 1999 to 2010.....	6
Figure 3. Per Capita Income, as a Percent of State Figures, 1999 and 2010.....	6
Figure 4. Average Household Income by Area, 1999 and 2010.....	7
Figure 5. Percentage Growth in Avg. Household Income by Area, 1999-2010.....	7
Figure 6. Avg. Household Income, as a Percent of State Figures, 1999 and 2010.....	8
Figure 7. Unemployment Rate by Area, 2005 to 2010.....	9
Figure 8: Per Capita Retail Sales by Area, 2000 and 2010 (2010 Dollars).....	10
Figure 9. Median Sales Prices for Homes by Area, December 2010.....	11
Figure 10. Median Sales Prices for Homes by Area, December 2011.....	11
Figure 11. Percentage Change in Median Sales Prices by Area, Dec. 2010-2011.....	12
Figure 12. Building Permits by Residential Type in Escondido, 2000-2010.....	13
Figure 13. Building Permits by Residential Type in San Diego County, 2000-2010.....	13
Figure 14. Residential Building Permits by Area, 2000-2010.....	14
Figure 15. Share of Employment by Industry in Escondido, 2009.....	15
Figure 16. Share of Employment by Industry by Area, 2009.....	16
Figure 17. Share of Employment by Occupation in Escondido, 2011.....	21
Figure 18. Share of Employment by Occupation by Industry by Area, 2011.....	22
Figure 19. Distribution of Jobs by Area by Monthly Earnings, 2009.....	23
Figure 20. In-Area Labor Force Efficiency by Area, 2009.....	24
Figure 21. In-Area Employment Efficiency by Area, 2009.....	24
Figure 22. Inflow/Outflow Job Counts for Escondido, 2009.....	25
Figure 23. Economically Distressed Census Tracts in City of Escondido.....	27

I. INTRODUCTION

This document provides preliminary background information and data for the Economic Development Master Plan being prepared for the City of Escondido. In addition to guiding the City's internal policies and priorities for economic development over the next five to ten years, the Master Plan will also serve as a Comprehensive Economic Development Strategy (CEDS). Preparation of a CEDS will potentially enable the City to access federal funding (for infrastructure and other economic development-related activities) through the U.S. Department of Commerce, Economic Development Administration (EDA).

This report is organized as follows. Section II provides a market overview that summarizes data on demographics, overall economic conditions, and employment statistics. The data are provided for the City of Escondido, the surrounding San Diego North County region, the entire County, and the State as appropriate. Section III provides a brief discussion on the eligibility criteria for economic assistance programs funded by the EDA and, based on these criteria, identifies the geographic areas of the City most likely to be eligible for EDA funding. Finally, Section IV provides a summary overview of the City's targeted development ("opportunity") areas, with a discussion on existing conditions and targeted future uses for each area. This section draws heavily on the City's recently completed Draft General Plan Update, along with local press articles focused on land use and development issues in the City.

It should be emphasized that this report is intended to provide an *initial and preliminary* overview of economic and demographic conditions in Escondido and the surrounding area. Consistent with EDA requirements for CEDS documents, the report is primarily based on a compilation of standard secondary data (e.g. Census data) to allow for ready comparison to other places. The final Master Plan/CEDS document will provide a much more detailed and in-depth analysis of economic development opportunities and challenges in Escondido, based on primary research and direct input from local stakeholders. As an example, the final CEDS document will provide a detailed and comprehensive target industry cluster analysis, which will evaluate the industry clusters and sectors that are likely to be successfully augmented in the community. In addition, this industry cluster study component will also, by conducting parallel analyses on key competitive cities, examine and evaluate Escondido's major competitive challenges. While this initial document provides a general overview of broad industry employment and employment trends, the subsequent industry cluster analysis will be based on the most recent detailed industry employment data provided by Economic Modeling Specialists, Inc. (EMSI), which offers well-regarded labor market data and analysis tools.

II. MARKET OVERVIEW

Overview of Demographic Conditions

The following data were obtained from the U.S. Census Bureau, including decennial 2000 and 2010 census and the American Community Survey (ACS) 1-year estimates (2010)¹, for comparison of demographic characteristics in the City of Escondido. Data are provided for the City of Escondido, the North County² portion of San Diego County, San Diego County, and the State of California. Topics address current and historical conditions related to population, race/ethnicity, age, educational attainment and household and personal income levels.

Population

Table 1, below, shows the 2000 and 2010 population estimates for the evaluated geographies, along with the population growth rate between these two years. Escondido added more than 10,000 persons during this time period, but grew at the slowest rate (7.8%) compared to the other geographies.

Table 1. Population by Area, 2000 - 2010

Area	2000	2010	% Change
Escondido	133,559	143,911	7.8%
North County	517,669	593,940	14.7%
San Diego County	2,813,833	3,095,313	10.0%
California	33,871,648	37,253,956	10.0%

Source: U.S. Census Bureau, 2000 and 2010 Summary File 1 (SF 1).

Race/Ethnicity

Table 2 and Table 3, below, highlight the ethnic and racial breakdowns for the evaluated geographies in 2000 and 2010, respectively. In 2010, the City is relatively underrepresented in the Black or African American (alone) and Asian (alone) categories, with it holding the smallest shares of the population belonging to these racial groups in all of the geographic areas. Compared to North County and San Diego County, the City also has a much smaller share in the White (alone) category. Of all the evaluated geographies, Escondido, by far, has the highest share of Hispanic or Latino residents, with close to one-half of the population in this ethnic group. Although all of the geographies saw significant increases in this ethnic group between 2000 and 2010, Escondido experienced the fastest growth in this population segment, with its share of the total population increasing by more than 10 percentage points.

¹ The ACS replaced the “long form” that historically produced demographic, housing, and socio-economic estimate for the nation as part of the once-a-decade census.

² Hereafter “North County” refers to the area covered by the five member cities of the San Diego North County Economic Development Council (EDC), including Carlsbad, Escondido, Oceanside, San Marcos, and Vista.

Table 2. Race/Ethnicity by Area, 2000

Area	White alone	Black or African American alone	Asian alone	Other ¹	Hispanic or Latino
Escondido	67.8%	2.3%	4.5%	25.5%	38.7%
North County	69.5%	3.6%	4.6%	22.2%	31.8%
San Diego County	66.5%	5.7%	8.9%	18.9%	26.7%
California	59.5%	6.7%	10.9%	22.9%	32.4%

(1) Other designation includes: Native Hawaiian and Other Pacific Islander, Other Race, and Two or more races.

Source: U.S. Census Bureau, 2000 Summary File 1 (SF 1).

Table 3. Race/Ethnicity by Area, 2010

Area	White alone	Black or African American alone	Asian alone	Other ¹	Hispanic or Latino
Escondido	60.4%	2.5%	6.1%	31.1%	48.9%
North County	66.7%	3.0%	6.5%	23.8%	37.1%
San Diego County	64.0%	5.1%	10.9%	20.0%	32.0%
California	57.6%	6.2%	13.0%	23.2%	37.6%

(1) Other designation includes: Native Hawaiian and Other Pacific Islander, Other Race, and Two or more races.

Source: U.S. Census Bureau, 2010 Summary File 1 (SF 1).

Age Distribution

Age distribution by area, shown in Table 4 and Table 5, highlight similarities between the population compositions for the evaluated geographies. However, Escondido has a higher share of the population in the 0-19 age cohort, along with smaller shares in the 45-64 and 65+ groups. Between 2000 and 2010, all of the geographies saw biggest percentage increases in the 45-65 age cohorts.

Table 4. Age Distribution by Area, 2000

Area	0-19 yrs	20-24 yrs	25-44 yrs	45-64 yrs	65+ yrs
Escondido	32.6%	7.5%	31.4%	17.5%	11.0%
North County	30.7%	7.1%	31.7%	18.4%	12.2%
San Diego County	28.8%	8.2%	32.0%	19.8%	11.2%
California	30.2%	7.0%	31.6%	20.5%	10.6%

Source: U.S. Census Bureau, 2000 Summary File 1 (SF 1).

Table 5. Age Distribution by Area, 2010

Area	0-19 yrs	20-24 yrs	25-44 yrs	45-64 yrs	65+ yrs
Escondido	30.6%	7.7%	28.5%	22.6%	10.5%
North County	28.7%	7.6%	28.3%	23.9%	11.5%
San Diego County	26.5%	8.7%	28.8%	24.6%	11.4%
California	28.1%	7.4%	28.2%	24.9%	11.4%

Source: U.S. Census Bureau, 2010 Summary File 1 (SF 1).

Educational Attainment

Table 6 and Table 7 highlight the distribution of educational attainment for residents over 25 years of age for 2000 and 2010. As the data illustrate, residents in Escondido are relatively less educated compared to the other geographies. For example, the percentage of Escondido residents without a high school diploma (27.9%) is between 8.6 and 13.0 percentage points higher than the other geographies. Moreover, between 2000 and 2010, this group increased by .5 percentage points in the City, compared to notable percentage declines in the other geographies. Correspondingly, the percentage of the population with a Bachelor's degree or higher is much lower in Escondido (21.0%) compared to the North County (28.4%), County (33.7%), and State (30.1%) figures.

Table 6. Educational Attainment for Persons over 25, 2000

Area	Less than HS	High School	Some College/ Associates	Bachelor's	Advanced Degree
Escondido	27.4%	21.2%	31.3%	13.5%	6.6%
North County	20.6%	20.5%	33.9%	16.6%	8.4%
San Diego County	17.4%	19.9%	33.2%	18.7%	10.9%
California	23.2%	20.1%	30.0%	17.1%	9.5%

Source: U.S. Census Bureau, 2000 Summary File 3 (SF 3).

Table 7. Educational Attainment for Persons over 25, 2010

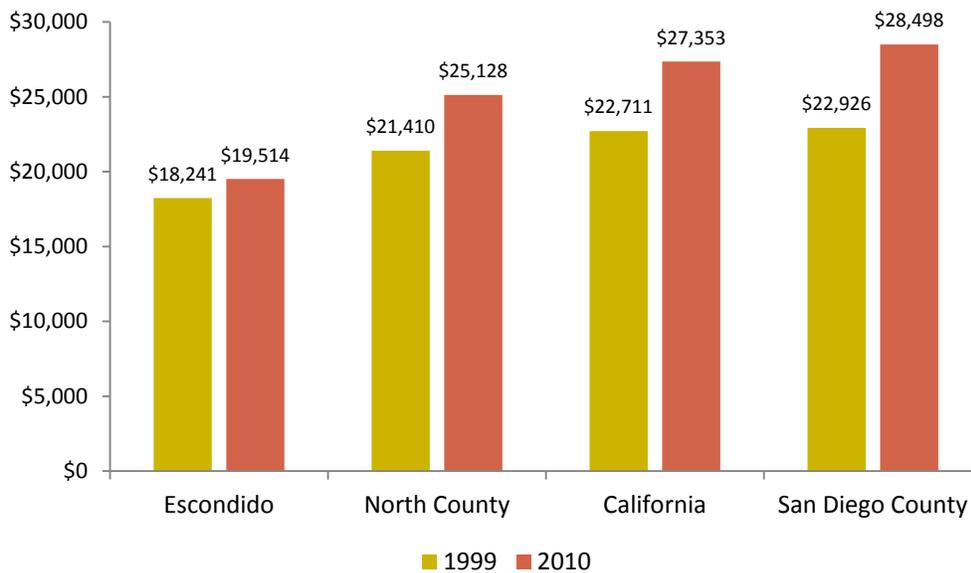
Area	Less than HS	High School	Some College/ Associates	Bachelor's	Advanced Degree
Escondido	27.9%	21.7%	29.4%	14.6%	6.4%
North County	19.2%	19.7%	32.7%	18.6%	9.8%
San Diego County	14.9%	19.1%	32.3%	21.0%	12.7%
California	19.3%	20.8%	29.8%	19.1%	11.0%

Source: U.S. Census Bureau, 2010 American Community Survey (ACS), 1-year Estimate.

Personal and Household Income

Per Capita Income data from the 2000 U.S. Census and the American Community Survey (2010) are shown below in Figure 1, Figure 2, and Figure 3. As illustrated in the figures, the City's per capita income was below the other geographies' levels both in 1999 and 2010. In addition, per capita income levels in Escondido increased at much slower rate between 2000 and 2010 (7.0%) compared to the other geographies (Figure 2). As a result of the slower growth rates in per capita income, both Escondido and the North County lost ground in per capita income levels relative to the State, while the County gained ground against the State (Figure 3). It should be noted that the per capita income levels are presented in nominal dollars (i.e., they have not been adjusted for inflation). Taking into account changes in the overall price level, San Diego County was the only geography to experience an increase in "real" (i.e., adjusted for purchasing power) per capita income levels from 2000 to 2010³.

Figure 1. Per Capita Income by Area, 1999 and 2010

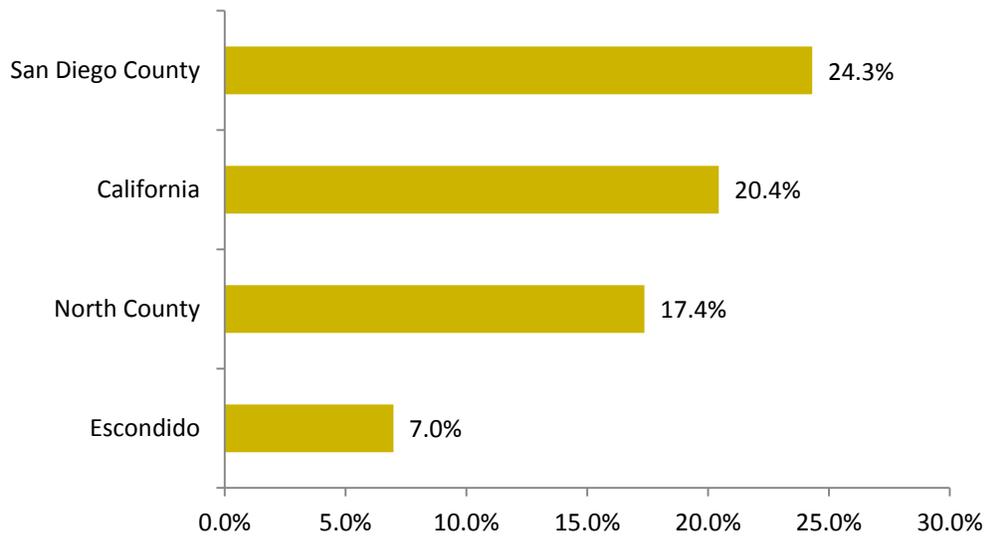


Note: Figures not adjusted for inflation.

Source: U.S. Census Bureau, 2000 Summary File 3 (SF 3); 2010 American Community Survey (ACS), 1-year estimate

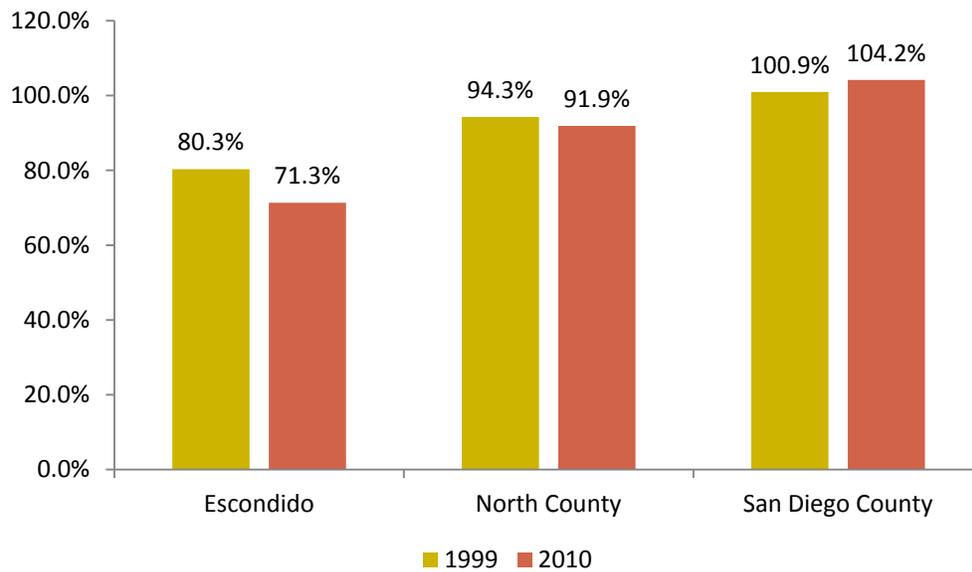
³ As measured by the implicit price deflator for personal consumption expenditures, the overall price level increased by approximately 23.7% between 1999 and 2010.

Figure 2. Percentage Growth in Per Capita Income by Area, 1999 to 2010



Source: TNDG; U.S. Census Bureau, 2000 Summary File 3 (SF 3); 2010 American Community Survey (ACS), 1-year estimate.

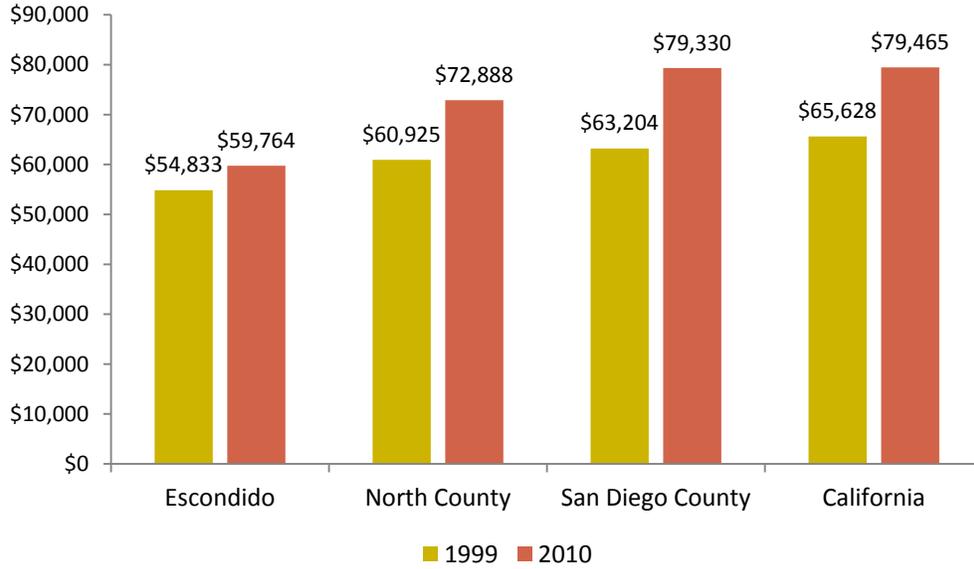
Figure 3. Per Capita Income, as a Percent of State Figures, 1999 and 2010



Source: TNDG; U.S. Census Bureau, 2000 Summary File 3 (SF 3); 2010 American Community Survey (ACS), 1-year estimate.

Figure 4, Figure 5, and Figure 6, below, provide similar illustrations for average household income levels in 1999 and 2010 in the evaluated geographies. The average household income data tell a similar story and show similar trends as the per capita income measures.

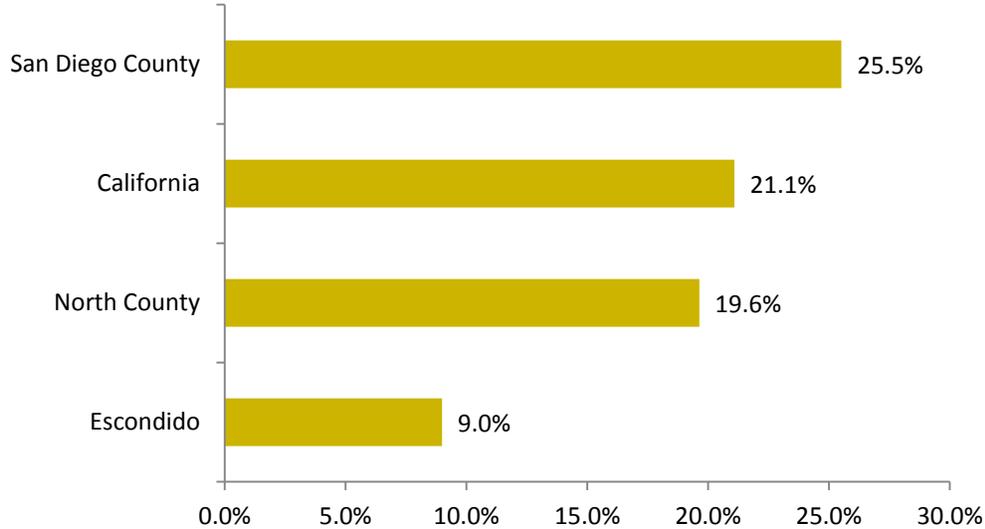
Figure 4. Average Household Income by Area, 1999 and 2010



Note: Figures not adjusted for inflation.

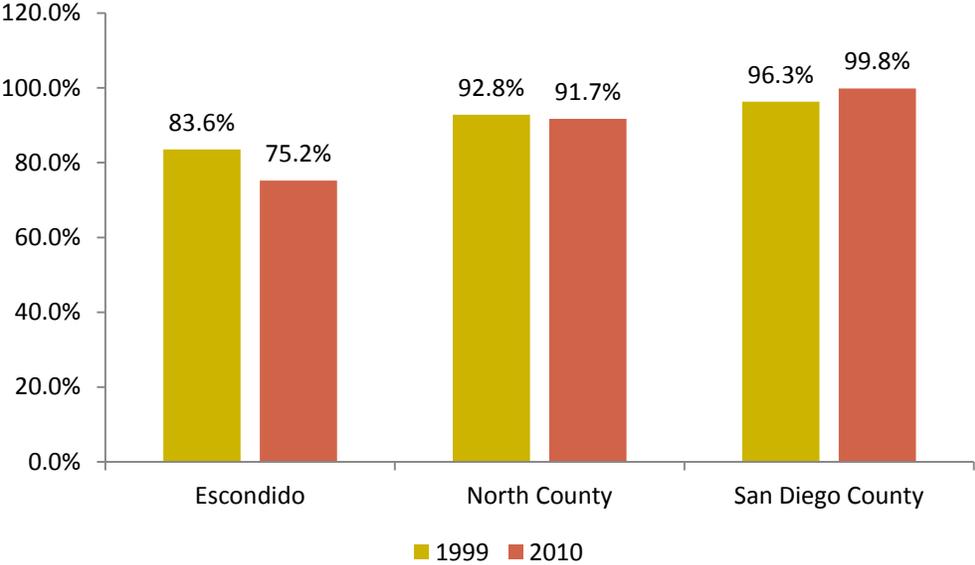
Source: U.S. Census Bureau, 2000 Summary File 3 (SF 3); 2010 American Community Survey (ACS), 1-year estimate.

Figure 5. Percentage Growth in Avg. Household Income by Area, 1999-2010



Source: TNDG; U.S. Census Bureau, 2000 Summary File 3 (SF 3); 2010 American Community Survey (ACS), 1-year estimate.

Figure 6. Avg. Household Income, as a Percent of State Figures, 1999 and 2010



Source: TNDG; U.S. Census Bureau, 2000 Summary File 3 (SF 3); 2010 American Community Survey (ACS), 1-year estimate.

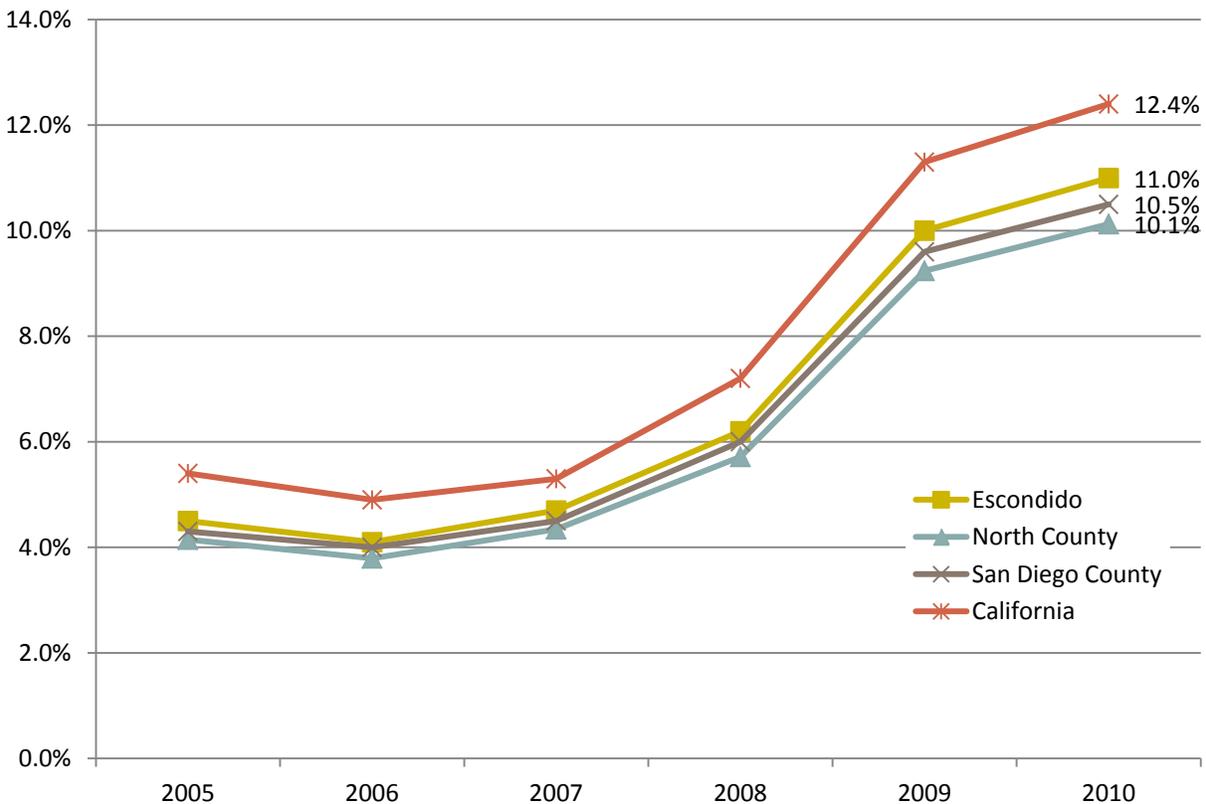
Overview of Economic Conditions

The following data were obtained from the Bureau of Labor Statistics, California State Board of Equalization (SBOE), Dataquick (a private data provider of home sales statistics), and the U.S. Census Bureau. The data focus on current and historical economic conditions related to unemployment, taxable retail sales, home prices and residential building permits.

Unemployment

Unemployment rates, as shown in Figure 7, include annual averages for 2005 to 2010. As anticipated, due to the current economic recession, the unemployment rates have continuously risen at a similar trend from their 2005 values. The most recent Escondido unemployment rate (11.0%) is slightly above the County rate (10.5%) but well below the State's (12.4%).

Figure 7. Unemployment Rate by Area, 2005 to 2010.



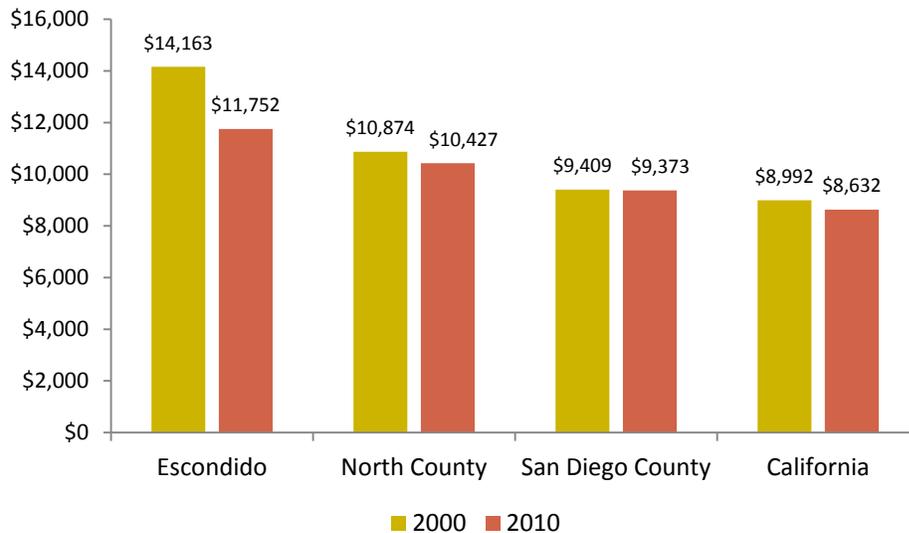
Sources: Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS); TNDG.

Taxable Retail Sales

Figure 8 provides per capita retail sales by evaluated geography in 2000 and 2010. The data are provided in 2010 dollars to allow for a “real” comparison between the two years. The City of Escondido had the highest per capita retail sales compared to evaluated geographies in 2000 and 2010. This is not a surprising finding given the presence of the North County mall, which

“imports” retail sales from outside of the City. However, on a more negative note, the City experienced the highest percentage decline in per capita retail sales from 2000 to 2010. While per capita retail sales showed slight declines in the other geographies – ranging from 0.4% (San Diego County) to 4.1% (North County) – they declined by 17.0% in Escondido. The recent announcement of the Mall renovation and the attraction of Target to reoccupy the vacant anchor space should help to reverse this trend.

Figure 8. Per Capita Retail Sales by Area, 2000 and 2010 (2010 Dollars)



Note: Figures adjusted for inflation by the California Taxable Sales Deflator, as provided by the California State Board of Equalization (SBOE).

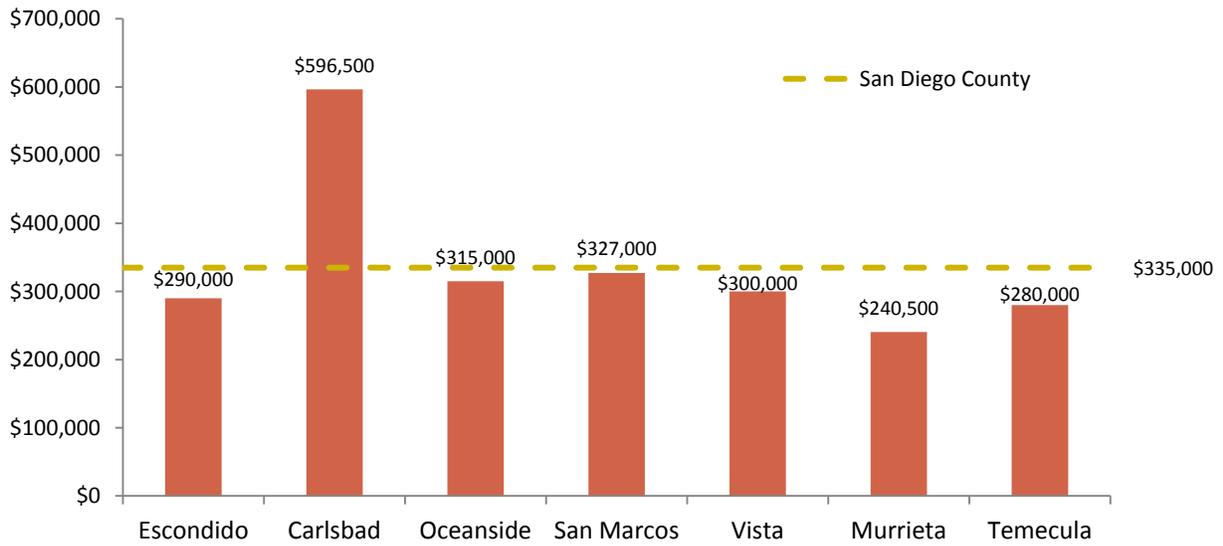
Sources: TNDG; U.S. Census Bureau, 2000 and 2010 Summary File 1 (SF 1); SBOE, Taxable Sales in California, 2000 and 2010.

Home Values

Figure 9, Figure 10, and Figure 11 provide median home price data for December 2010 and December 2011. Data are not available for the aggregated North County area, so the figures show data for the individual cities in this area, in addition to home price data for the south Riverside County cities of Temecula and Murrieta to provide additional context. As shown in the figures, median sales prices in Escondido have been below the County average both in December, 2010 and December, 2011. Based on the most recent data, only the cities of Carlsbad (\$535,000) and San Marcos (\$358,500) had median sales prices above the County average (\$315,000). As shown in Figure 11, San Marcos and Temecula were the only cities to experience an increase in median sales prices between December, 2010 and December, 2011. During this time period, median sales prices in Escondido (-1.7%) fell by much less in percentage terms than in the County (-6.0%)⁴.

⁴ We should caution, however, against drawing definitive conclusions on home value trends based on median sales prices, as the overall mix of home sales (i.e., lower-priced versus higher-priced) heavily influences this measure.

Figure 9. Median Sales Prices for Homes by Area, December 2010



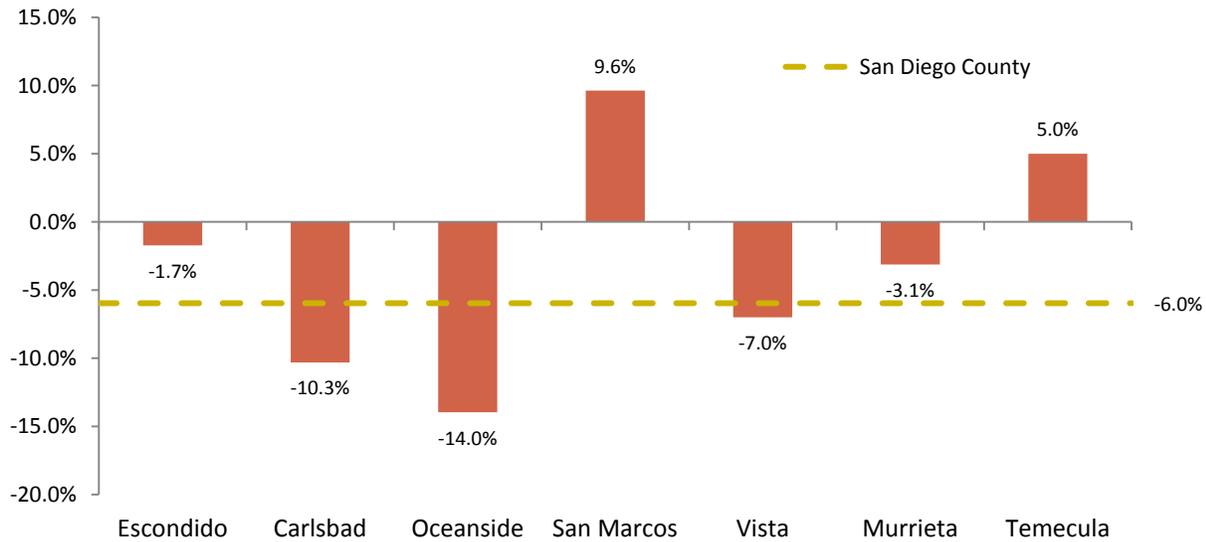
Note: Resale single family residences and condos as well as new homes.
 Source: Dataquick, California City Chart.

Figure 10. Median Sales Prices for Homes by Area, December 2011



Note: Resale single family residences and condos as well as new homes.
 Source: Dataquick, California City Chart.

Figure 11. Percentage Change in Median Sales Prices by Area, Dec. 2010-2011

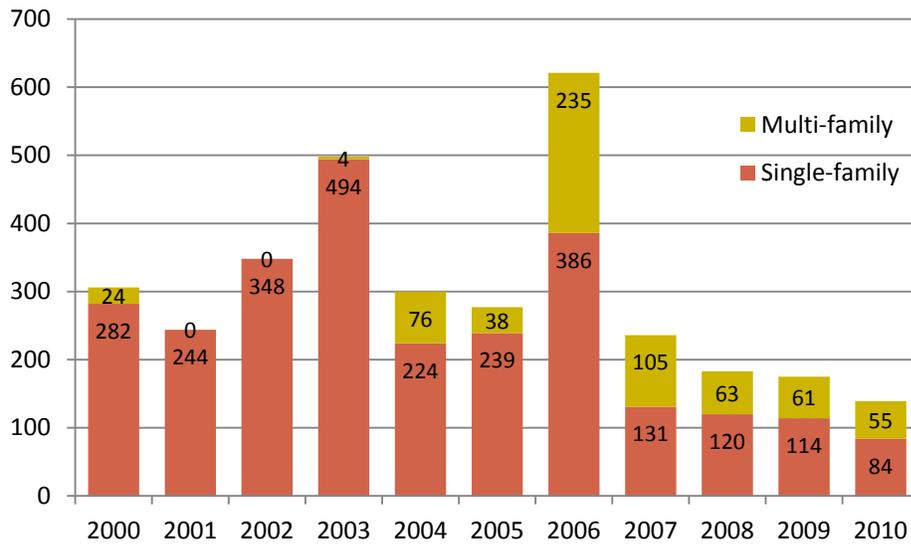


Note: Resale single family residences and condos as well as new homes.
 Source: Dataquick, California City Chart.

Building Permits

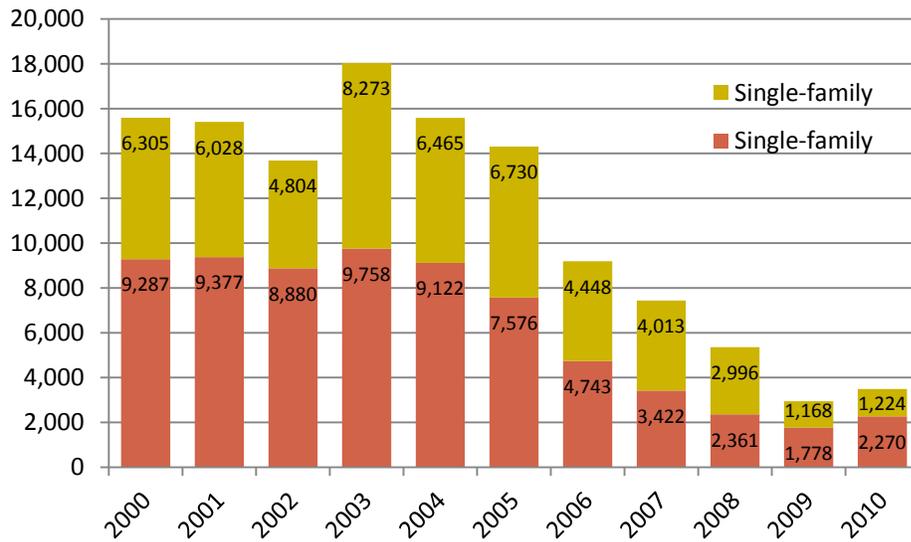
The current economic climate has had an undeniable impact on new residential growth. Figure 12 shows the number of residential building permits by type in Escondido between 2000 and 2010. The data reveal a considerable reduction in new residential permits beginning in 2007. Residential permits continued to fall through 2010. Figure 13 shows the same data for the County, which follows the same trend as Escondido, but with significant drop-off in permit activity beginning one year earlier, in 2006. Finally, Figure 14 shows the trend in building permits from 2000 to 2010 for the five North County cities. As illustrated in the figure, all of the cities experienced a significant reduction in the number of building permits over the last five years or so. The cities of Carlsbad and San Marcos experienced the most significant absolute and relative declines in building permits, with these two cities reaching a high of 1,476 and 2,270 building permits, respectively, in 2004. By 2010, they had dropped to 378 (Carlsbad) and 120 (San Marcos).

Figure 12. Building Permits by Residential Type in Escondido, 2000-2010



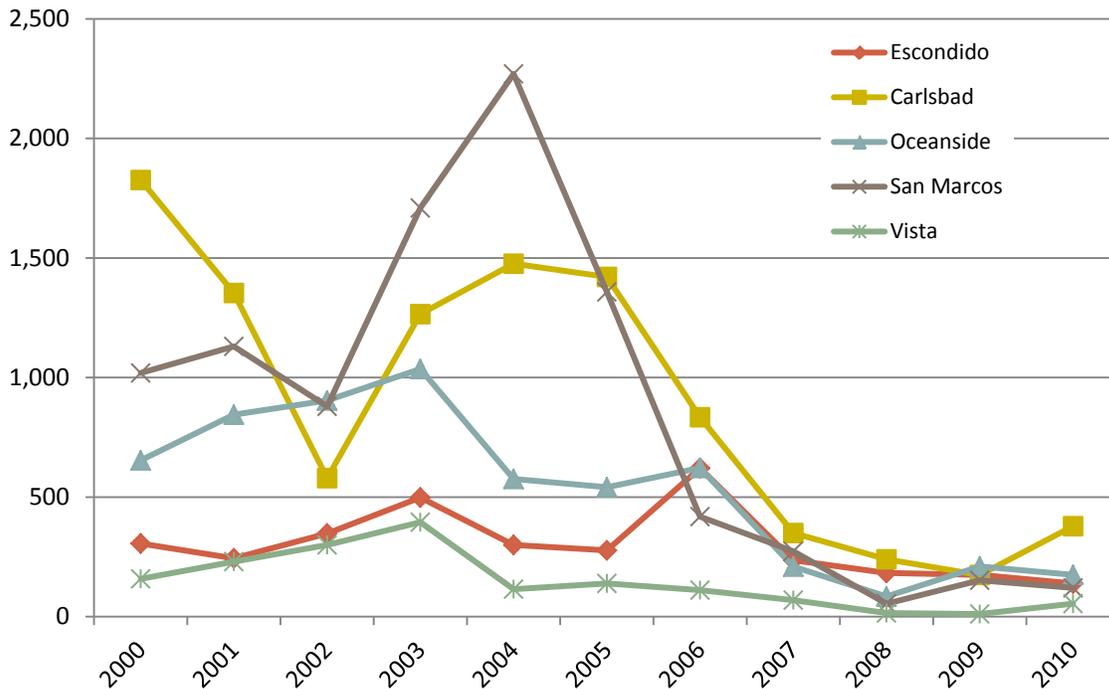
Source: U.S. Census Bureau, Building Permits Survey.

Figure 13. Building Permits by Residential Type in San Diego County, 2000-2010



Source: U.S. Census Bureau, Building Permits Survey.

Figure 14. Residential Building Permits by Area, 2000-2010.



Source: U.S. Census Bureau, Building Permits Survey.

Employment Overview

The following figures and tables provide various employment measures for the evaluated geographies, including the following:

- Employment by major industry group (including growth and retraction trends);
- Employment by major occupation groups;
- Jobs by monthly earnings; and
- Measures of in-area labor and employment efficiency.

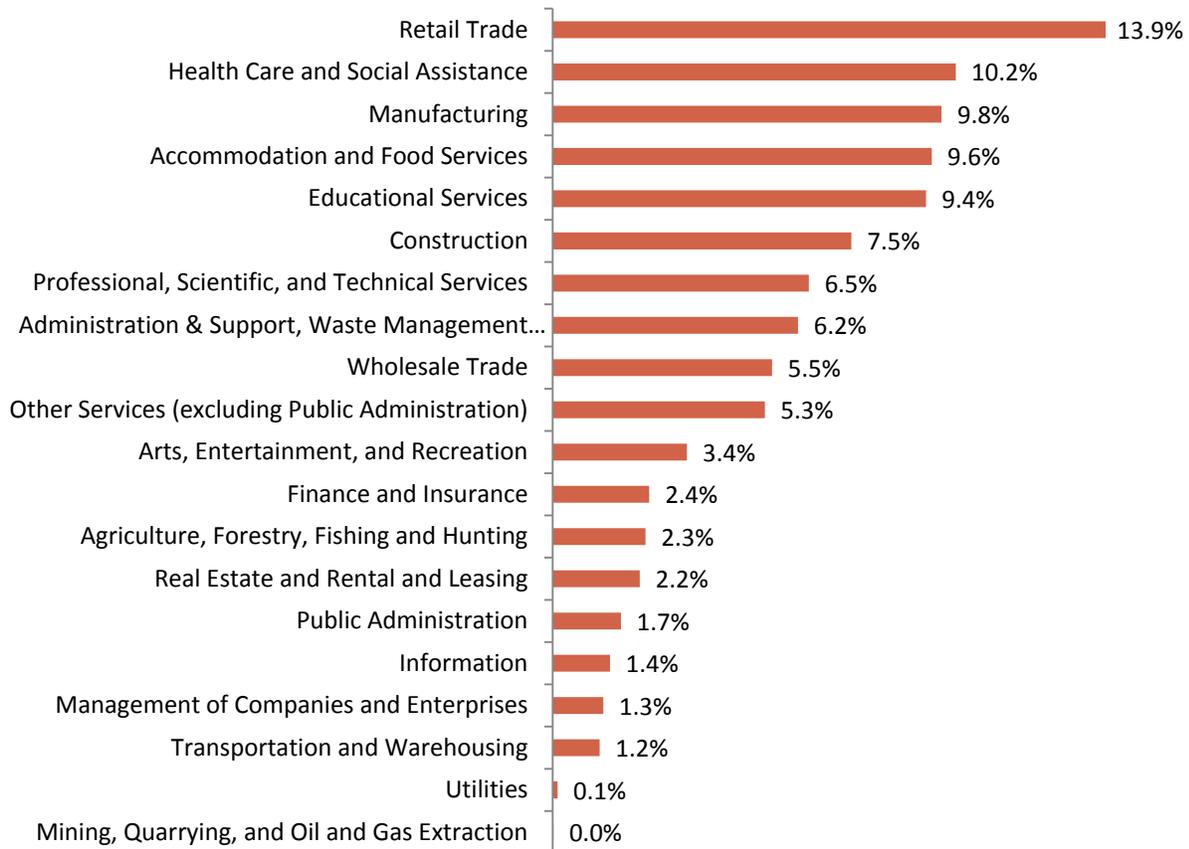
Except for the occupation data, the data are provided by U.S. Census Bureau's Local Employment Dynamics (LED) series, which provides the only official government source of industry employment data at the city level of geography⁵. This data source provides employment data for the years from 2002 to 2009.

⁵ Local Employment Dynamics (LED) is a voluntary partnership between state labor market information agencies and the U.S. Census Bureau to develop new information about local labor market conditions. The dataset is based on upon several core datasets provided by state partners. These include Unemployment Insurance wage data and the Quarterly Census of Employment in Wages.

Employment by Industry

Figure 15 provides the share of employment by industry in Escondido in 2009. The major industry groupings correspond to 2-digit NAICS⁶ codes industries. In terms of concentration of industry employment, Escondido is heavily represented in the Retail Trade industry, which accounts for 13.9% of total employment in the City. In addition, the top five industries account for more than one-half (53%) of total employment in the City.

Figure 15. Share of Employment by Industry in Escondido, 2009.

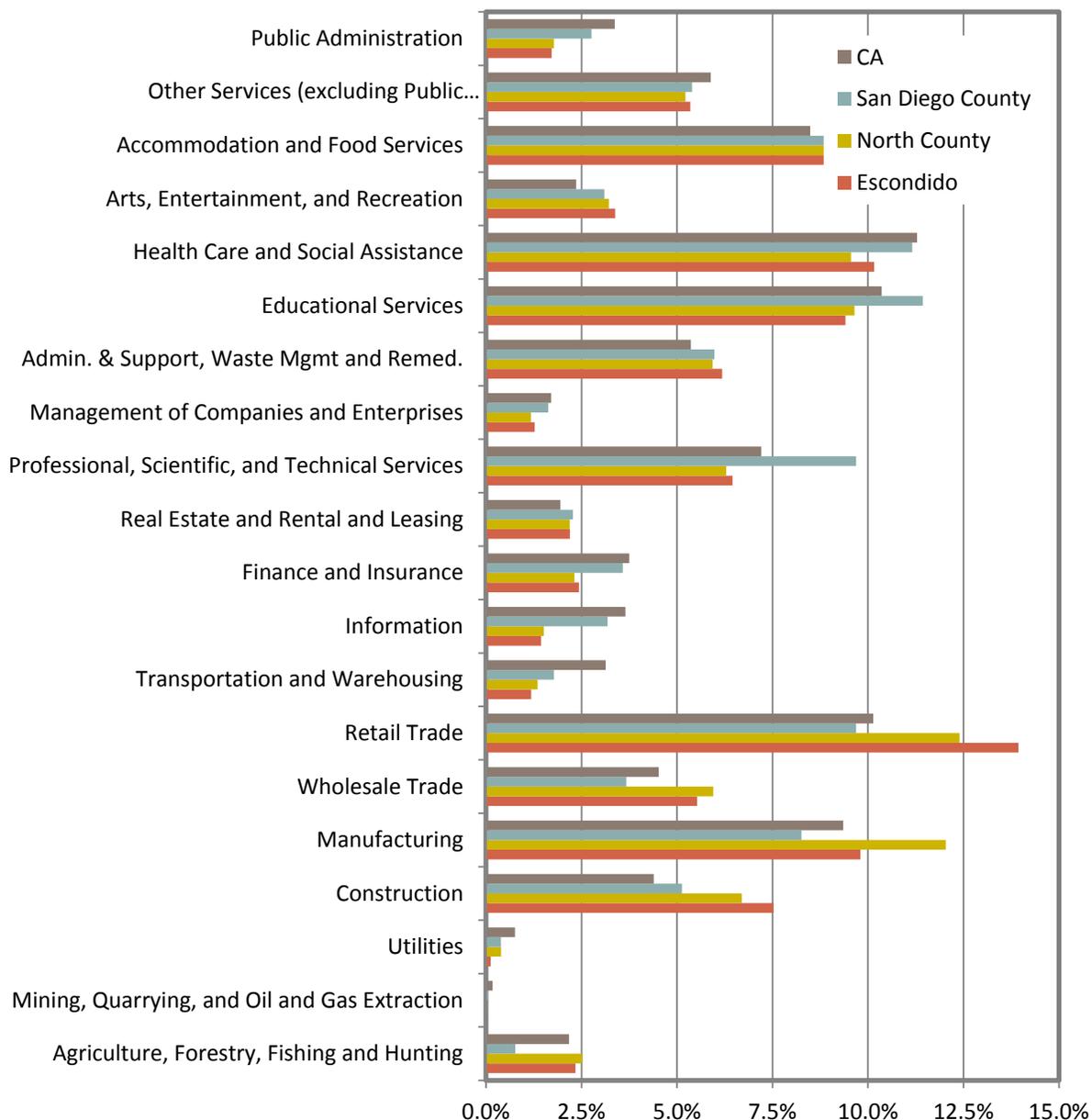


Sources: U.S. Census Bureau, Local Employment Dynamics (LED) program; TNDG.

For comparison purposes, Figure 16 shows the share of employment by industry for all of the evaluated geographies in 2009. As shown in the figure, Escondido had the largest shares of employment in the Retail Trade and Construction industries. The City had the smallest shares of employment in the Educational Services, Information, and Transportation and Warehousing industries compared to the other geographies. Compared to the County, Escondido has a much smaller share of employees in the relatively high-paying Professional, Scientific, and Technical Services industry – 6.5% compared to 9.7%. The biggest industry difference between the City and the North County area is in Manufacturing, which accounts for 12.0% of employment in the North County versus 9.8% in Escondido.

⁶ NAICS = North American Industry Classification System.

Figure 16. Share of Employment by Industry by Area, 2009



Sources: U.S. Census Bureau, Local Employment Dynamics (LED) program; TNDG.

Table 8 shows the absolute and percentage change in employment by industry for the evaluated geographies from 2002 to 2007, the period prior to the recent recession. Following, Table 9 provides the same data for 2007 to 2009 period, the period corresponding to the recent recession. Thus, the two tables allow for a comparison of industry employment trends during periods of economic expansion (2002-2007) and muted economic growth (2007-2009).

From 2002 to 2007, in Escondido the Construction industry experienced the largest absolute gain in employment (+714), while the Wholesale Trade (+36.9%) and Professional, Scientific, and Technical Services (+33.1%) industries grew the fastest in percentage terms. In terms of job losses, the City lost the largest absolute number of jobs in

Manufacturing (-574), while the Transportation and Warehousing (-28.6%) and Arts, Entertainment, and Recreation industries (-25.1%) saw the biggest percentage decreases in employment. Interestingly, the other three geographies all experienced significant employment increases in the Arts, Entertainment, and Recreation industry, with this industry growing at a faster rate than overall employment growth in each geographic area.

Turning to the 2007 to 2009 period, as shown in Table 9, Escondido experienced the largest absolute increase in employment in the Manufacturing industry (+1,331), while the other three geographies experienced job losses in this industry. In percentage terms, Escondido experienced the largest increases in the Arts, Entertainment, and Recreation (+182.5%) and Transportation and Warehousing (+97.2%) industries, reversing trends from the 2002 to 2007 period. In Escondido, Manufacturing and Wholesale Trade also increased at significant rates, 47.6% and 36.2%, respectively, while both industries lost jobs in the other three geographies. Overall, however, the total lost jobs in the City in percentage terms was approximately 1.8 times that in North County, and approximately three times the percentage decrease in the County and the State. In absolute and percentage terms, the City lost the most jobs in the Construction industry (-3,533 and -52.7%). Although the other geographies lost a significant number of Construction jobs as well, the percentage decrease in Escondido was close to twice that in the County and State. The City also lost a significant number of jobs in the Management of Companies and Enterprises industry (-388 and -42.0%), while the County and State both experienced employment increases in this industry.

With the two periods combined, 2002 to 2009, the data reveal the following interesting trends:

- Escondido lost close to 1,700 jobs during this period, declining by 3.9%, while the other three geographies all added jobs.
- Job losses in Escondido were concentrated in the Construction and Retail Trade industries, with them losing 2,819 and 1,915 jobs, respectively. Although the other three geographies also lost jobs in these two industries, the magnitude of the declines (-47.1% and -24.6%, respectively) was much higher in Escondido.
- Escondido lost 567 jobs in the Management of Companies and Enterprises industry, declining by 51.4% over this period. Although the other three geographies lost jobs in this industry as well – with percentage decreases ranging from -10.9% to -19.2% – the magnitude of the decline was much larger in Escondido.
- Bright spots, in terms of industry employment growth, for the City during this time period include the following:
 - With an increase of over 1,000 jobs in Escondido, Wholesale Trade increased the most in absolute terms, and the second-most in percentage terms (86.5%). In contrast, Wholesale Trade job growth was more or less flat at the County and State level.
 - The City added over 1,000 jobs in the Professional, Scientific, and Technical Services industry, increasing by 59.3%. In percentage terms, this industry grew in Escondido at close to five to six times the rates in the other geographies. Although, as noted above (Figure 16), the overall existing share of employment in this industry in Escondido significantly lags the Countywide share, the growth over this period indicates the City is making up ground.
 - Manufacturing added 757 jobs during this time period in the City, while the other three geographies experienced significant declines in this industry, with percentage declines ranging from -15.1% to -17.9%.

Table 8. Industry Employment Growth by Area, 2002-2007.

Industry	Escondido	North County	San Diego County	California		Escondido	North County	San Diego County	California
	# Change					% Change			
Agriculture, Forestry, Fishing and Hunting	60	224	-507	9,942		11.0%	10.2%	-4.5%	3.0%
Mining, Quarrying, and Oil and Gas Extraction	0	86	175	1,476		0.0%	661.5%	54.0%	7.6%
Utilities	-18	-107	-3,312	-4,999		-24.3%	-14.9%	-43.2%	-5.1%
Construction	714	2,736	11,033	130,896		11.9%	16.8%	14.8%	17.9%
Manufacturing	-574	-2,283	-14,909	-165,895		-17.0%	-7.8%	-12.9%	-10.3%
Wholesale Trade	461	2,604	4,277	63,232		36.9%	26.4%	9.9%	9.9%
Retail Trade	473	2,302	4,418	79,302		6.1%	9.2%	3.5%	5.3%
Transportation and Warehousing	-101	371	-3,692	-4,424		-28.6%	14.5%	-14.9%	-1.0%
Information	-18	-97	-3,280	-23,418		-2.9%	-2.8%	-8.4%	-4.8%
Finance and Insurance	103	912	4,032	44,575		9.4%	20.6%	9.4%	8.1%
Real Estate and Rental and Leasing	83	866	2,020	12,331		10.2%	24.2%	7.5%	4.7%
Professional, Scientific, and Technical Services	564	2,074	5,483	109,908		33.1%	18.6%	5.2%	11.9%
Management of Companies and Enterprises	-179	-289	-3,388	-61,434		-16.2%	-9.9%	-15.5%	-21.4%
Admin. & Support, Waste Mgmt and Remed.	-264	1,981	6,379	46,839		-7.5%	13.8%	8.0%	5.3%
Educational Services	412	2,654	6,406	85,592		10.4%	15.0%	5.4%	7.0%
Health Care and Social Assistance	334	1,344	9,990	158,932		7.3%	9.1%	9.2%	12.3%
Arts, Entertainment, and Recreation	-169	372	8,215	27,023		-25.1%	11.9%	28.8%	9.5%
Accommodation and Food Services	351	3,968	15,962	155,989		10.8%	24.5%	14.0%	13.8%
Other Services (excluding Public Administration)	212	932	9,569	123,817		9.8%	12.2%	19.3%	19.2%
Public Administration	92	353	748	-1,069		9.3%	10.4%	2.4%	-0.3%
TOTAL	2,536	21,003	59,619	788,615		5.8%	11.1%	5.1%	5.7%

Note: Green shading represents largest percentage gains; red shading represents largest percentage losses.

Sources: U.S. Census Bureau, Local Employment Dynamics; TNDG.

Table 9. Industry Employment Growth by Area, 2007-2009.

Industry	Escondido	North County	San Diego County	California		Escondido	North County	San Diego County	California
	# Change					% Change			
Agriculture, Forestry, Fishing and Hunting	381	2,591	-1,665	-29,006		63.1%	106.6%	-15.4%	-8.6%
Mining, Quarrying, and Oil and Gas Extraction	2	-47	42	3,464		40.0%	-47.5%	8.4%	16.6%
Utilities	-4	174	301	13,085		-7.1%	28.6%	6.9%	13.9%
Construction	-3,533	-5,723	-24,402	-242,667		-52.7%	-30.0%	-28.5%	-28.1%
Manufacturing	1,331	-2,958	-2,547	-119,659		47.6%	-11.0%	-2.5%	-8.3%
Wholesale Trade	619	-602	-3,641	-63,667		36.2%	-4.8%	-7.7%	-9.1%
Retail Trade	-2,388	-2,727	-15,872	-152,584		-28.9%	-9.9%	-12.1%	-9.6%
Transportation and Warehousing	245	-240	130	-5,098		97.2%	-8.2%	0.6%	-1.1%
Information	8	-346	2,207	45,991		1.3%	-10.3%	6.2%	9.8%
Finance and Insurance	-174	-721	-4,119	-67,039		-14.5%	-13.5%	-8.8%	-11.2%
Real Estate and Rental and Leasing	25	-74	-1,752	908		2.8%	-1.7%	-6.1%	0.3%
Professional, Scientific, and Technical Services	448	-689	5,291	-18,381		19.7%	-5.2%	4.8%	-1.8%
Management of Companies and Enterprises	-388	-270	1,016	14,756		-42.0%	-10.3%	5.5%	6.5%
Admin. & Support, Waste Mgmt and Remed.	-635	-4,512	-15,080	-179,463		-19.6%	-27.6%	-17.5%	-19.2%
Educational Services	-419	-1,089	10,612	150,504		-9.6%	-5.4%	8.4%	11.5%
Health Care and Social Assistance	-631	2,865	14,388	144,994		-12.9%	17.7%	12.1%	10.0%
Arts, Entertainment, and Recreation	920	2,909	214	23,242		182.5%	83.2%	0.6%	7.5%
Accommodation and Food Services	436	-641	-9,548	-90,824		12.2%	-3.2%	-7.4%	-7.0%
Other Services (excluding Public Administration)	-115	1,825	5,234	62,655		-4.9%	21.3%	8.9%	8.2%
Public Administration	-362	-209	1,653	70,020		-33.3%	-5.6%	5.3%	17.3%
TOTAL	-4,234	-10,484	-37,538	-438,769		-9.1%	-5.0%	-3.1%	-3.0%

Note: Green shading represents largest percentage gains; red shading represents largest percentage losses.

Sources: U.S. Census Bureau, Local Employment Dynamics; TNDG.

Employment by Occupation

Occupational employment data are not available from the Census or other official government sources at the city level of geography. Thus, the employment by occupation data shown in Figure 17 and Figure 18 is from Economic Modeling Specialists Inc. (EMSI), a private economic research group that provides labor market information down to the zip code level of geography. Given the comprehensiveness and up-to-date nature of these employment data – including the ability to get employment data at the 6-digit level NAICS industry classifications for 2011 – this source will be used in the subsequent industry cluster analysis.

As shown in Figure 17, the Office and administrative support, Sales and related, and Food preparation and serving related occupational categories account for close to four out every 10 jobs (37%) in Escondido. In contrast, approximately three out of every 1,000 jobs (0.3%) are in Legal occupations.

Figure 18 compares the distribution of occupational employment across the four evaluated geographies. Compared to the evaluated geographies, Escondido has much higher employment concentrations in the Construction and extraction and Sales and related occupational groups. In contrast, the City is relatively under-represented in the following occupations (with all three of the other geographies having higher concentrations of employment):

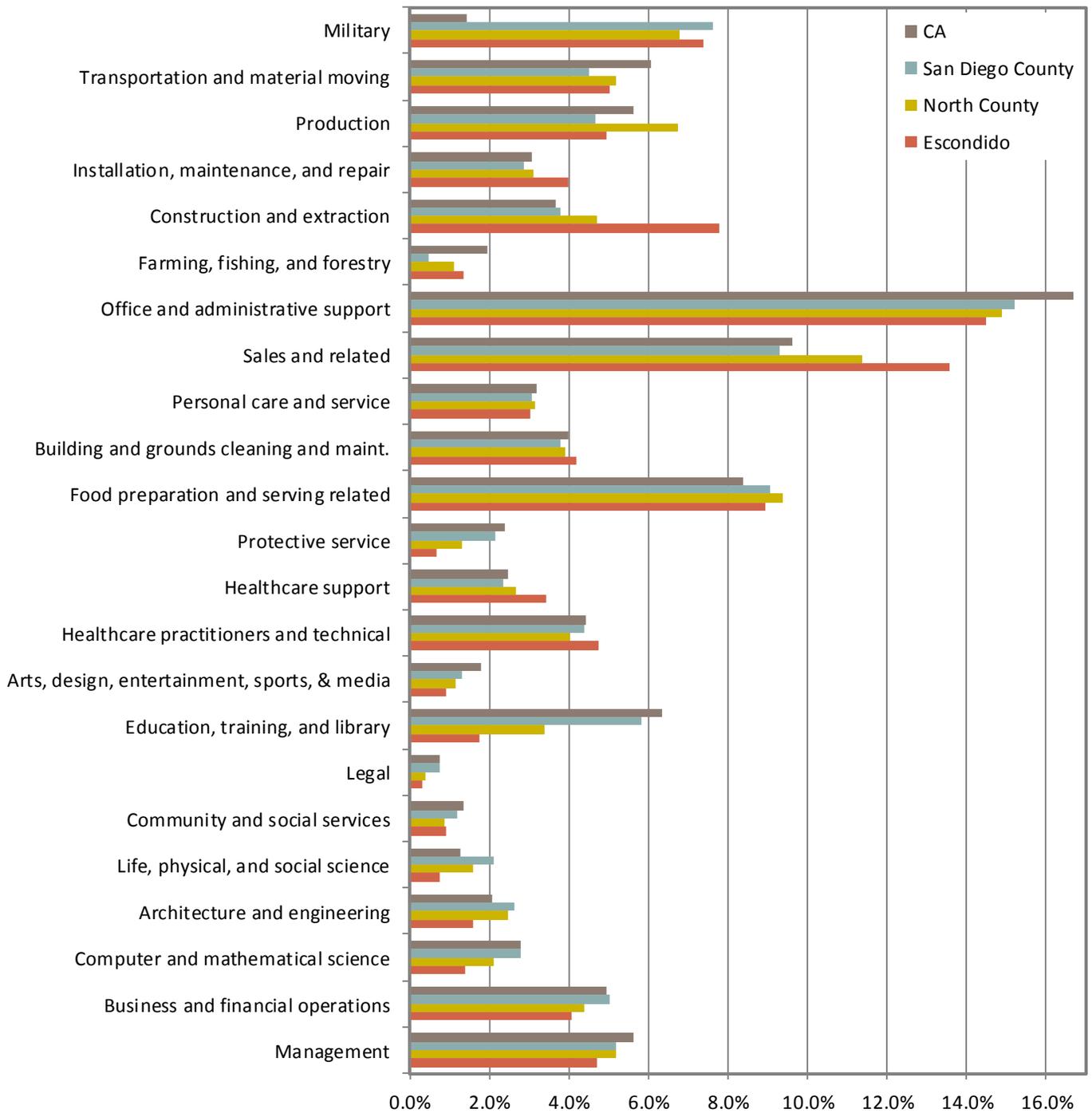
- Protective service
- Arts, design, entertainment, sports, & media,
- Education, training, and library
- Legal
- Life, physical, and social science
- Architecture and engineering
- Computer and mathematical science
- Business and financial operations
- Management

Figure 17. Share of Employment by Occupation in Escondido, 2011



Note: Data are for the zip codes fully or partially contained within the City of Escondido.
 Sources: Economic Modeling Specialists Inc. (EMSI); TNDG.

Figure 18. Share of Employment by Occupation by Industry by Area, 2011

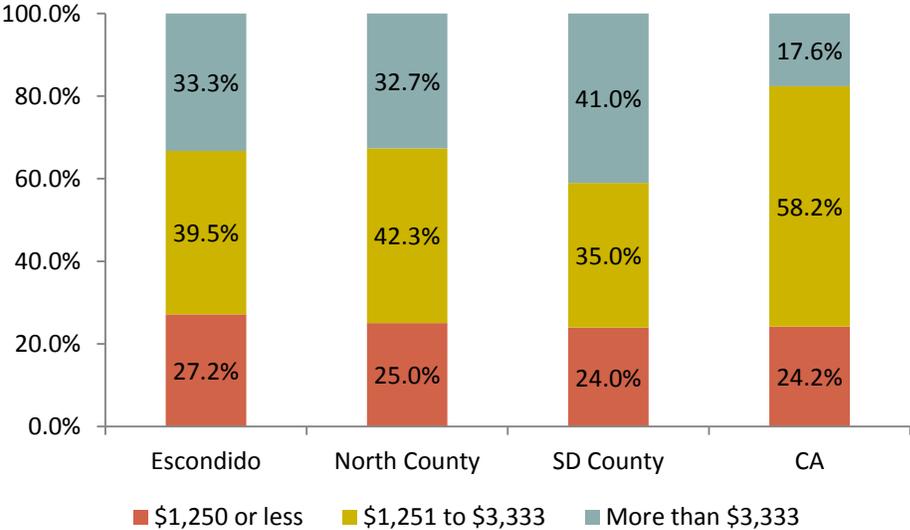


Notes: Escondido and North County geographies are based on zip codes that are fully or partially contained within these geographies.
Sources: EMSI; TNDG.

Wages

In addition to industry employment data, the Census Bureau’s LED program also provides the number of jobs for three earnings groups, as shown in Figure 19. As shown in the figure, the City has the highest concentration of jobs with monthly earnings of \$1,250 or less (27.2%). In addition, one-third of Escondido jobs have monthly earnings of more than \$3,333, which is well above the State share (17.6%) but well below the County share (41.0%).

Figure 19. Distribution of Jobs by Area by Monthly Earnings, 2009



Sources: U.S. Census Bureau, Local Employment Dynamics (LED); TNDG.

Work Inflow-Outflow Patterns

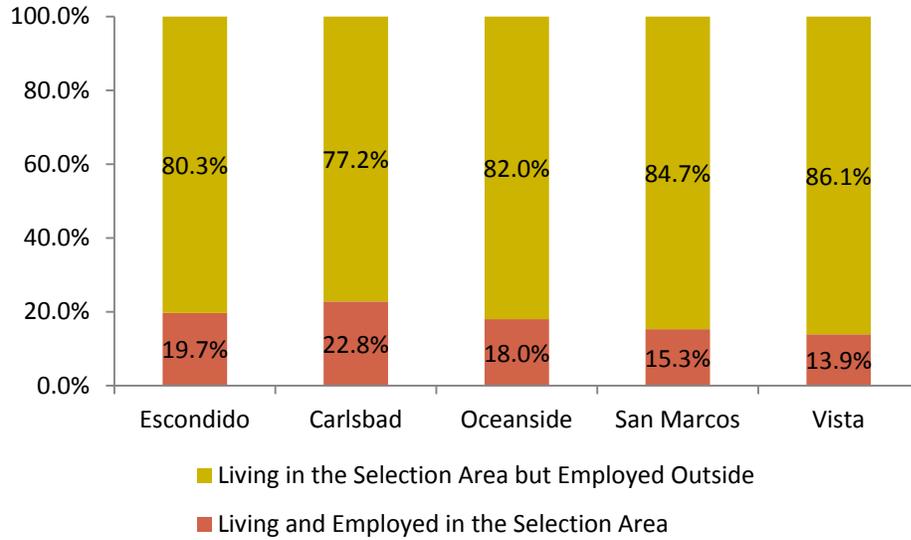
This section examines work in-flow and out-flow patterns of residents and employees in the cities in the North County area based on the measures of labor force efficiency and employment efficiency. The concept of labor force efficiency measures the share of an area’s labor force employed within the same area. Correspondingly, employment efficiency measures the share of an area’s employees that live within the same area. Figure 20 shows the measure of in-area labor force efficiency for the five cities in the North County area⁷. As shown in the figure, close to 20% of Escondido residents in the labor force also work within the City. Only Carlsbad (22.8%), among the remaining North County cities, has a higher measure of labor force efficiency.

Figure 21 shows the measure of in-area employment efficiency for the five cities in the North County area. As shown in the figure, approximately one-fourth (25.3%) of those employed in Escondido also

⁷ It is not possible to aggregate the data at the North County level, so it is provided at the city level of geography. At larger levels of geography (e.g., the county level) the data are not as meaningful for comparison purposes with cities, as a relatively larger share of the population will live and work in the same county.

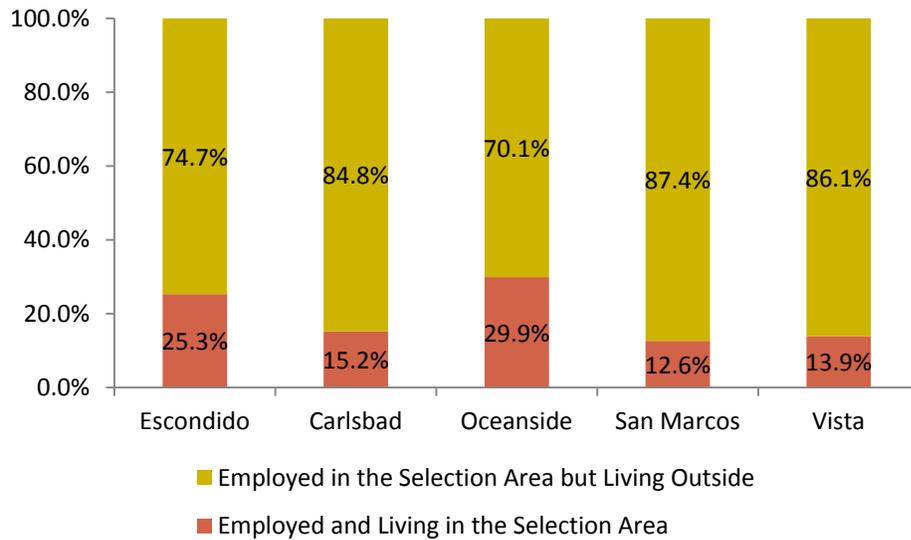
work in the City. Only Oceanside (29.9%), among the remaining North County cities, has a higher measure of employment efficiency.

Figure 20. In-Area Labor Force Efficiency by Area, 2009



Sources: U.S. Census Bureau, Local Employment Dynamics; TNDG.

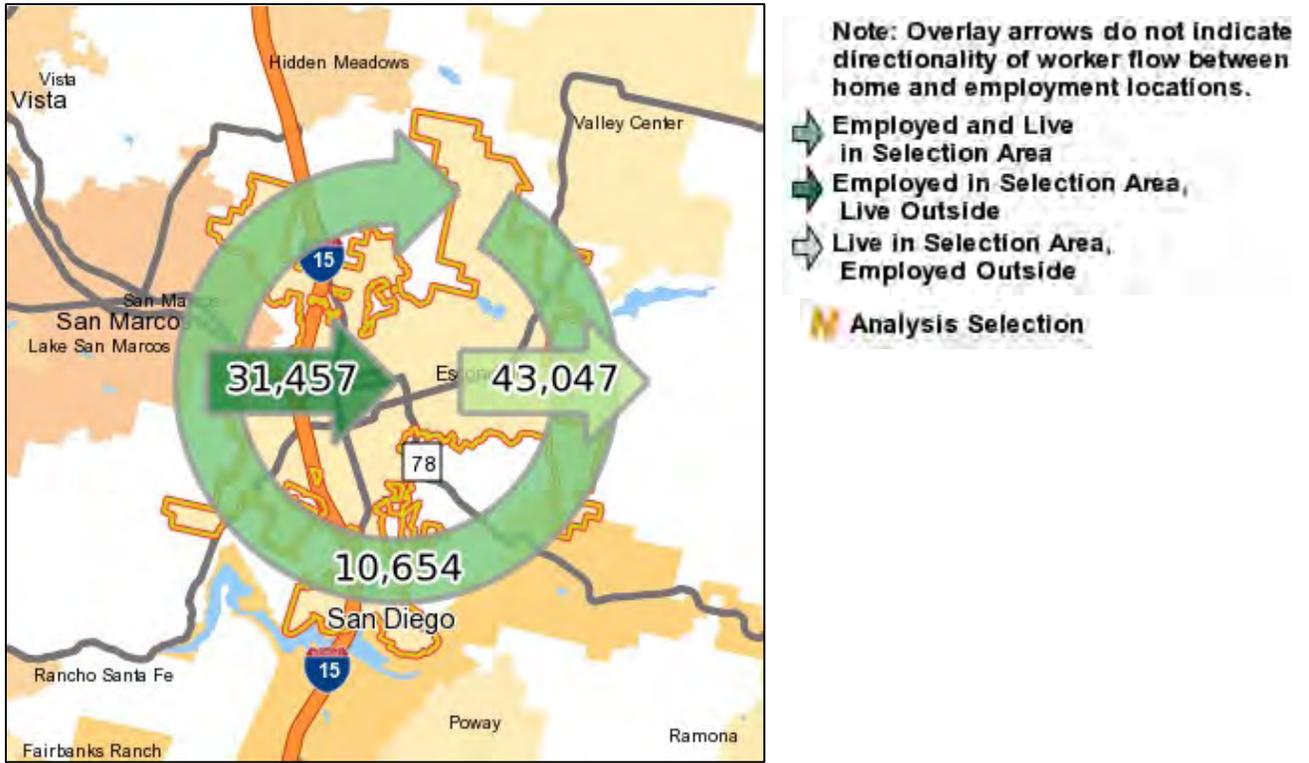
Figure 21. In-Area Employment Efficiency by Area, 2009



Sources: U.S. Census Bureau, Local Employment Dynamics; TNDG.

Whereas Figure 20 and Figure 21 show the share of jobs inflow/outflow, Figure 22 shows a graphic illustration of the absolute number of inflow/outflow job counts for Escondido in 2009.

Figure 22. Inflow/Outflow Job Counts for Escondido, 2009



Source: U.S. Census Bureau, Local Employment Dynamics.

III. ELIGIBILITY FOR EDA FUNDING

To be eligible for the EDA’s funding programs and investment assistance, an area must meet at least one of the following economic distress criteria⁸:

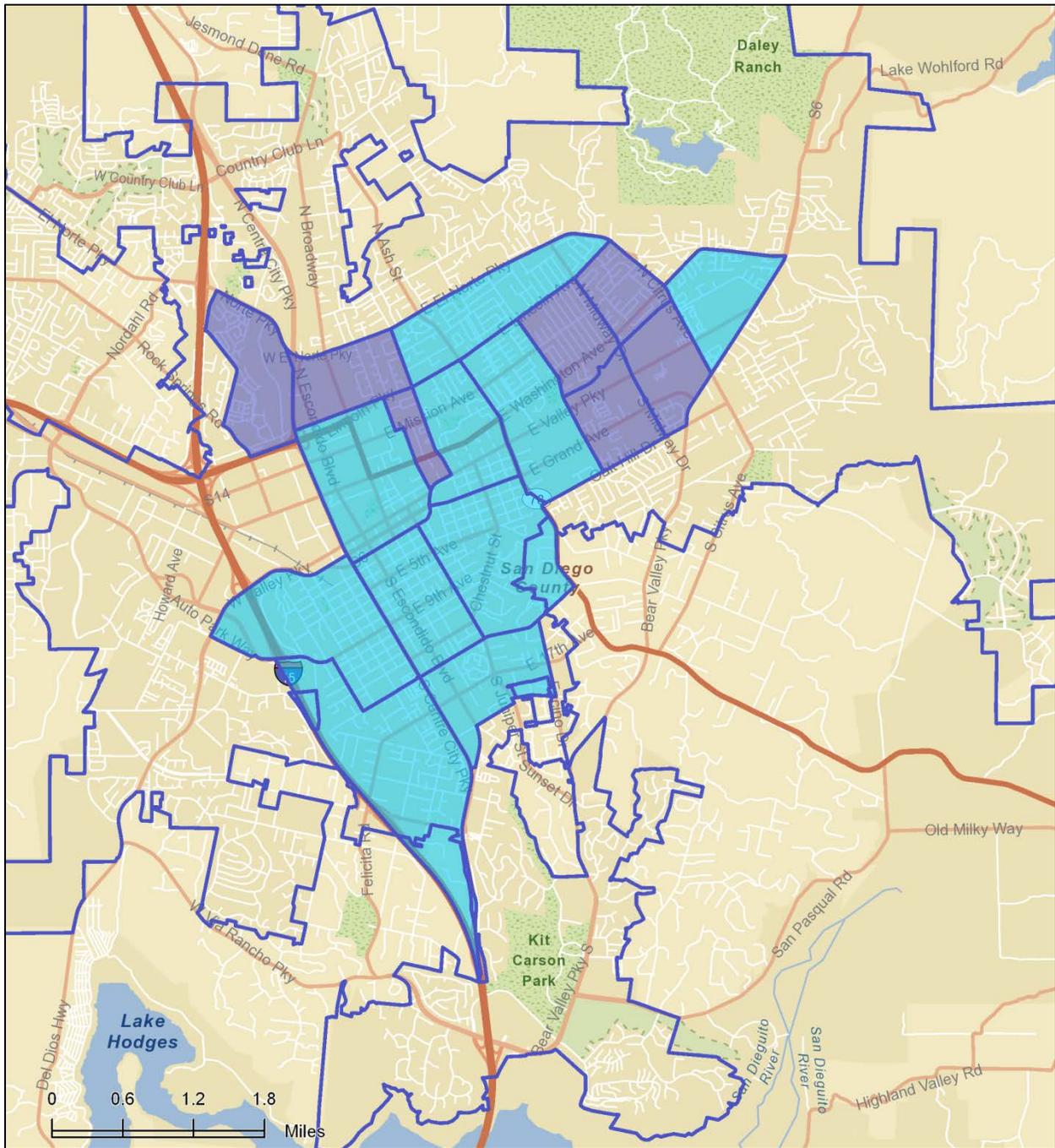
1. An unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point greater than the national average unemployment rate.
2. Per capita income that is, for the most recent period for which data are available, 80% or less of the national average per capita income.

The City of Escondido as a whole meets criterion #2, as the most recent 24-month average of citywide per capita income level is approximately 78.6% of the national average: \$20,629 for Escondido versus \$26,234 for the nation. For criterion #1, the most recent 24-month average of Escondido’s unemployment rate, at 10.3%, is identical to the nation’s. Both data points are from the U.S. Census Bureau, 2009 and 2010 American Community Survey (ACS) 1-year estimates (the required data sources for EDA funding eligibility calculations).

Although the City as a whole just barely meets the EDA’s economic distress criteria, there are a number of individual census tracts within the City that show significant signs of economic distress (based on per capita income and unemployment data). Figure 23, on the following page, provides a map showing the census tracts within the City’s boundaries that meet either one or both of the EDA’s economic distress criteria.

⁸ These criteria are directly excerpted from the EDA’s “Announcement of Federal Funding Opportunity”.

Figure 23. Economically Distressed Census Tracts in City of Escondido



= City Boundaries
 = Meets one criteria
 = Meets both criteria

Sources: U.S. Census Bureau, American Community Survey, 5-year Estimates (2006-2010); ESRI; TNDG.

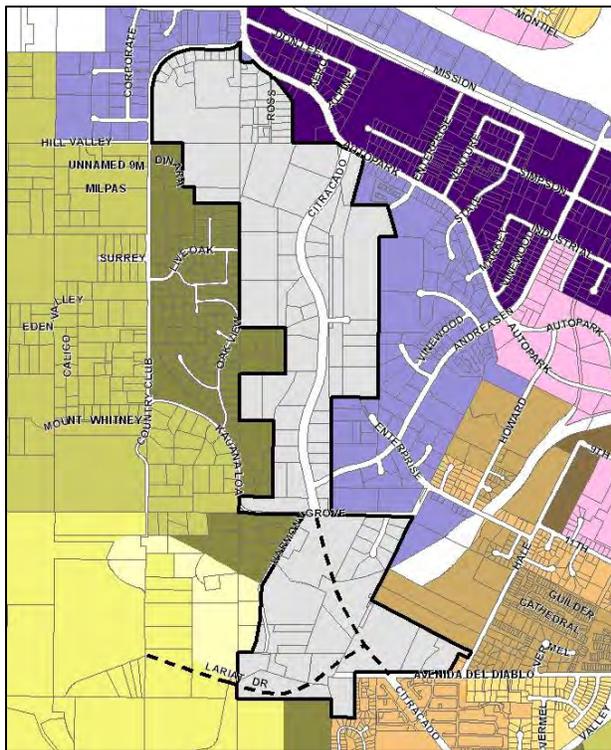
IV. TARGETED DEVELOPMENT AREAS

The City’s recently completed General Plan (January, 2012) identified “Opportunity Areas” that are most suitable for future targeted development and redevelopment activities⁹. These Opportunity Areas include three Specific Plan Areas and 11 separate “Target Areas”. In addition, some of the Target Areas include planned commercial land use areas (as identified in the Draft General Plan), which allow for a variety of commercial activities within self-contained, comprehensively planned centers, along with smart growth areas as identified by the San Diego County Association of Governments (SANDAG). Provided below are summary descriptions of the three Specific Plan Areas and the 11 Target Areas.

Specific Plan Areas

Specific Plan Area #8 – Escondido Research Technology Center (Harmony Grove)

Located along Citracado Parkway between Auto Park Way and Avenida del Diablo, this area includes a



total of 476 acres, 186 of which are in the Escondido Research Technology Center (ERTC) Specific Plan, and 15 of which are in the Harmony Grove Industrial Park Specific Plan. The area’s remaining acres will require Specific Plan approval to establish development standards and guidelines. In addition to the existing ERTC (which includes the 500MW Palomar Energy Plant) and Stone Brewery facility, the Palomar Hospital Medical Campus is under construction in the Plan Area. To improve the City’s economic prospects, the Plan Area is targeted for a business park focused on “clean” research and development (R&D) technologies, in addition to medical office (taking advantage of potential synergies with the Palomar Pomerado Hospital) and industrial park uses.

Due to the existing and planned employment uses and proximity to the Nordahl Sprinter Station

(which is well suited to shuttle service to and from the Planning Area), this area is also included in SANDAG’s ES-8 Smart Growth Area as an existing/planned “Special Use Center”.

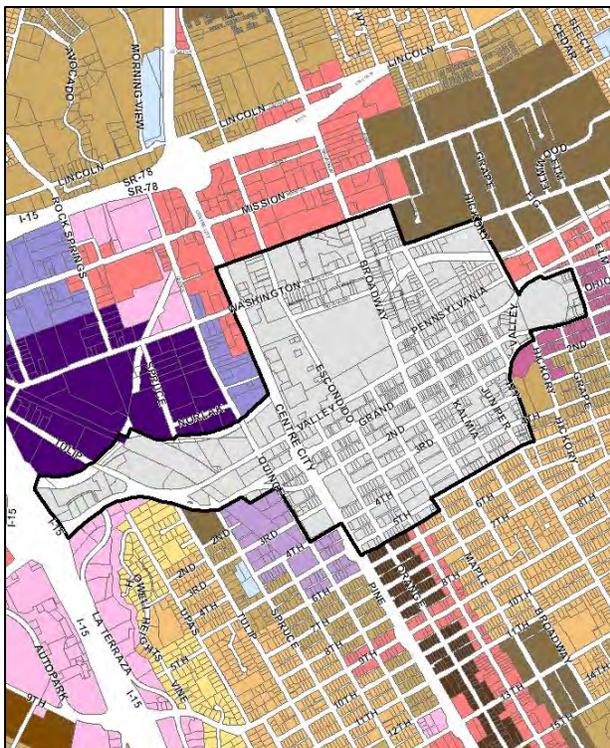
Recent and planned projects in this area include the following:

⁹ See Chapter II, Section J – General Plan Opportunity Areas. The term “redevelopment” in this document refers generally to construction on sites with pre-existing uses and to intensification of existing land use areas in the City; it does not refer to the City’s former Redevelopment Agency, or any of its previous activities.

Project/ Location	Type	Status
Core Data 2808 Harveson Court	89,000 SF New Construction of electronic and paper storage facility	Under Construction
Stone Brewery 1999 Citracado Pkwy	2,300 SF second story addition to kitchen and storage area	Under Construction
Hidden Valley Storage 1218 Pacific Oaks Pl	33,000 SF New Construction of space for commercial storage	Completed 12/1/11
Palomar Pomerado Hospital Citracado Pkwy/Vineyard Ave	Acute-care general hospital (11-storey, 360 beds); tertiary care hospital facility with full emergency and intervention services; associated support and/or medical office buildings; one or more parking structures	Under Construction
Off Beat Brewing 1223 Pacific Oaks Pl	2,400 SF interior tenant improvement for microbrew facility	Building plans submitted

Specific Plan Area #9 – Downtown

This Plan Area is approximately 475 acres and is divided into seven districts. It generally includes the



central portion of the City, bounded by Interstate-15 (I-15) to the East, Fig Street to the West, Mission Avenue to the North, and 6th Avenue to the South. The major existing uses include the following:

- A walkable retail/service core around Grand Avenue;
- Suburban-type shopping centers on the western and northern sides on Grand Avenue;
- A historic residential neighborhoods which borders the area on the south; and
- Office and retail uses to the east.

In terms of future uses, the Plan Area allows for up to 5,275 dwelling units (3,000 more than the previous 2,275), with an overall focus on a pedestrian orientation. This move toward higher residential density is part of the City’s larger effort to direct more residential development downtown

while rezoning 450 acres in other areas of the City from residential to commercial and industrial uses. The goal of this effort is to spur additional job creation with relatively high wages in the City¹⁰. For specific uses, residential development should be targeted around Grape Day Park, vertical mixed use

¹⁰ For example, see “Escondido: Proposal seeks high-rises and high-paying jobs”. North County Times, January 28, 2012.

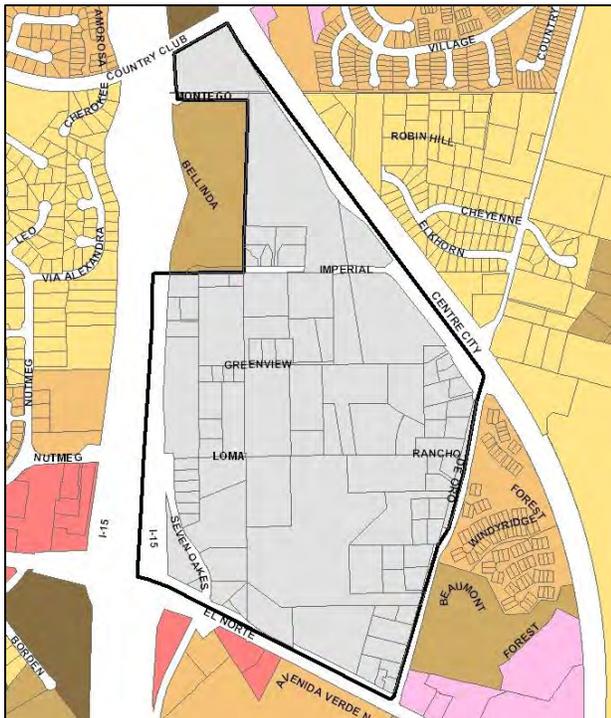
should encouraged throughout the Plan Area, and linkages between the Plan Area and Target Area #1 (see below) should be created through pedestrian access.

Given the location of the existing Escondido Transit Center and the existing and planned mixed-use developments, which include high-density residential uses, this area is also included in SANDAG’s ES-1 Smart Growth Area as an existing/planned “Town Center”.

Recent and planned projects in this area include the following:

Project/ Location	Type	Status
Silvergate bank 128 N. Broadway	9,600 S.F. Tenant Improvement relocation to vacant building	Completed 1/1/11
Children’s Discovery Museum 320 N. Broadway	6,800 SF Tenant Improvement relocation to vacant building	Under Construction
New construction 350 W. Valley Parkway	5,000 SF new retail construction in Civic Center Plaza	Plot Plan Review
New construction 1280 N. Escondido Blvd.	5,000 SF new laundry mat, carwash, retail	Plot Plan Review
Cocina Del Charro’s 890 W. Valley Parkway	7,100 SF new restaurant	Completed 9/1/11
Latitude 33 Centre City Pkwy/Washington Ave	198 apartments/apartment townhomes	Spring 2012

Specific Plan Area #13 – Imperial Oakes Corporate Center



This Plan Area is 163 acres and is bounded I-15 to west, Country Club Lane to the North, El Norte Parkway to the South, and Iris Lane/Centre City Parkway to the East. The area’s current uses include: service and general retail, office, church, single family residential, and the Rod McLeod Community Park. In terms of new development, the City is targeting a comprehensively planned development that will provide high paying, high density employment opportunities. In addition, the area will focus on smart growth principles and the prioritization of infrastructure improvements to accommodate planned growth.

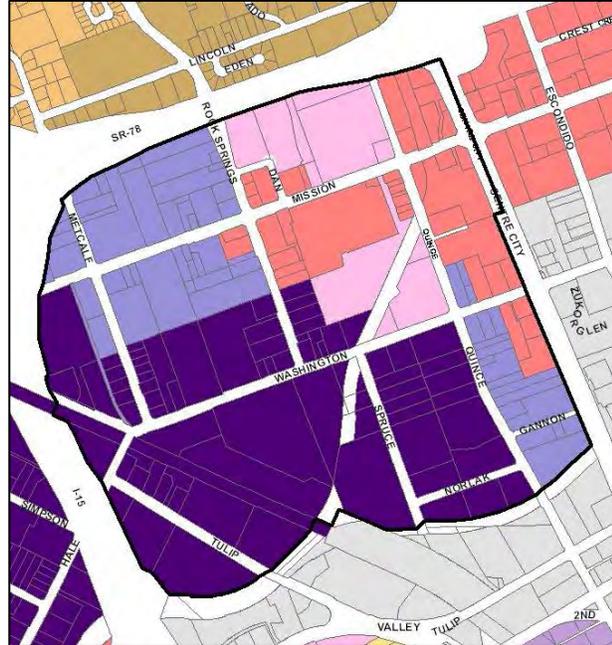
Target Areas

Target Area 1 – Downtown Transit Station

This Target Area includes 296 acres southeast of I-15 and Highway-78, and is adjacent to the Downtown Specific Plan Area. Current uses in the area include low intensity general and auto-related and home improvement retail, restaurants, manufacturing, commercial/industrial services, building/landscaping/irrigation supply, and concrete/asphalt production.

Future uses envisioned for the area include the following:

- North of the transit station/east of Reidy Creek – some type of regional attraction that includes entertainment, employment, commercial and residential uses, along with strong pedestrian connections to downtown.
- Mission Avenue/Quince Street (Planned Commercial Area #12) – a 17.8 acre site targeted for a mid to big-box retailer, acting as a catalyst for revitalization efforts.
- Washing Avenue / Quince Street (Planned Commercial Area #15) – a 14 acre that is currently occupied by an outdoor swap meet. As market conditions improve, the site should be redeveloped with a mix of commercial, office, retail, restaurant, and light industrial uses. In addition, given the proximity of this site to the Escondido Transit Center and Sprinter Light Rail (two blocks south of Quince Street), this future development should incorporate smart growth principles.

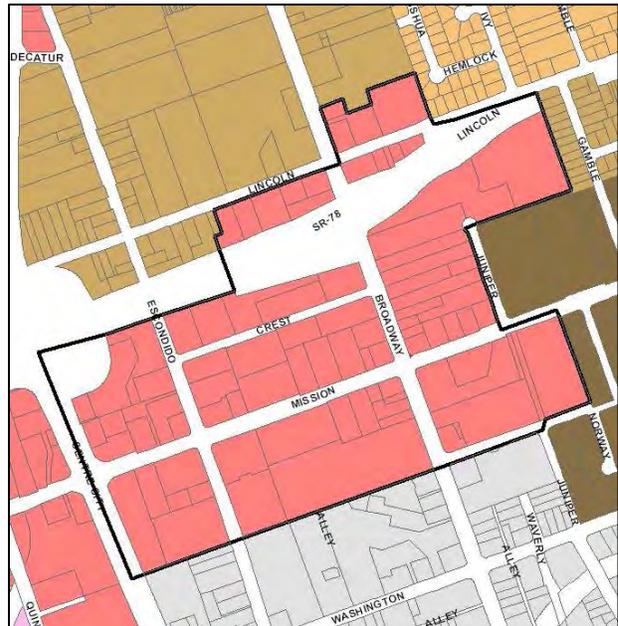


Recent projects in this area include the following:

Project/ Location	Type	Status
Carmax Used Car Sales 830 Dan Way	13,700 SF new construction for sales office, maintenance building and car washing station	Completed 9/1/11

Target Area 2 – Highway 78/Broadway

This Target Area is located at the terminus of Highway 78, north of downtown, east of Centre City Parkway, and west of Juniper Street. It includes 122 acres, with current uses consisting of general and auto-related retail, restaurants, office and commercial services and supply. In terms of future development, higher intensity uses should be targeted along Broadway. In addition, future design considerations should focus on a unifying architectural and landscaping theme, so that the area functions as a natural entry point into downtown.

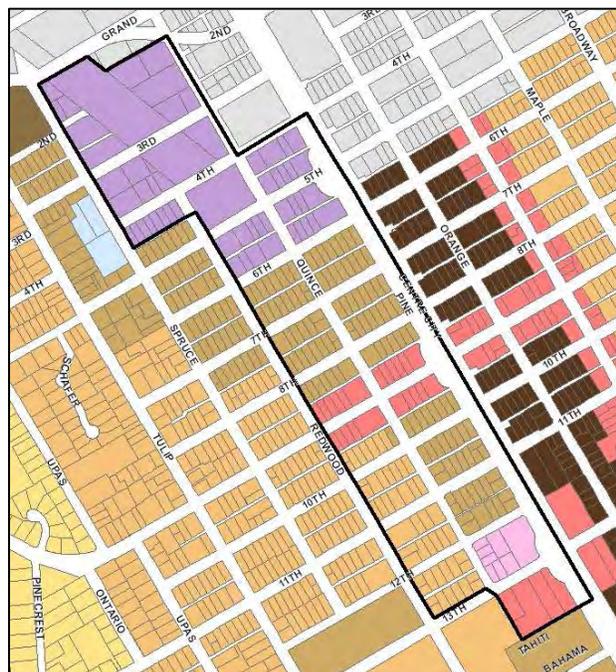


Planned projects in this area include the following:

Project/ Location	Type	Status
Taco Bell	Demolition of existing restaurant and new construction of 2,775 SF new Taco Bell restaurant and 3,300 SF regional office serving all Taco Bell restaurants in San Diego County	Plot Plan Review

Target Area 3 – South Quince Street

This 184-acre area is located south of downtown, north of 15th Avenue along both sides of Quince Street. Existing uses consist of mid-range density multi-family, low intensity general retail, office, restaurants, and small scale industrial and manufacturing services. In terms of new uses, a new Area Plan should be established that focuses on smart growth principles, promoting developments with increased density and intensities near the transit center. In addition, the 2.75-acre site at 13th Avenue and Pine Street (Planned Commercial Area #14) should be developed with retail uses that are compatible with the adjacent residential neighborhood.



Target Area 4 – South Escondido Boulevard / Centre City Parkway

This 80-acre area is located between 6th and 15th avenues and between Escondido Boulevard and Centre City Parkway.

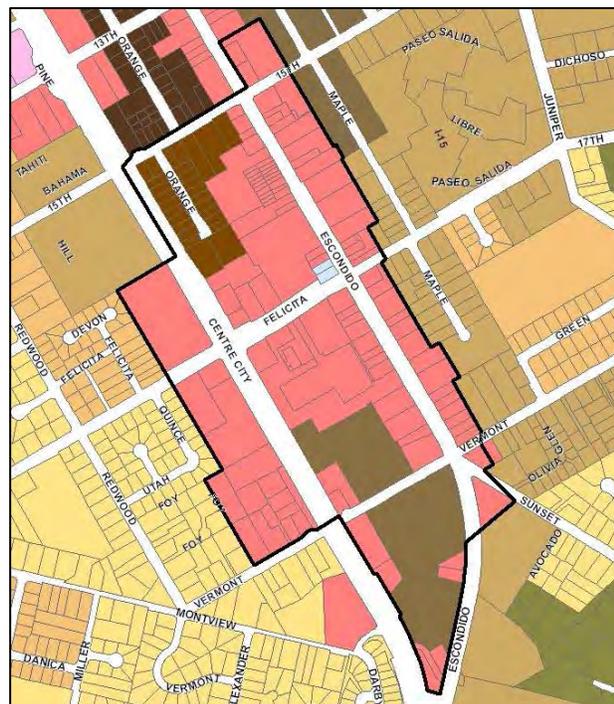


Current uses in the area include single-family and mid-range density multi-family, along with small scale commercial uses. For future development, the Area Plan should be updated to incorporate smart growth principles, specifically focusing on the area’s strong connections to transit. In addition, the Target Area partially overlaps with SANDAG’s ES-4 Smart Growth Area as a potential “Mixed-Use Transit Corridor”. SANDAG identified ES-4 as a potential smart growth area due to the presence of several mixed-use projects (with densities ranging from 24 to 45 du/acre) along with location of the Escondido Rapid Bus Project.

Target Area 5 – South Escondido Boulevard / Felicity Avenue

This Target Area is bordered by 15th Avenue, Escondido Boulevard, and Centre City Parkway. It includes 167 acres, with current uses consisting of multi-family residential, low intensity suburban shopping, general retail, office, restaurants, and small scale services. For future development, the Area Plan should be updated to incorporate smart growth principles, specifically focusing on the area’s strong connections to transit. In addition, the Area Plan should establish a mixed-used overlay zone to allow for increased densities and intensities in close proximity to transit and services.

Consistent with the City’s goal of incorporating smart growth principles, SANDAG has identified this area as a potential smart growth area



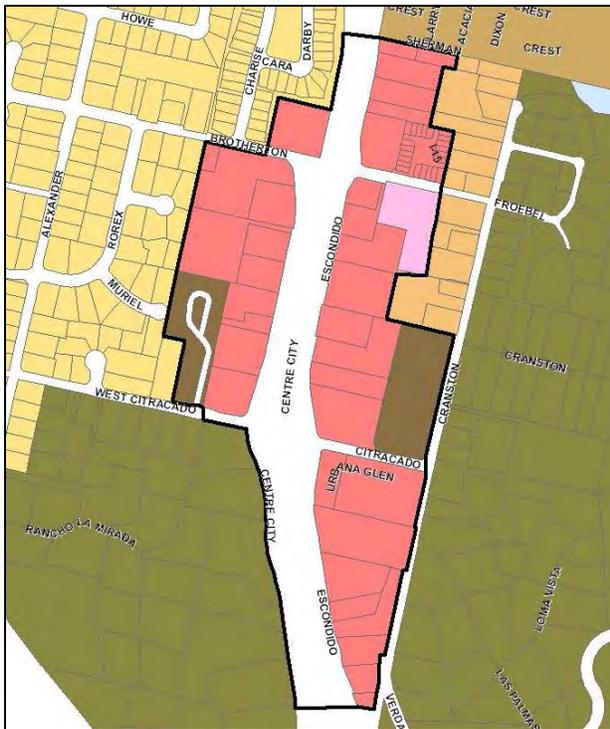
("Community Center"), given the potential for intensification of existing underutilized properties and for mixed-use opportunities on the east side of Centre City Parkway.

Recent projects in this area include the following:

Project/ Location	Type	Status
Jersey Mikes 1829 S. Centre City Pkwy	1,200 SF New Restaurant	Completed 11/1/11

Target Area 6 – Centre City Parkway/Brotherton Road

As part of the South Escondido Boulevard Commercial Area Plan, this Target Area includes 55 acres in the vicinity of Brotherton Road and Citracado Parkway on both sides of Centre City Parkway. Existing uses in the area include mid-range density mixed use, low intensity suburban shopping, general retail,



office, and small scale services. For future development, the Area Plan should be updated to incorporate smart growth principles, specifically focusing on the area’s strong connections to transit and pedestrian safety. In addition, the Area Plan should establish a mixed-used overlay zone to allow for increased densities and intensities in close proximity to transit and services. Finally, specific targeted sites include the 1.8-acre site on the southern side of Brotherton road, just east of Escondido Boulevard. This site should be targeted for a mini-storage units-type use, or some other use compatible with the adjacent residential properties.

Consistent with the City’s goal of incorporating smart growth principles, SANDAG has identified this area as a potential smart growth area ("Community Center"), given the potential for

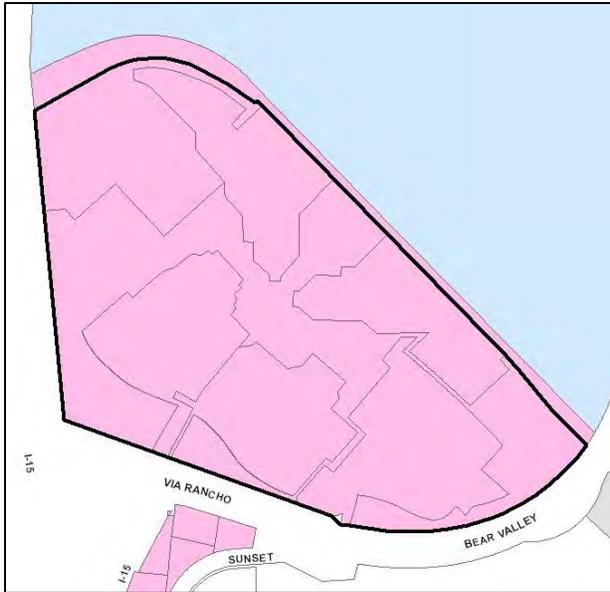
intensification of existing underutilized properties, future transit stations, and an Area Plan that allows for mixed-use development at relatively higher densities.

Pending projects in this area include the following:

Project/ Location	Type	Status
Mixed-use Townhouse Citracado Pkwy/S Escondido Blvd	10,000 SF fitness gym to occupy vacant commercial space	March 1

Target Area 7 – Westfield’s Regional Shopping Center

The Westfield North County mall occupies this 77-acre site at the I-15 and Via Rancho Parkway interchange.



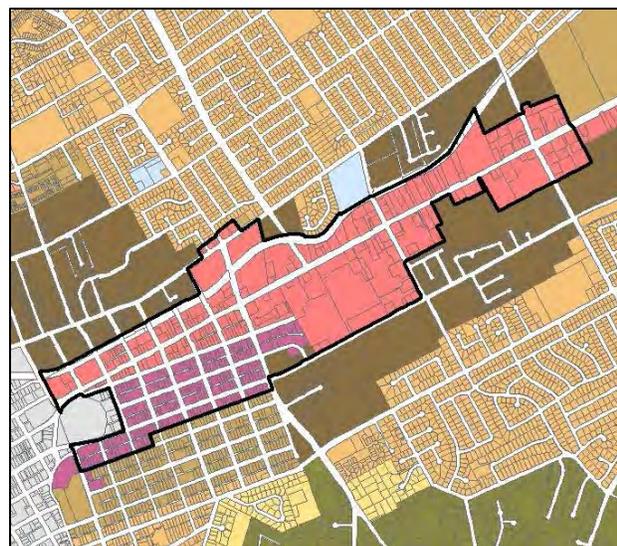
The City and Westfield recently reached an agreement, after five years of on-and-off negotiations, that requires Westfield to spend \$56 million in mall improvements in exchange for a 15-year lease extension with the City through 2053 (the site is owned by the City under a long-term lease contract to Westfield). With the certainty provided by the lease extension, Westfield is now planning on the following improvements: reoccupying the former Robinsons-May store with a three-story Target store, remodeling the food court, developing a new restaurant parcel on the mall’s east side, resurfacing all parking lots, building new bathrooms, developing children’s play area, converting the duck pond to new parking, in

addition to numerous other aesthetic upgrades¹¹.

In addition, this area will be targeted for other potential uses, such as office, theater, hotel, entertainment and other visitor serving uses. Along with these potential uses, the City will also promote transit access and connection for the site. Given the opportunity for opportunity for intensification of commercial and entertainment uses, along with integration of transit service for any future transit station, SANDAG has identified this area as a potential smart growth area (“Community Center”).

Target Area 8 – East Valley Parkway

As part of the East Valley Parkway Area Plan, this Target Area is located between Escondido Creek and Grand Avenue, between Palomar Hospital and Midway Drive. Land uses in the 331-acre area include low intensity general retail, office, restaurants, and small-scale service businesses. Future growth should incorporate smart growth principles as part of an updated Area Plan. In terms of specific uses, a mixed use overlay zone should be established between Palomar Hospital and Ash Street to allow for



¹¹ See “Escondido: Deal reached on Westfield mall renovations, lease extension”. North County Times, January 9, 2012.

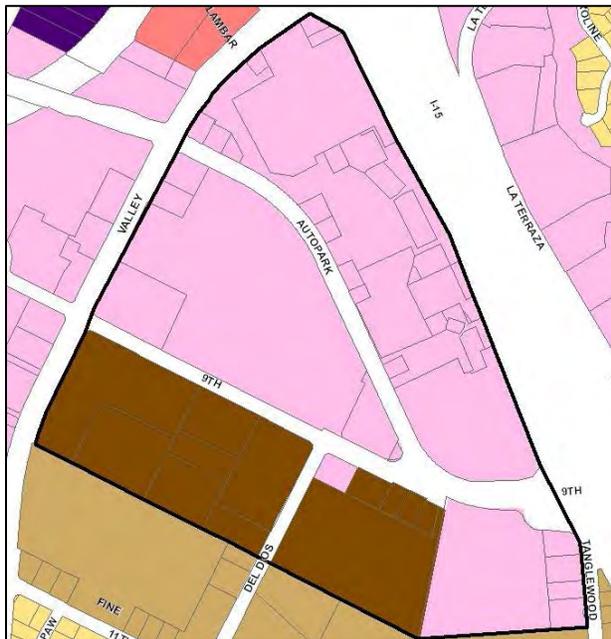
additional residential growth with increased building heights and intensities. Given this potential for intensification of land uses, SANDAG has identified this area as a potential smart growth area (“Mixed-Use Transit Corridor”). The area should also promote opportunities and incentives for attracting job training and technical vocational schools and educational institutions.

Recent projects in this area include the following:

Project/ Location	Type	Status
Escondido Charter K-8 School	11,000 SF new classroom construction	Completed 8/1/11

Target Area 9 – Promenade Retail Center and Vicinity

This Target Area includes 106 acres located near the I-15 at Auto Park Way and Valley Parkway. Major



uses include a retail shopping center with several anchor tenants and other in-line retailers, an auto dealership, a middle school, and apartments. The area includes the following Planned Commercial Areas:

- Promenade Shopping Center (Planned Commercial Area #7) – 32 acres west of I-15 at Via Rancho Parkway.
- Del Dios Middle School – (Planned Commercial Area #8) – 15 acres on the west side of Auto Park Way, north of Ninth Avenue.
- Escondido Auto Park – (Planned Commercial Area #9) – 85 acres on Auto Park Way, between Valley Parkway and Andreason Drive.

In terms of potential future uses, the Draft General Plan indicates the City should do following:

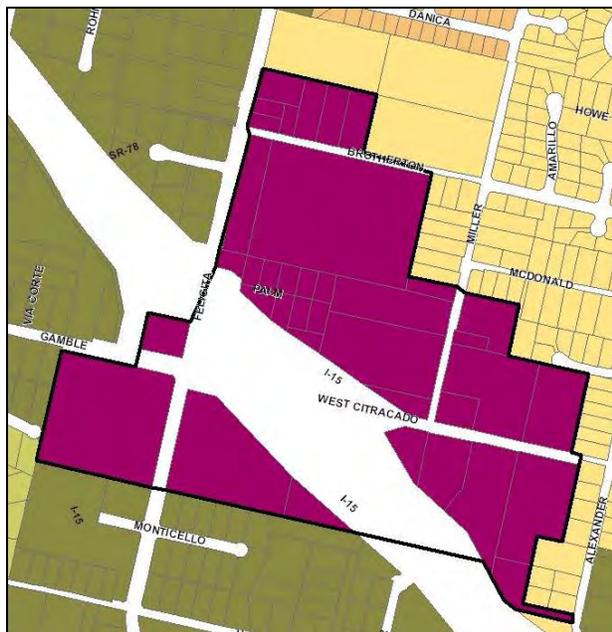
- Coordinate with the school district to coordinate any transition to retail use;
- Consider opportunities and incentives to increase employment densities and attract businesses, including offices, theaters, hotels, entertainment, and other visitor-serving uses; and
- Transition single-family residential uses to commercial uses (automobile sales and other compatible uses) through separate development applications.

Recent projects in this area include the following:

Project/ Location	Type	Status
Five Guys Burgers and Fries 1348 W. Valley Parkway	2,400 SF New restaurant	Completed 1/24/12
El Pollo Loco 1356 W. Valley Parkway	1,830 SF New restaurant	Completed 1/1/12
Ross Clothing Store 1260 Auto Park Way	30,200 SF interior tenant improvement relocation to vacant space	Completed 11/30/11
Appleby's Restaurant 1260 Auto Park Way	2,500 SF interior tenant improvement to bar and restaurant area	Completed 11/1/11
Dicks Sporting Goods 1260 Auto Park Way	43,800 SF interior tenant improvement relocation to vacant space	Completed 11/30/11
Mikes BBQ 1356 W. Valley Parkway	11,000 SF New Restaurant	Completed 7/1/11

Target Area 10 – Felicita Corporate Office

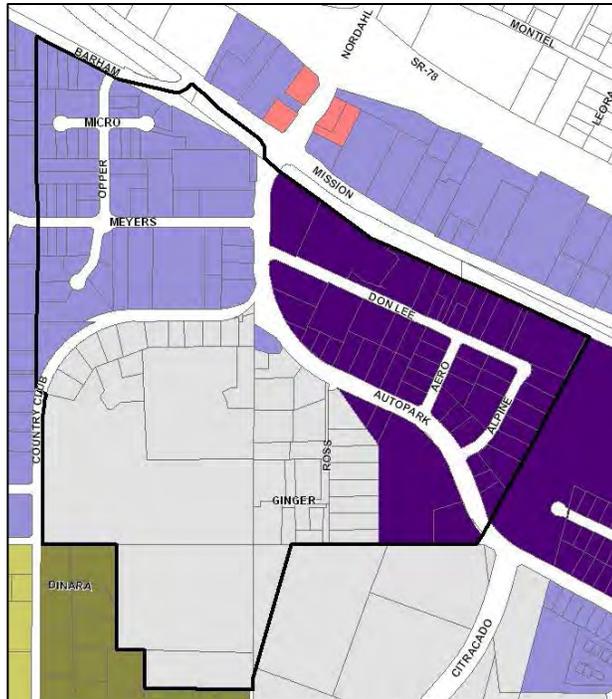
This 87-acre Target Area is located at the I-15 and Felicita Road. It is characterized by low intensity medical office, single family residential units, churches, and agriculture uses. Future land uses in the area should be consistent with Planned Office General Plan designation. In addition, increased building heights and intensities should be located in areas near the freeway, further away from existing lower density residential uses.



Target Area 11 – Nordahl Road Transit Station

This 170-acre Target Area is located on the western side of the planning area along Auto Park Way, south of Nordahl Road and Mission Avenue. The area is partially developed and partially overlaps with Specific Plan Area #8 (see above). In terms of future uses, the City should establish an Area Plan that incorporates flexible land uses adjacent to the transit station, and along Auto Park Way, to include

office, medical, convalescent, and support services. The area near the Nordahl Transit Station and Auto Park Way should be targeted for increased building heights and intensities, as it is further away from lower density residential areas. Along with future development opportunities, the City should focus on opportunities for passenger shuttle service between the Nordahl Transit Station and Palomar Hospital.



also

Other Planned Commercial Areas

Along with the Planned Commercial Areas mentioned above in the various City Target Areas, there are additional Planned Commercial Areas in the City that are suitable for a variety of commercial land uses. These are summarized below.

- Highway 78/Cloverdale Road (Planned Commercial Area #1) – 15 acres targeted for development for a neighborhood shopping center.
- Iris Lane/El Norte (Planned Commercial Area #2) – 23 acres targeted for a mixture of office, restaurant, and other retail.
- West Valley Parkway/Ninth Avenue (Planned Commercial Area #3) – 26 acres where traffic, circulation, and pedestrian patterns should be coordinated to promote walkability.
- La Terraza, Le Terraza Boulevard/West Valley Parkway (Planned Commercial Area #5) – 41 acres targeted for office, hotel (high quality, full-service), restaurant, and retail.
- Canterbury Place, south of Ninth Avenue (Planned Commercial Area #6) – 15 acres with development of low-rise office uses on the eastern and southern portions of the site. Potential retail development should be freeway oriented and integrated with office uses, rather than developed as single-tenant freestanding buildings.
- Escondido Auto Park, Auto Park Way between Valley Parkway and Andreason Drive (Planned Commercial Area #9) – 85 acres that should be built out with auto dealerships and other auto-related uses (west of Escondido Creek), along with a variety of commercial and office uses (on Valley Parkway frontage).
- Montiel Road, South side of Montiel Road, north of Highway 78 (Planned Commercial Area #11) – 15 acres that should be limited to light manufacturing and commercial establishments.

APPENDIX B. Profile of Local Workforce & Training Resources

MEMORANDUM			
TO:	Michelle Geller City of Escondido	DATE:	April 2, 2012
FROM:	Roger Dale, Managing Principal The Natelson Dale Group, Inc. (TNDG) Paul Hendershot Hendershot Economics	FILE:	#3980
SUBJECT:	Profile of Local Workforce & Training Resources		

This memorandum provides the “Profile of Local Workforce & Training Resources” work product for the Economic Development Master Plan process. The data provided in the following tables are from Economic Modeling Specialists, Inc. (EMSI) and the institutions’ respective websites¹.

Table 1, on pages 2 to 4, provides a summary matrix of the local workforce and training resources in the North County region of San Diego County. The matrix provides the institutions’ locations, summary descriptions of the institutions and programs offered, along with the number of degrees and certificates issued in 2010 by institution. In the interest of providing a comprehensive list of workforce and training resources, we have included some institutions for which certificate and/or degree data are not available. In some cases these schools do not provide academic certificates or degrees (e.g., America Truck Driving School); in others, the institutions are learning centers or satellite campuses that do not grant certificates/or degrees or do not break out the data separately from their main campuses (e.g., University of Phoenix - San Marcos Learning Center).

Table 2, on page 5, provides a summary of the number of degrees and certificates (by category) granted in 2010 by region, including Escondido, North County, and San Diego County. Along with the number of degrees, the table shows the number of certificates and degrees (by category) granted per 100,000 in population, providing a standardized comparative measure of the number of certificates/degrees granted in each region. The table generally shows that the City and the North County “underperform” relative to the County in terms of the number certificates/degrees granted. As shown in the table, there were 1,839 certificates/degrees granted per 100,000 in population in San Diego County, compared to 1,389 in the North County, and 44 in Escondido².

Along with Tables 1 and 2, the Institution Summary attachment provides a summary table of the number of degrees and certificates granted (by category) for each institution for the years 2003 to 2010.

¹ The EMSI data is taken directly from the national IPEDS database published by the U.S. Department of Education's National Center for Education Statistics.

² It should be emphasized that the number of certificates/degrees may be somewhat understated in the North County region. There are some satellite campuses (e.g., National University, California College-San Diego, and University of Phoenix) in the North County region where students may attend classes, but their certificates/degrees are accounted for at the institutions’ main campuses.

Table 1
Summary of Post-Secondary Institutions and Degrees/Certificates Granted, 2010
North County Region

Institution	Description	Degrees	Certificates	Total Completions
Cal State University San Marcos 333 S. Twin Oaks Valley Road. San Marcos 92096-0001	One of two CSU campuses in San Diego County. Opened in 1990. 2010 enrollment was 9,767. Offers degrees in more than 30 programs. The campus' three colleges - Arts and Sciences, Business Administration, and Education - offer undergraduate majors, master's-level graduate programs, and elementary and secondary teaching credentials that allow an emphasis on bilingual education.	1,996	0	1,996
Gemological Institute of America (GIA) 5345 Armada Drive Carlsbad 92008	Robert Mouawad Campus at GIA World Headquarters Educational programs for gemology - laboratory services, instruments, and research.	0	3,598	3,598
Golf Academy of America (GAA) 1950 Camino Vida Roble, Suite 125, Carlsbad 92008	GAA is the largest and oldest two-year golf college in the world. Provides education and training for careers in: Golf professionals and teaching professionals, Golf tournament organizers, Directors of operations and general managers, Golf manufacturing reps and product development specialists Offers an associate's degree in Golf Complex Operations and Management.	140	0	140
Healing Hands School of Holistic Health 125 W. Mission Ave Suite 212 Escondido 92025	Offers certified training programs in Massage Technician Training, Massage Therapist, and Holistic Health Practitioner. Additional classes include: Holistic Nutrition, Deep Tissue Manipulations, Zen Touch Shiatsu, Reflexology, Homeopathy, and Massage School.	0	34	34
Kaplan College-Vista 2022 University Drive Vista 92083	Private educational provider of offer various diploma and degree programs. Vista campus offers career-focused programs - including Allied Health, Criminal Justice, and Nursing - during the day and evening.	28	894	922
Mira Costa College One Barnard Drive Oceanside 92056	Second community college founded in San Diego County. Three campuses: Oceanside, San Elijo, and a Community Learning Center (noncredit courses) in Oceanside. Has one of the highest UC transfer rates of all community colleges in San Diego County.	528	513	1,041

Table 1
Summary of Post-Secondary Institutions and Degrees/Certificates Granted, 2010
North County Region

Institution	Description	Degrees	Certificates	Total Completions
Oceanside College of Beauty 1575 S. Coast Highway Oceanside 92054	Offers cosmetology training and cosmetology teacher training, in addition to nail technology and a "brush up" program.	0	73	73
Palomar College 1140 W. Mission Road San Marcos 92069	Public two-year community college that provides over 200 associate degree and certificate programs. In addition to the main campus, the college has five additional educational centers located at Camp Pendleton, Escondido, Fallbrook, Mt. Carmel, and Pauma.	1,734	1,204	2,938
Palomar Institute of Cosmetology 355 Via Vera Cruz, Suite 3 San Marcos 92078	Provides cosmetology schooling and clinic services. Offers programs in Cosmetology, Esthetics, Nail Technology, Master Stylist, Externship. Accredited by the National Accrediting Commission of Career Arts and Sciences.	0	145	145
Westminster Seminary California 1725 Bear Valley Parkway Escondido 92027	Only accredited Reformed seminary on the West Coast. Two primary programs of study: 1) Master of Divinity (3-year) - designed to prepare men for the ordained pastoral ministry, and 2) Master of Arts (2-year) - concentrations in biblical, theological, and historical-theological studies - for various kinds of service in Christ's kingdom.	30	0	30
America Truck Driving School 645 N. Escondido Blvd* Escondido, CA 92025	Truck driving school that offers every combination of license possible, including Class A, Class A w/ Passenger Endorsement, Class B, Class B w/ Passenger Endorsement, and all endorsements.			
California College San Diego - San Marcos Branch* 277 Rancheros Dr #200 San Marcos 92069	Satellite campus for main San Diego campus. Accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC) and offer programs in Business, Graphic Arts, Healthcare, and Information Technology. This location is a contemporary three-story structure consisting of six classrooms, a lab, four interview rooms and several administrative offices.			
Computer Education San Diego, Inc. (CESDTRAINING)* 2067 Wineridge Place, Suite E	Specializes in Cisco, CompTIA, Microsoft, and Linux training. We provide training to corporate clients, military & government agencies, and individuals requiring entry and advanced level			

Table 1
Summary of Post-Secondary Institutions and Degrees/Certificates Granted, 2010
North County Region

Institution	Description	Degrees	Certificates	Total Completions
Escondido 92029	certifications. Company is registered with the Bureau for Private Postsecondary Education and members with Microsoft. It is also an authorized Pearson VUE, Prometric, and Certiport testing center.			
Escondido Bible College 927 Idaho Ave* Escondido 92025	Provides interdenominational Bible education and ministry training and is affiliated with the Foursquare denomination. The college is a certified Foursquare Ministry Training Institute offering a Ministry Certificate as well as Associate of Biblical Studies and Bachelor of Theology Degrees.			
ITT - Learning Site* 440 South Melrose Drive, Suite 100 Vista 92081	Learning site for main San Diego campus - 14,434 square foot building includes classrooms, laboratories, and student break area. Main Campus in San Diego offers Associate and Bachelor degrees in 5 schools: School of Information Technology; School of Electronics Technology; School of Drafting and Design; School of Business; School of Criminal Justice.			
National University - Carlsbad Campus* 705 Palomar Airport Road, Suite 150 Carlsbad 92011	Satellite campus that offers 22 certificate and degree programs from the following schools: School of Business and Management, School of Education, School of Engineering, Technology and Media, and College of Letters and Sciences.			
University of Phoenix - San Marcos Learning Center* 300 Rancheros Dr San Marcos 92069	Learning Center Campus of nation's largest private university. This site offers Bachelor of Science degrees in Information Technology (IT) in five concentrations: Advanced Networking, Business Systems Analysis, Information Management, Information Systems Security, and Software Engineering.			

Note: *Certificates and/or Degrees not granted or data not available.

Source: Economic Modeling Specialists, Inc. (EMSI); Institution Websites.

Table 2
Number of Post-Secondary Completions by Region, 2010
Certificates and Degrees

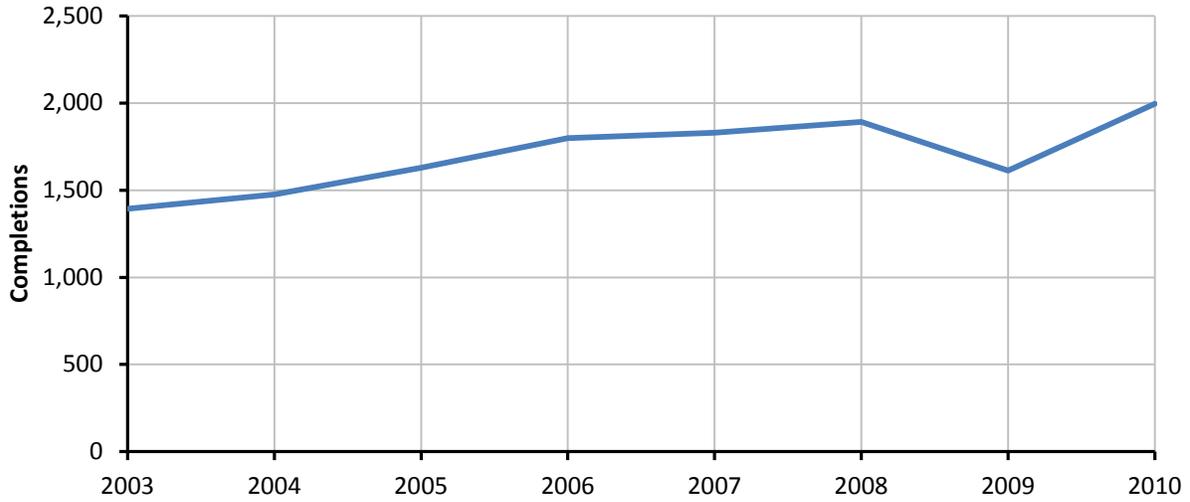
Area	Certificate 0 - 4 years	Postbacc- alaureate certificate	Post- masters certificate	Associates degree	Bachelors degree	Masters degree	Doctors degree	Total Completions
Escondido	34	0	0	0	0	30	0	64
North County	6,461	0	0	2,430	1,845	181	0	10,917
San Diego County	13,216	4,123	266	8,965	19,649	8,658	2,031	56,908
<u>Certificates/Degrees per 100,000 population</u>								
Escondido	24	0	0	0	0	21	0	44
North County	822	0	0	309	235	23	0	1,389
San Diego County	427	133	9	290	635	280	66	1,839

Source: Economic Modeling Specialists, Inc. (EMSI); U.S. Census Bureau; TNDG.

ATTACHMENT

**SUMMARY OF INSITUTIONS IN NORTH COUNTY
DEGREES/CERTIFICATES GRANTED: 2003-2010**

California State University San Marcos | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	0	0	0	0	0	0	0	0
Award of at least 1 but less than 2 academic years	0	0	0	0	0	0	0	0
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	0	0	0	0	0	0	0	0
Bachelors degree	1,215	1,358	1,482	1,556	1,631	1,667	1,501	1,845
Masters degree	179	117	147	242	198	225	112	151
Doctors degree	0	0	0	0	0	0	0	0

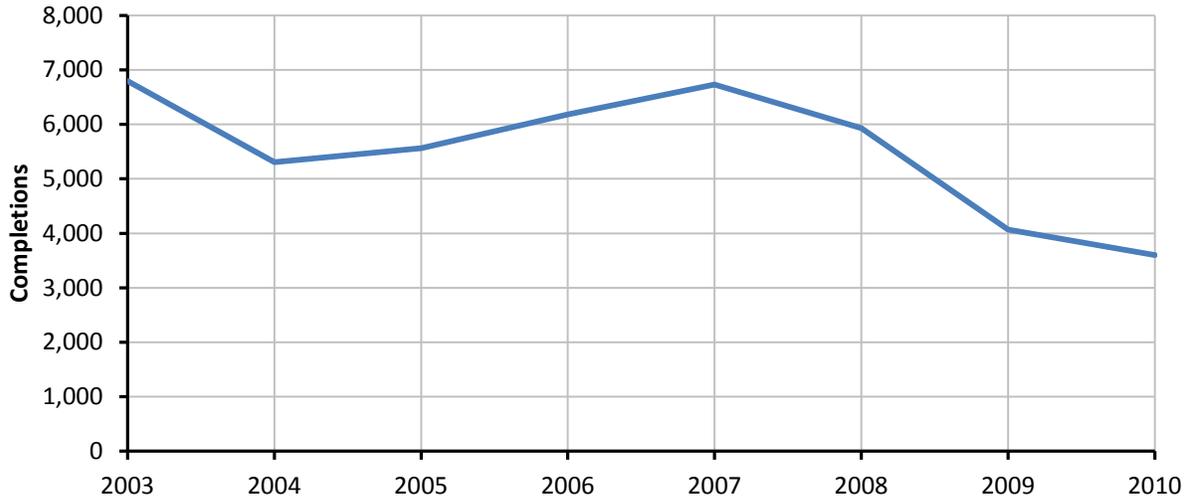
Institution Info

Address: 333 S Twin Oaks Valley Rd, CA 92096-0001

Website: www.csusm.edu

Phone: 760-750-4000

Gemological Institute of America | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	6,749	5,234	5,502	6,120	6,682	5,899	4,065	3,598
Award of at least 1 but less than 2 academic years	29	39	41	45	41	28	3	0
Award of at least 2 but less than 4 academic years	17	31	22	18	7	1	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	0	0	0	0	0	0	0	0
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

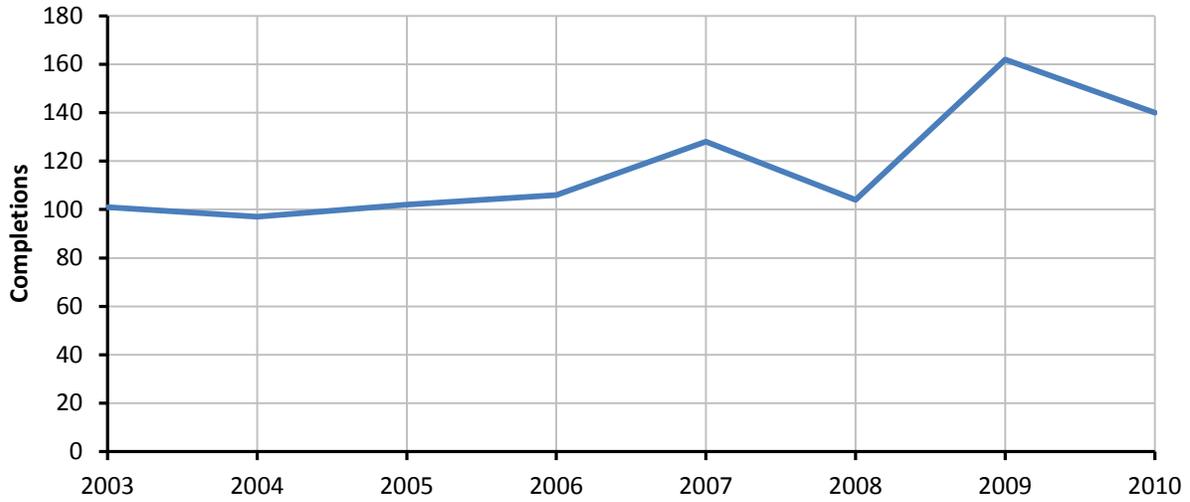
Institution Info

Address:5345 Armada Dr, CA 92008

Website:www.gia.edu

Phone:760-603-4000

Golf Academy of America | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	0	0	0	0	0	0	0	0
Award of at least 1 but less than 2 academic years	0	0	0	0	0	0	0	0
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	101	97	102	106	128	104	162	140
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

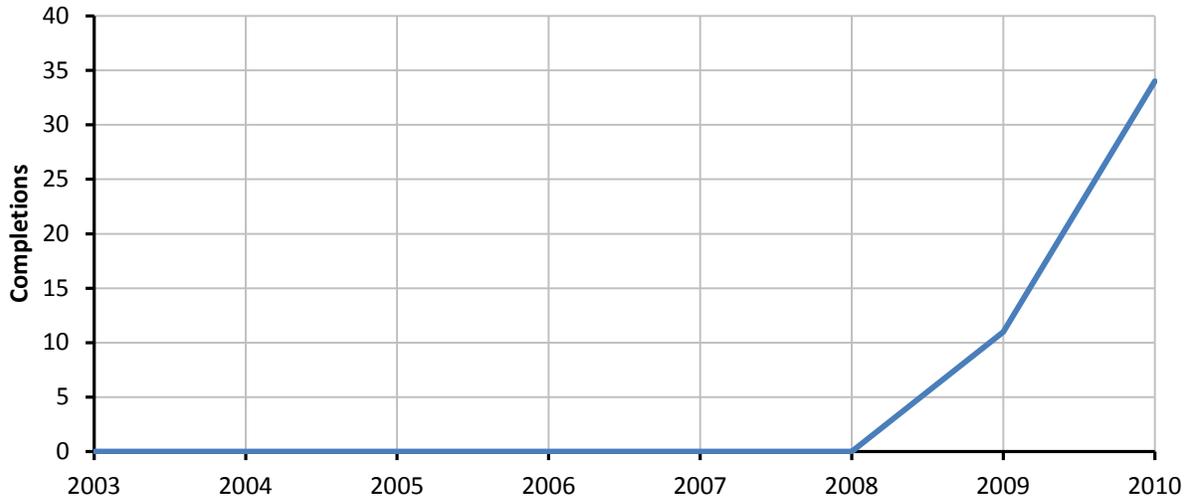
Institution Info

Address:1950 Camino Vida Roble, Ste. 125, CA 92008

Website:www.golfacademy.edu

Phone:800-342-7342

Healing Hands School of Holistic Health | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	0	0	0	0	0	0	0	0
Award of at least 1 but less than 2 academic years	0	0	0	0	0	0	11	34
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	0	0	0	0	0	0	0	0
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

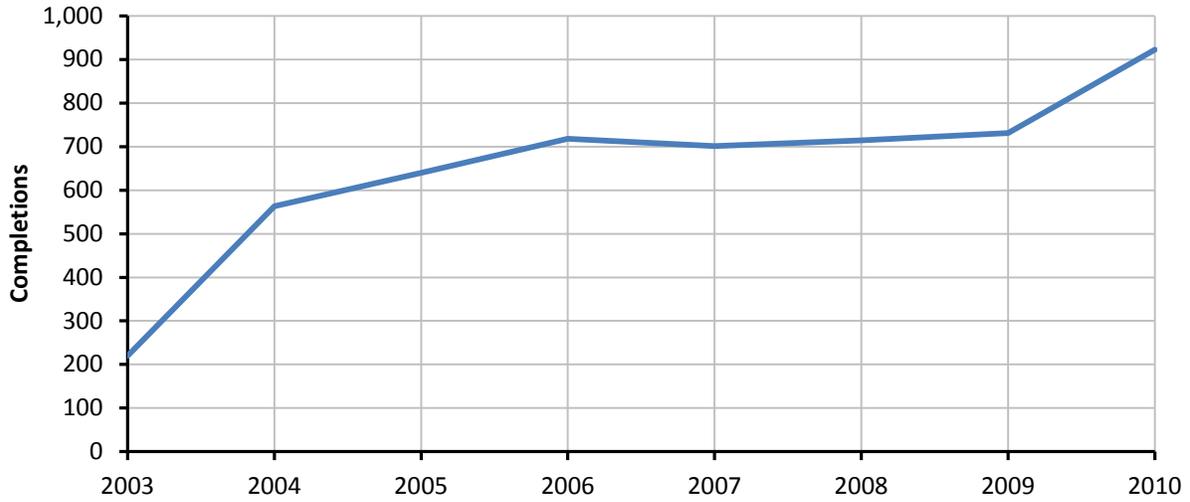
Institution Info

Address:125 W Mission Ave Ste 212, CA 92025

Website:www.healinghandsschool.com

Phone:760-746-9364

Kaplan College-Vista | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	129	424	612	589	430	433	504	747
Award of at least 1 but less than 2 academic years	86	108	4	90	216	245	131	147
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	78	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	5	31	24	39	55	36	18	28
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

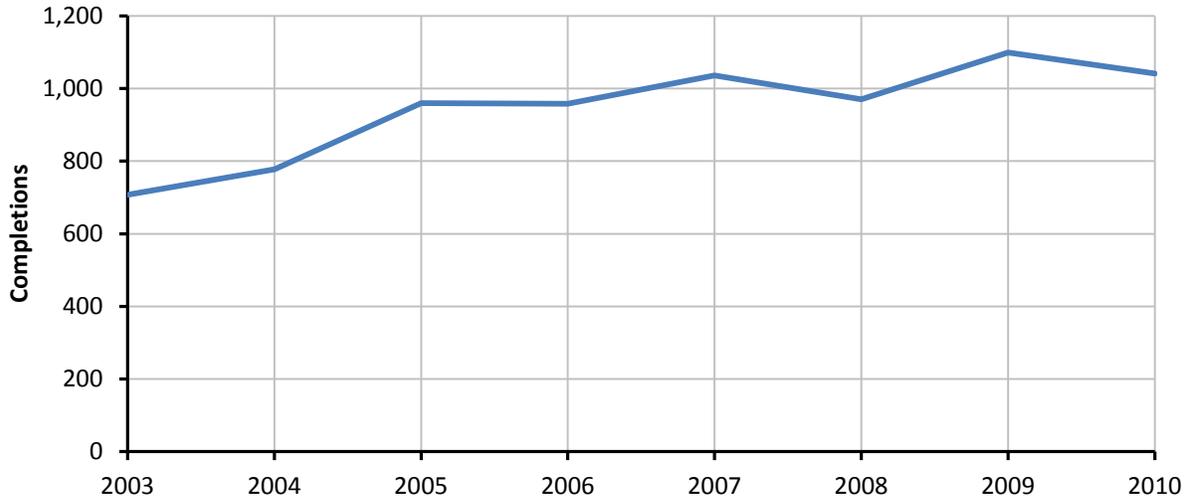
Institution Info

Address: 2022 University Dr, CA 92083-7736

Web: getinfo.kaplancollege.com/KaplanCollegePortal/KaplanCollegeCampuses/California/SanDiegoNorthCounty/

Phone: 760-630-1555

MiraCosta College | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	316	316	402	401	402	365	407	324
Award of at least 1 but less than 2 academic years	43	59	71	110	112	129	207	189
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	348	402	487	447	522	476	485	528
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

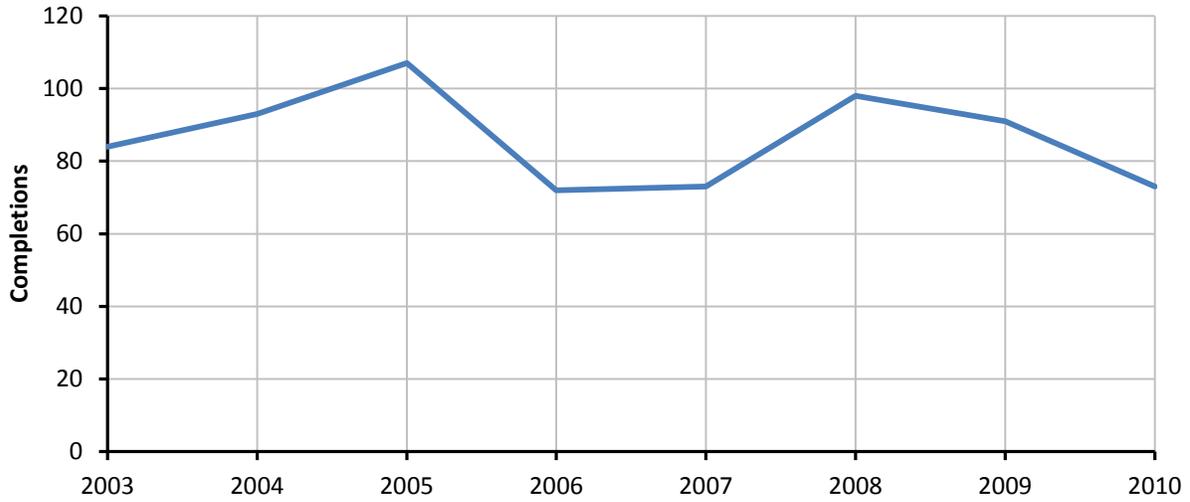
Institution Info

Address: One Barnard Drive, CA 92056-3899

Website: www.miracosta.edu

Phone: 760-757-2121

Oceanside College of Beauty | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	0	0	0	0	0	0	0	0
Award of at least 1 but less than 2 academic years	84	93	107	72	73	98	91	73
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	0	0	0	0	0	0	0	0
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

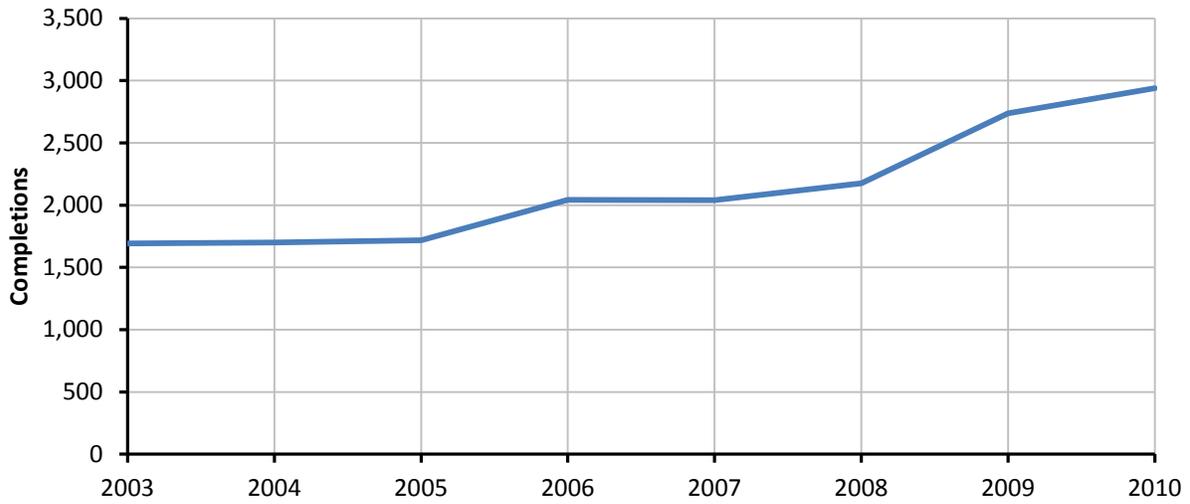
Institution Info

Address:1575 S Coast Hwy, CA 92054-5356

Website:ocb.edu

Phone:760-757-6161215

Palomar College | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	275	249	246	284	246	266	274	260
Award of at least 1 but less than 2 academic years	273	260	290	456	426	421	853	944
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	1,145	1,191	1,183	1,302	1,369	1,488	1,611	1,734
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

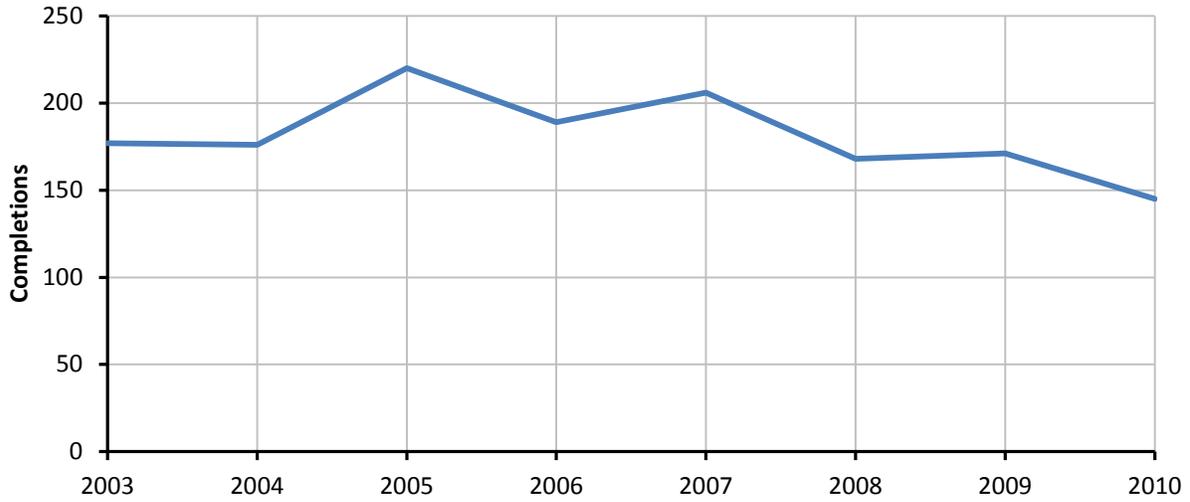
Institution Info

Address:1140 W. Mission, CA 92069-1487

Website:WWW.PALOMAR.EDU

Phone:760-744-1150

Palomar Institute of Cosmetology | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	110	108	130	115	90	92	87	60
Award of at least 1 but less than 2 academic years	67	68	90	74	116	76	84	85
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	0	0	0	0	0	0	0	0
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	0	0	0	0	0	0	0	0
Doctors degree	0	0	0	0	0	0	0	0

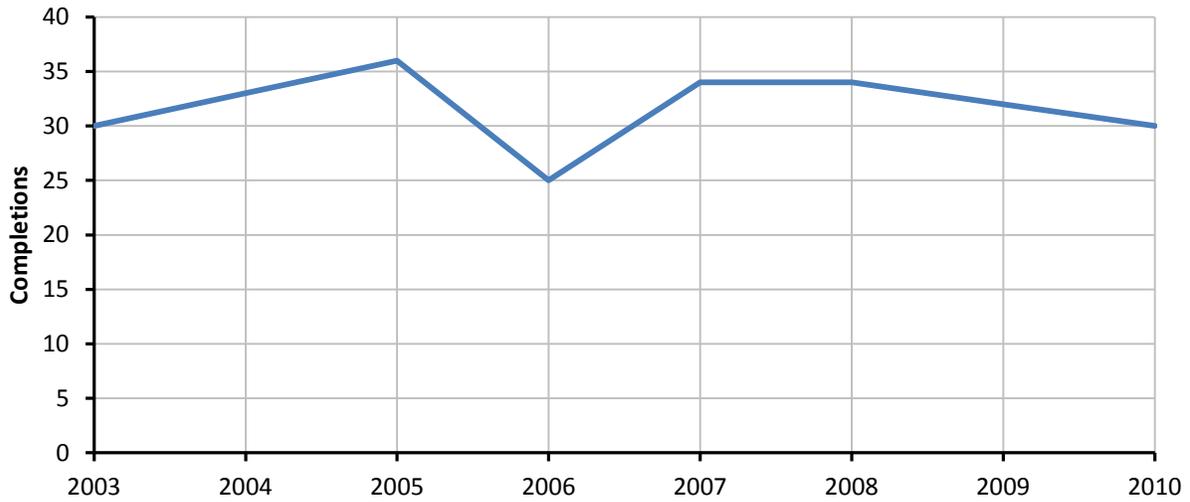
Institution Info

Address:355 Via Vera Cruz Ste 3, CA 92078

Website:www.pic.edu

Phone:760-744-7900115

Westminster Theological Seminary in California | Completions



Award Level	2003	2004	2005	2006	2007	2008	2009	2010
Award of less than 1 academic year	0	0	0	0	0	0	0	0
Award of at least 1 but less than 2 academic years	0	0	0	0	0	0	0	0
Award of at least 2 but less than 4 academic years	0	0	0	0	0	0	0	0
Postbaccalaureate certificate	0	0	0	0	0	0	0	0
Post-masters certificate	0	0	0	0	0	0	0	0
Associates degree	0	0	0	0	0	0	0	0
Bachelors degree	0	0	0	0	0	0	0	0
Masters degree	11	7	12	11	12	34	32	30
Doctors degree	19	26	24	14	22	0	0	0

Institution Info

Address: 1725 Bear Valley Pky, CA 92027

Website: www.wscal.edu

Phone: 760-480-8474

APPENDIX C. Escondido Competitive Assessment Report



ESCONDIDO COMPETITIVE ASSESSMENT

Submitted to: City of Escondido

Rev. June 19, 2012



THE NATELSON DALE GROUP INC

ESCONDIDO COMPETITIVE ASSESSMENT

WRITTEN BY:



THE NATELSON DALE GROUP INC

24835 La Palma Avenue, Suite I

Yorba Linda, California 92887

O: 714.692.9596 F: 714.692.6597

E: info@natelsondale.com

W: www.natelsondale.com

June 19, 2012

CONTENTS

EXECUTIVE SUMMARY	1
COMPARISONS OF ESCONDIDO WITH CLOSE-BY COMMUNITIES.....	2
LOCAL COMPETITIVE COMMUNITIES _____	2
PAST TRENDS AS COMPETITIVE INDICATORS _____	2
CURRENT DEVELOPMENT STATUS FOR EMPLOYMENT USES, AND ECONOMIC BASE _____	3
IMPLICATIONS OF GROWTH PLANS, CAPACITY FOR GROWTH, AND HOUSING MARKET STRESS _____	3
SELECTED QUALITY OF LIFE INDICATORS _____	4
HOW LOCAL POLICIES AND PRACTICES COMPARE _____	5
THE SPECIAL ISSUE OF REGULATORY RELIEF: ANAHEIM AND SAN DIEGO _____	6
COMPARISONS OF SAN DIEGO COUNTY AND CALIFORNIA WITH OTHER COUNTIES AND STATES.....	7
COUNTY/METRO-AREA COMPARISONS _____	7
STATE COMPARISONS _____	7
A. INTRODUCTION	9
B. COMPARISONS OF ESCONDIDO WITH CLOSE-BY COMMUNITIES	10
B.1. LOCAL COMPETITIVE COMMUNITIES	10
B.2. PAST TRENDS AS COMPETITIVE INDICATORS	11
B.2.1. POPULATION GROWTH _____	11
B.2.2. EMPLOYMENT GROWTH _____	11
B.2.3. RESIDENTIAL BUILDING PERMITS _____	12
B.3. CURRENT DEVELOPMENT STATUS FOR EMPLOYMENT USES, AND ECONOMIC BASE.....	12
B.3.1. OFFICE AND INDUSTRY SPACE DATA _____	12
B.3.2. MAJOR REGIONAL EMPLOYERS _____	13
B.3.3. EMPLOYMENT BY PLACE OF WORK AND PLACE OF RESIDENCE FOR SELECTED INDUSTRIES _____	16
B.3.4. RETAIL SALES _____	17
B.4. IMPLICATIONS OF GROWTH PLANS, CAPACITY FOR GROWTH, AND HOUSING MARKET STRESS.....	18
B.4.1. CAPACITY FOR GROWTH & VACANT LAND ANALYSIS _____	18
B.4.2. HOUSING MARKET STRESS _____	24
B.5. SELECTED QUALITY OF LIFE INDICATORS.....	26
B.5.1. KEY DEMOGRAPHIC INDICATORS _____	26
B.5.2. HOME PRICES _____	26
B.6. HOW LOCAL POLICIES AND PRACTICES COMPARE	27
B.6.1. COMPETITIVE FACTORS SUCH AS TAXES, ETC. _____	27
B.6.2. ECONOMIC DEVELOPMENT PLANS, GOALS, STRATEGIES AND MARKETING APPROACHES _____	32
B.7. THE SPECIAL ISSUE OF REGULATORY RELIEF: ANAHEIM AND SAN DIEGO	37
B.7.1. ANAHEIM _____	37

B.7.2. SAN DIEGO	38
------------------------	----

C. COMPARISONS OF SAN DIEGO COUNTY AND CALIFORNIA WITH OTHER COUNTIES AND STATES **39**

C.1. COUNTY/METRO-AREA COMPARISONS.....	39
C.1.1. RATINGS	39
C.1.2. EMPLOYMENT ACTIVITY	39
C.2. STATE COMPARISONS	40
C.2.1. STATE COMPARISON METHODOLOGY	40
C.2.2. JOB CREATION AND DESTRUCTION	41

APPENDIX A. CITIES' VARIATIONS IN TAXABLE SALES BY CATEGORY (SEE SECTION B.3.4) **44**

LIST OF TABLES & FIGURES

FIGURES

Figure B-1. SANDAG Major Employers by 2-Digit NAICS	14
Figure B-2. SANDAG Major Employers by Total Employment	15
Figure B-3. Employment by Place of Work and Place of Residence, 2008	16
Figure B-4. Per Capita Retail Sales by Community, Annual for Latest 4 Qtrs. Ending in 3rd Qtr 2010.....	17
Figure B-5. Vacant Land Acreage, Commercial	20
Figure B-6. Vacant Land Acreage, Industrial	21
Figure B-7. Vacant Land Acreage, Mixed-use	22
Figure B-8. Vacant Land Acreage, Shopping Center	23
Figure C-1. Job Creation Rates, 2006 and 2009	43
Figure C-2. Job Destruction Rates, 2006 and 2009	43

TABLES

Table B-1. Population Change, 2000-2010.....	11
Table B-2. Building Permits by Type, 2010	12
Table B-3. Office and Industrial Market Overview	13
Table B-4. Foreclosure Activity by ZIP Code as of End of December 2011	25
Table B-5. Demographic Indicators, 2010.....	26
Table B-6. Home Median Sales Prices and Affordability by ZIP code, December 2011.....	27
Table B-7. Competitive Factors Matrix	30
Table B-8. Competitive Factors Matrix (cont.).....	31
Table B-9. Economic Development Entities, Plans, Strategies, Incentives and Marketing	35
Table B-10. Economic Development Entities, Plans, Strategies, Incentives and Marketing (cont.).....	36
Table C-1. County Workforce Indicators, 2010.....	40

ESCONDIDO COMPETITIVE ASSESSMENT

Executive Summary

This assessment examines a number of competitive influences, including growth trends and capacity for growth, general recessionary influences, the developed base and economic base of communities, local governmental policies and practices, economic development plans, marketing, etc., and the special issue of Regulatory Relief with examples or potential models from other southern California cities. The assessment has two primary geographic components:

1. Comparisons of Escondido with a set of relatively close-by communities, and
2. For certain broader measures of competitiveness, comparisons of San Diego County (or the metro area) with other California counties (or metros), and California compared to other states.

In general, Escondido compares favorably in terms of the following variables considered in this analysis:

- a) Amount of developed office and industrial space and presence of major employers, when paired with Rancho Bernardo (as explained further below);
- b) Overall balance of jobs and housing (although this balance does not carry through all employment sectors, which is typical for all the competitive communities), and in being adjacent to the job-surplus community of Rancho Bernardo ;
- c) Per capita retail sales, which are important in terms of the City's tax base and also indicative of potential to increase other visitor-oriented economic activity;
- d) Having current economic development plans, with the recently updated General Plan (currently in draft form, with related land use changes subject to voter approval) and the current completion of an Economic Development Master Plan;
- e) Housing market stress, which is lower in Escondido compared to several of the competitive communities;
- f) Housing affordability;
- g) Development impact fees;
- h) Transportation facilities; and
- i) Business development incentives.

The City's interest in Expedited Development Processing policies could put it ahead of some communities and at least in line with others such as Temecula/Murrieta. This issue will be addressed in greater detail in subsequent steps of the Economic Development Master Plan process.

Escondido's competitive challenges include:

- a) A modest growth rate for population;
- b) Substantial recessionary job losses;
- c) Demographic conditions that could tend to increase municipal service costs; and
- d) Relatively low levels of education and household income.

Comparisons of Escondido with Close-By Communities

Local Competitive Communities

The North San Diego County cities together make up an urban area that has the potential to become increasingly autonomous. The companion communities of Temecula and Murrieta in Riverside County constitute another urban node subject to similar influences as the North County cities, but distinct from that group.

The set of local competitive communities includes:

- Carlsbad
- Oceanside
- San Marcos
- Vista
- Rancho Bernardo – included as a sub-area for some data elements, mainly due to the community’s function as an employment center and its immediate proximity to Escondido
- Temecula and Murrieta

Information for San Diego County is included for comparison purposes in some data elements. Data availability varies among these communities. For some data variables considered in the assessment, data are unavailable for certain communities and/or time periods. However, when considered in the context of the whole study, the available data are sufficient to provide an accurate overall picture of Escondido’s relative competitive position among the comparison communities.

Past Trends as Competitive Indicators

During the period of 2000-2010, Temecula-Murrieta experienced the highest percentage change in population, followed by San Marcos and Carlsbad. Escondido, Oceanside and Vista each experienced population growth rates of less than 10%. As of 2010, Temecula-Murrieta represented nearly 24% of the Study Area population, followed by Oceanside (19.5%) and Escondido (16.8%).

Information in The Natelson Dale Group’s (TNDG’s) *Escondido CEDS - Market Overview* report shows that employment in North County cities grew, 2002-2007, for all industries combined, at roughly twice the rate of Escondido. For the 2007 to 2009 period, when job losses occurred in both San Diego County and the state, the rate of employment losses in Escondido was almost double that of North County. The 2007-2009 high loss rate for Escondido was largely due to high pre-recession levels of employment in the city in Retail and Construction, both sectors that were hard-hit by the recession.

Executive Summary

In 2010, Temecula and Carlsbad were the clear leaders in residential building permit activity for this “recovery period” year, and therefore have the current edge on the region for this competitive indicator.

Current Development Status for Employment Uses, and Economic Base

A review of real estate conditions in employment-type facilities for the competitive cities shows that in comparison to the other communities, Escondido has low vacancy rates in Industrial space, and high vacancy in Office. Escondido's inventory of industrial space is relatively small compared to the other communities, but when combined with Rancho Bernardo, the two communities together have nearly as much space as Temecula, which has the most space of any one community. Similarly, Escondido and Rancho Bernardo together have a substantial base of office space compared to the other communities (for which data were available). Carlsbad and Rancho Bernardo have the highest number of major employers, a majority of which are manufacturing operations. The only major employer within Escondido, as identified by a SANDAG database, is in the Health care industry¹.

For four sectors that are typically export-oriented and/or high-value industries, the only competitive communities where the employment by *place of residence* is outnumbered by the *place of work* figures are Oceanside, Rancho Bernardo and Temecula. These cities clearly have a surplus of jobs, and consequently an overall inflow of residents from other communities for employment purposes. Within Escondido, the place of work and place of residence employment figures are mostly equivalent, but we know from data in TNDG's *Escondido CEDS - Market Overview* report that there is much cross-commuting into and out of the city (and other competitive cities as well).

Per Capita Retail Sales figures for the competitive communities show a broad variation of retail sector strength among them. Carlsbad's figure is roughly double that of Oceanside, with the lowest per capita level. Escondido has the second-highest per capita sales figures, although this competitive advantage has been diminishing.

Implications of growth plans, capacity for growth, and Housing Market Stress

A database provided by SANDAG shows that Escondido and Oceanside have the greatest amount of commercially-designated land available among the competitive communities. Carlsbad, Oceanside and San Marcos have the highest amount of vacant industrial land. According to this database (which does not reflect Escondido's draft General Plan update), Escondido and San Marcos currently each have less than 100 acres of industrial land available. The Escondido General Plan update (currently in draft form and subject to voter approval) calls for significant increases in the city's employment land base in several new areas, and for encouraging revitalization of employment and activity opportunities in five areas

¹ The referenced SANDAG database is intended to identify “major” employer-industries in the context of the overall San Diego County economy. The Target Industry/Cluster Analysis completed for the Escondido CEDS process provides an in-depth review of Escondido industries that are significant within the North County region.

Executive Summary

currently designated for commercial or industrial use. As is described in greater detail in section B.4.1 of this report, the potential adoption of the General Plan (subject to voter approval of proposed land use changes) will add 280 acres to the available supply of industrial land in Escondido.

In recent years, home foreclosure activity has been significant enough across the US to constitute an indicator of distress in local markets. One measure of distress is to compare the percent of foreclosure activity in each community with that community's percent of *households*. Escondido's percentage of foreclosure activity is only slightly higher than its percentage of households. Carlsbad and Oceanside have the lowest levels of foreclosure stress, proportionately; that is, their percentage of foreclosure activity is lower than their percentage of households, by the highest margin among the group of cities. According to a different source, recent foreclosure activity in both Temecula and Murrieta was at a similar level to Escondido; while Temecula and Murrieta each (the two are similarly sized) have only about 70 percent of the number of households in Escondido. By this measure, Temecula and Murrieta would both have considerably more housing-market distress than Escondido.

Selected Quality of Life Indicators

Elderly residents tend to have lower incomes than the working population, and use public services to a greater degree. Escondido has the highest percentage of residents over the age of 65, and the second highest percentage of Hispanic/Latino residents, both of which are greater than the County figures. Carlsbad and Temecula have the highest percentage of residents with a bachelor's degree or higher. Escondido ranks next-to-last in this measure. Carlsbad, Murrieta, Oceanside and Temecula each have greater median household income when compared to San Diego County. Escondido has the lowest median household income of the competitive cities.

A comparison of median home sale prices and affordability indexes for the six San Diego County communities for which detailed data were available shows that Escondido ZIP code 92027 has the highest affordability percentage for single family detached (SFD), and ZIP 92026 the highest percentage for single family attached (SFA) homes. Oceanside and Vista are the most comparable cities to Escondido in affordability. Prices for SFD homes are similar for the three communities, while SFA homes are generally lower in Escondido ZIP codes than the other two cities. Information in TNDG's *Escondido CEDS - Market Overview* report shows that Temecula's median sales prices are only slightly above Escondido's for December 2011, and Murrieta's are 18 percent below Escondido's and the lowest of the competitive group. Median household incomes in Temecula and Murrieta are 1.6 times incomes in Escondido, which would imply that affordability percentages in those two cities should be considerably higher than Escondido figures.

How Local Policies and Practices Compare

Business Taxes. Escondido is, generally speaking, situated roughly in the middle of the competitive communities among the various tax categories. The communities of Carlsbad, Oceanside and Vista have higher rates for all of the business tax categories.

Development Impact and Exaction Fees. Escondido, Carlsbad and Vista have the fewest number (3) of identified development impact and exaction fees.

Special Zones. Collectively, the group of competitive cities has a variety of specially designated areas, and they all share membership in the San Diego Innovation Hub (iHub) and the state-sponsored North San Diego County Recycling Market Development Zone (RMDZ).

Transportation. Temecula and Murrieta have no rail transit service and are further away from a major airport than the other cities. Escondido has a unique rapid-bus system (BREEZE Rapid) and also has the eastern-most station of the North County Transit District's SPRINTER light rail train system (this 22-mile long rail system runs east-west along the Highway 78 corridor between Escondido and Oceanside, serving 15 stations).

Economic Development Documents. Of the competitive communities, most have a variety of economic development-related documents and plans, which include economic development strategic plans, redevelopment area plans, general plans and, in some cases, specific economic development components within the general plans. For the most part the documents were relatively up-to-date. The Escondido General Plan is currently in the process of being updated and a draft version is available online. The overall vision embodied in this plan update is for Escondido to be "the vibrant and dynamic cultural, economic, and recreational hub of inland North San Diego County," and making Escondido the "economic hub" of inland San Diego North County. The draft updated Plan has additional economic development provisions, and the Economic Development Master Plan, currently in progress, will add to Escondido's strategic direction.

Expedited Development Processing. Based on searches of the competitive cities' websites, Temecula and Murrieta each use a Fast Track program to expedite development processing.

Economic Development Marketing Components. Several of the communities included a plethora of marketing-type materials showcasing a number of the communities' attributes, which included information related to:

- General community profiles and demographics (education, etc.)
- Business climate, industry clusters and top employers
- Small business resources

Executive Summary

Murrieta currently offers the most in-depth resources, which include a number of economic development marketing brochures and industry and office development opportunities, among others. A comprehensive marketing-materials package for Escondido has recently been made available through the City's website.

Economic Incentives. Escondido, Murrieta and Vista appear to have provided, or would be willing to consider providing, a greater number incentive types when compared to the other competitive communities.

The Special Issue of Regulatory Relief: Anaheim and San Diego

Regulatory relief measures can be extremely effective at improving a city's actual and/or perceived levels of "business friendliness" and are therefore common components of economic development strategic plans. As part of the background research that will inform the strategy formulation process for Escondido's Economic Development Master Plan, this report summarizes key features of recent regulatory relief initiatives undertaken by the cities of Anaheim and San Diego. Relevant elements of these cities' programs can potentially serve as models for Escondido.

The Anaheim Regulatory Relief Task Force made recommendations in 17 categories, addressing both conceptual and specific issues. For example, Recommendation 1: *Expand economic freedom in Anaheim by taking on the role as advocate for the business applicant in their efforts to build and expand*, is intended to set the tone for the City's overall relationship to the business community. A related recommendation put forth the position that *minimum* code requirements should be the *maximum* requirements. The authors also saw that these business-advocacy principles, once institutionalized, should be marketed by the city as an economic development attribute.

Specific recommendations by the Task Force included the following:

- Expedite the permitting process for conditional use permits and building permits, including holding the relevant departments monetarily responsible for completing processing tasks when promised.
- Reduce the land-use categories for which conditional use permits are required. The Task Force identified 70 categories for elimination.
- Review all impact fees for amounts, development nexus, and uniformity across the City.

In late 2011 the San Diego City Council held a "Business Regulatory Relief Workshop" to address issues of possible inconsistent, redundant, or outdated regulations. The output of this workshop records 58 suggestions made at the workshop by organizations and individuals in attendance. The range of comments and suggestions was similar in spirit and content to the Anaheim report. That is, attendees put forth both conceptual and specific policy recommendations. Several suggestions reflected the themes of increased business and development advocacy, accountability of regulatory bodies, and regulatory review that also appeared in the Anaheim document.

Comparisons of San Diego County and California with Other Counties and States

Although the comparisons with the other North County cities are of primary interest (since they address competitive issues for which it is most practical for Escondido to directly improve its competitive position via proactive economic development policies), competitive comparisons at the county and state levels are also useful for an economic development strategic planning process. While the City has no direct control over the issues affecting county and state competitive rankings, selected comparisons are provided in this report as part of the overall research base for the Economic Development Master Plan. These comparisons are valuable in understanding the “default” perceptions that industry prospects may have about Escondido by virtue of its location with San Diego County and California. This understanding can, in turn, assist Escondido in effectively positioning its marketing message to its industry targets.

County/Metro-Area Comparisons

The publication, *State and Metro Rankings*, produced by Business Facilities, provides nationwide top-10 rankings for a number of metro-area attributes including job growth, suitability for various industry sectors, cost of living, and economic growth potential. The San Diego metro area (San Diego County) appears on the following top-10 lists (along with other California metro areas as noted):

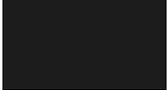
- Job Growth Leaders (large metros), behind San Jose
- Manufacturing Cities, behind Los Angeles

A review of recent employment-activity data for a set of the larger California counties, or those associated with major metropolitan areas, indicates that San Diego County has high levels of Net Job Flows – the highest of any of the counties in comparison to their Total Employment – which is an indicator of the presence of growing firms. The County's Turnover rate is relatively high. Average monthly earnings are similar to the California average.

State Comparisons

The Business Facilities *State and Metro Rankings* publication provides top-10 state rankings for 16 different business and economic variables. Each variable is rated individually (i.e., the publication lists the top-10 states within each category, but does not provide an overall or composite ranking across the variables). The 16 variables are listed as follows (California's rank is included parenthetically following each category in which it was ranked in the top-10):

- Economic Growth Potential
- Best Business Climate
- Installed Wind Power Capacity Leaders (3)
- Installed Solar Power Capacity Leaders (1)
- Alternative Energy Industry Leaders (5)
- Biotechnology Strength (1)



Executive Summary

- Employment Leaders
- Workforce Training Leaders
- Best Business Tax Climate
- Quality of Life
- Lowest Cost of Labor
- Highest Average Wages
- Automotive Manufacturing Strength
- Best Transportation Infrastructure (4)
- Best Education Climate
- Workforce and Health Safety

Although California scores very well in several categories (and, on that basis, ranks in the top 10 states overall), the categories in which California is strong are not indicative of “business friendliness” across a wide range of industry activities (especially for industries seeking low-cost environments). Among California’s five “strong” categories, three relate specifically to renewable energy (Installed Wind Power Capacity Leader, Installed Solar Power Capacity Leader, and Alternative Energy Industry Leader); one relates specifically to biotechnology; and one relates to transportation infrastructure. While these five categories match well to anticipated growth/priority industries nationally (thereby providing some justification for interpreting California’s composite rankings in a positive light), it still needs to be acknowledged that in categories representing more traditional measures of competitiveness (e.g., business climate, business tax climate, education climate, cost of labor), California does not score well. These varying interpretations of California’s competitiveness need to be carefully considered in Escondido’s future market positioning strategies.

Based on the above, TNDG identified ten states that are competitive comparable to California (see Sections C.2.2 and C.2.3 of the report). These ten states were reviewed using Business Dynamic Statistics (BDS) data, a product of the US Census Bureau, which includes measures of establishment openings and closings, firm startups, job creation and destruction by state. In the database, California falls near the bottom of the 10 comparison states, with comparatively low *net job creation* and high *job destruction* rates.

ESCONDIDO COMPETITIVE ASSESSMENT

A. Introduction

This assessment has two primary components:

1. Comparisons of Escondido with a set of relatively close-by communities, and
2. For certain broader measures of competitiveness, comparisons of the San Diego County (or metro area) with other California counties (or metros), and California compared to other states.

From a competitive standpoint, all of the cities in San Diego County are influenced by San Diego city. However, North County cities are not as directly, functionally, tied to San Diego city as the closer-in cities such as Chula Vista and El Cajon. North County cities together make up an urban area that has the potential to become increasingly autonomous. The companion communities of Temecula and Murrieta in Riverside County constitute another urban node subject to similar influences as the North County cities, but distinct from that group. Consequently, the extent to which all these communities are competitive to (or complementary with) one another is explored in this competitive analysis. In general, the measures applied to this analysis include, as indicators of relative competitive strength: past growth trends, current development activity, employment base, capacity for growth, tax and other policies, and basic demographic conditions that serve as indicators of local quality of life.

In some ways, San Diego city is competitive to Escondido and the North County city cluster. Direct competitive comparisons between San Diego city and any North County city, with such wide differences in size, can be problematic because for example both real estate prices and the "value of place" are inevitably higher in the larger city. Nevertheless, this analysis includes certain indicators that highlight differences between San Diego city and Escondido. San Diego city is probably most interesting as the primary competitive component of San Diego *County*, and the County has a competitive position that is reviewed in this report with respect to other key California counties.

ESCONDIDO COMPETITIVE ASSESSMENT

B. Comparisons of Escondido with Close-By Communities

B.1. Local Competitive Communities

The set of local competitive communities includes:

- Carlsbad
- Oceanside
- San Marcos
- Vista
- Rancho Bernardo. Although not a municipality, Rancho Bernardo is included as a sub-area for some data elements, mainly due to the community's function as an employment center, including major employers, and the fact that it is closer to Escondido than any of the other cities in the competitive set
- Temecula and Murrieta. Although in Riverside County, Temecula and Murrieta are included and sometimes data for the two places are combined, since together they form a distinct urban node separate from (and potentially competitive with) the North County urban area

Information for San Diego County is included for comparison purposes in some data elements.

This part of the assessment is organized by the following topics:

- B.2. Past trends as competitive indicators
- B.3. Indicators based on current development in employment uses and economic base
- B.4. Implications of growth plans, capacity for growth, and affordability
- B.5. Quality of life indicators
- B.6. How local policies and practices compare:
 - B.6.1. Competitive factors such as taxes, etc.
 - B.6.2. Economic development plans, designated incentive areas, redevelopment areas or other special development areas with associated employment/development targets

B.2. Past Trends as Competitive Indicators

B.2.1. Population Growth

Population figures for the local competitive communities are shown below on Table B-1 for 2000 and 2010. During this period, Temecula-Murrieta experienced the highest percentage change in population (99.6%), followed by San Marcos (52.4%) and Carlsbad (34.5%). Escondido, Oceanside and Vista each experienced population growth rates of less than 10%. As of 2010, Temecula-Murrieta represented nearly 24% of the Study Area population, followed by Oceanside (19.5%) and Escondido (16.8%).

Table B-1. Population Change, 2000-2010						
Geography	4/1/2000	4/1/2010	Change 2010-2000	% change	Change as % of group total	2010 pop. as % of group total
Carlsbad	78,306	105,328	27,022	34.5%	15.1%	12.3%
Escondido	133,663	143,911	10,248	7.7%	5.7%	16.8%
Oceanside	161,039	167,086	6,047	3.8%	3.4%	19.5%
San Marcos	54,977	83,781	28,804	52.4%	16.1%	9.8%
Vista	89,857	93,834	3,977	4.4%	2.2%	10.9%
Temecula-Murrieta	101,998	203,563	101,565	99.6%	56.7%	23.8%
Total for above	677,795	857,021	179,226	26.4%	100.0%	100.0%
					Change as % of county total	2010 pop. as % of county total
San Diego County Total	2,813,833	3,095,313	281,480	10.0%		
All San Diego County cities above	575,797	653,458	77,661	13.5%	27.6%	21.1%

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 & 2010 Census Counts. Sacramento, California, September 2011; TNDG

B.2.2. Employment Growth

Information in The Natelson Dale Group's (TNDG's) *Escondido CEDS - Market Overview* report shows that employment in North County cities grew, 2002-2007, for all industries combined, at roughly twice the rate of Escondido. For the 2007 to 2009 period, when job losses occurred in both San Diego County and the state, the rate of employment losses in Escondido was almost double that of North County. The 2007-2009 high loss rate for Escondido was largely due to high levels of pre-recession employment in the city in Retail and Construction, both sectors that were hard-hit by the recession.

B.2.3. Residential Building Permits

Table B-2 (below) shows the number of residential building permits issued in the competitive cities for 2010. Temecula and Carlsbad are the clear leaders in permit activity for this “recovery period” year, and therefore have the current edge on the region for this competitive indicator.

Table B-2. Building Permits by Type, 2010

City	Single-family	Multi-family	Total
Escondido	84	55	139
Carlsbad	376	2	378
Oceanside	82	93	175
San Marcos	73	47	120
Vista	54	0	54
Temecula	348	0	348
Murrieta	40	24	64

Source: US Bureau of the Census Building Permit Estimates.

B.3. Current Development Status for Employment Uses, and Economic Base

B.3.1. Office and Industry Space Data

Real estate conditions in employment-type facilities are summarized for the competitive cities in Table B-3. Compared to the other communities, Escondido has low vacancy rates in Industrial space, and high vacancy in Office. Escondido's inventory of industrial space is relatively low compared to the other communities, but when combined with Rancho Bernardo, the two communities together have nearly as much space as Temecula, which has the most space of any one community. Similarly, Escondido and Rancho Bernardo together have a substantial base of office space compared to the other communities (for which data were available).

Comparisons of Escondido with Close-By Communities

Table B-3. Office and Industrial Market Overview

City/ Region	Industrial				Office (1)			
	Total SF	Vacancy Rate (2)	WH/ Distr \$	R&D/ Flex \$	Total SF	Vacancy Rate (2)	Class A	Class B
Carlsbad	13,836,587	14.4%	\$1.00	\$1.02	4,045,245	27.8%	\$2.31	\$2.02
Escondido	5,901,018	6.3%	\$0.57	ND	544,122	21.4%	\$2.34	\$1.46
Oceanside	7,826,387	14.5%	\$0.62	\$0.82	534,128	17.5%	\$1.80	\$1.34
Rancho Bernardo	8,594,700	18.1%	\$0.66	\$1.04	3,956,306	12.5%	\$2.48	\$1.94
San Marcos	7,686,025	8.4%	\$0.57	\$0.66	(see Note 1)			
Temecula	15,794,714	5.1%	ND	ND	ND			
Vista (1)	12,256,506	8.4%	\$0.71	ND	1,242,140	20.6%	\$2.19	\$1.81
San Diego County	176,583,584	10.5%	\$0.63	\$1.08	69,062,692	17.8%	\$2.55	\$1.95

(1) Office figures for Vista include Vista/San Marcos

(2) Vacancy rates for office and industrial uses include subtypes (Warehouse, R&D, Class A, etc.)

ND = no data

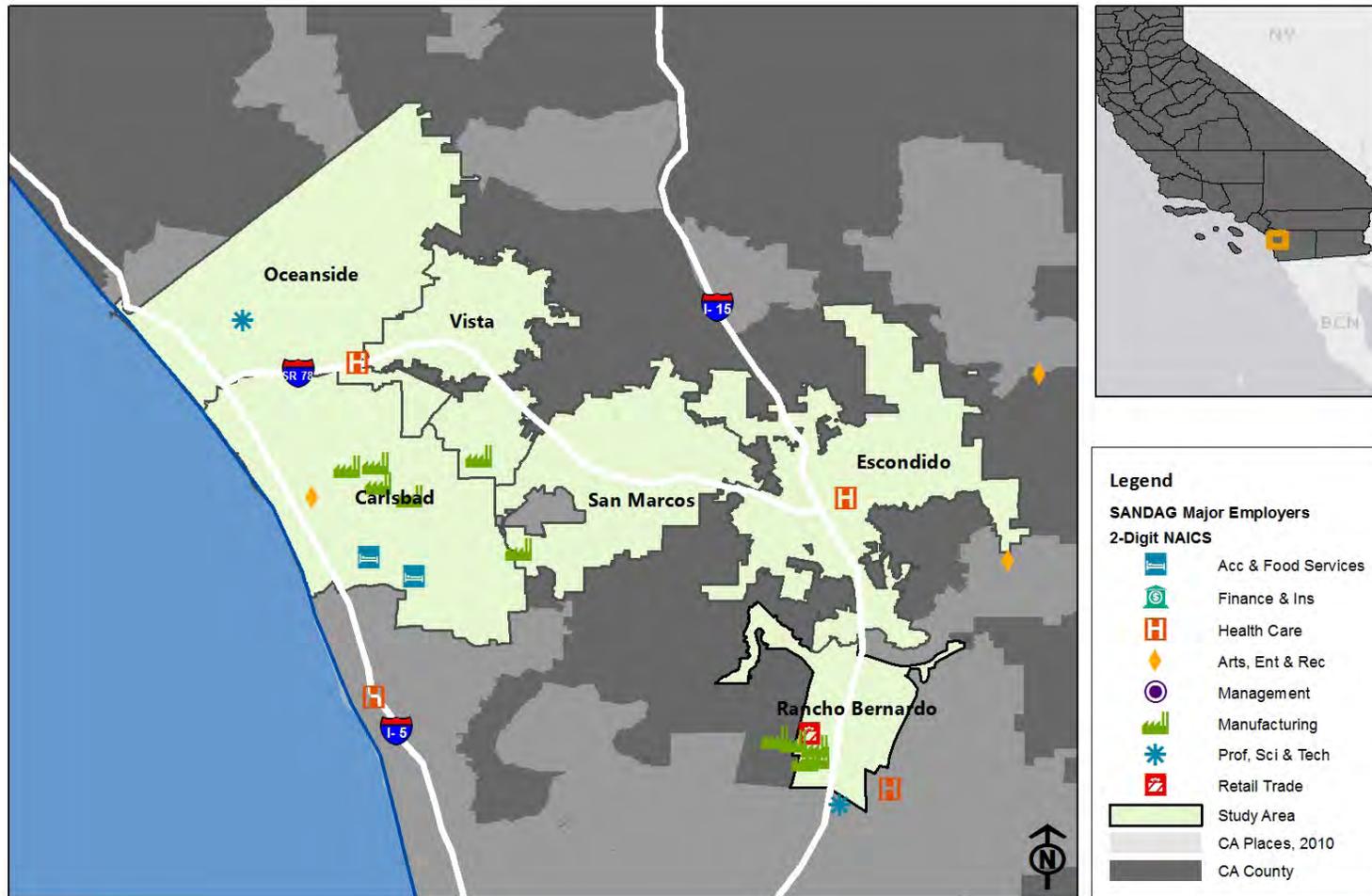
Source: Grubb & Ellis, 4Q 2011 Industrial and Office Trends Reports

B.3.2. Major Regional Employers

The following maps (Figure B-1 and Figure B-2 below) highlight the major employers by type and size for the local competitive (San Diego County) communities. The data were obtained from the San Diego County Association of Governments (SANDAG) Regional GIS Data Warehouse. Carlsbad and Rancho Bernardo have the highest number of major employers, a majority of which are manufacturing operations (Figure B-1, below). Within Rancho Bernardo, the major manufacturing operations are primarily high-tech and include Hewlett Packard, Sony and BAE. The only major employer within Escondido, as identified by SANDAG, is in the Health care industry. Figure B-2 (below) highlights the employment size for the major employers. Rancho Bernardo has three manufacturing operations that employ over 2,000 each. Oceanside is the only other competitive community with a firm of that size.

Comparisons of Escondido with Close-By Communities

Figure B-1. SANDAG Major Employers by 2-Digit NAICS

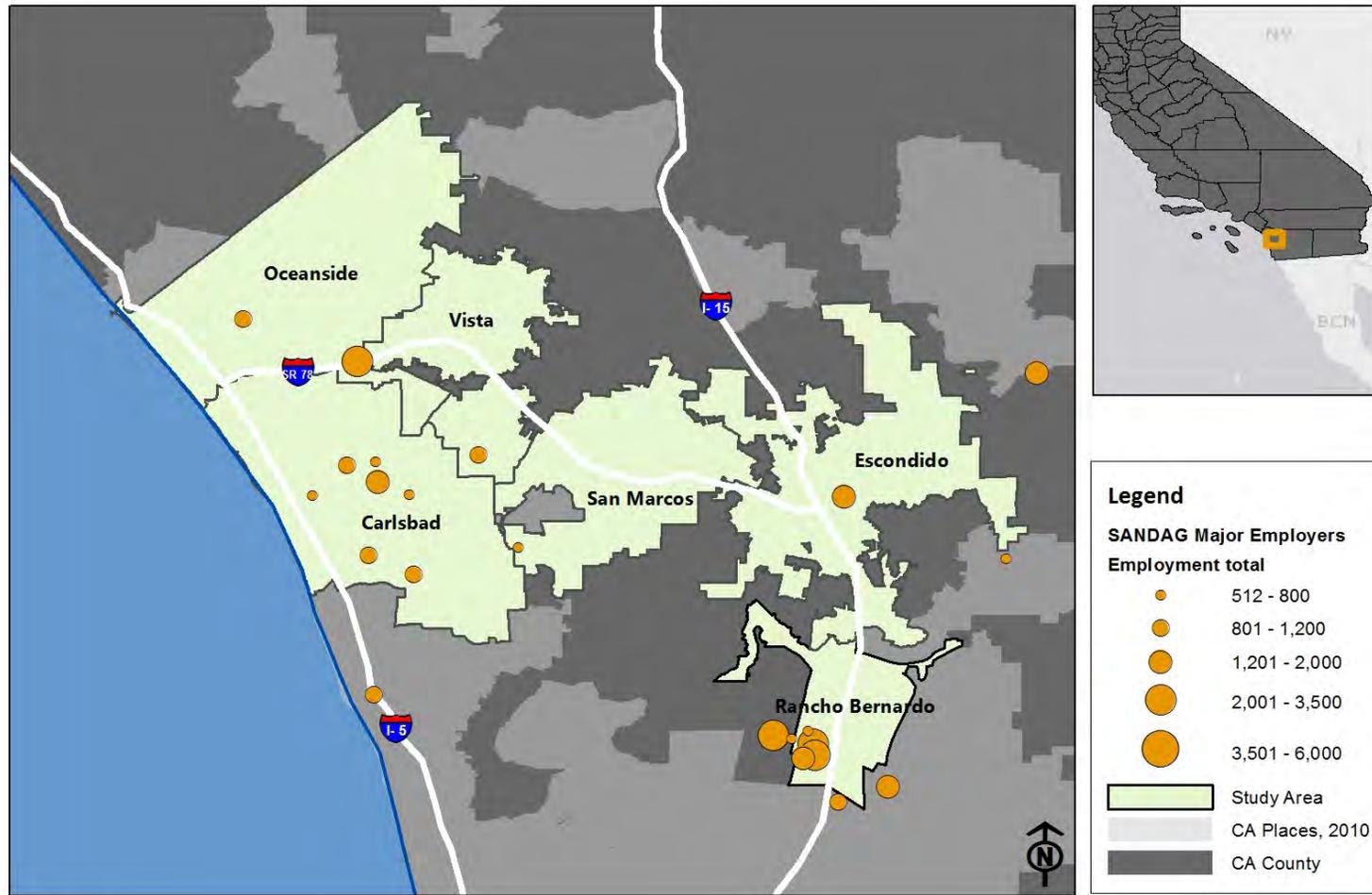


ECONOMIC DEVELOPMENT MASTER PLAN, CITY OF ESCONDIDO
SANDAG MAJOR EMPLOYERS, 2-DIGIT NAICS CODES

3/19/2012
File Location:Escondido 2011/GIS
Source: TNDG Inc., SANDAG, US Census, Bing Maps
PROJECT: ESCONDIDO

Comparisons of Escondido with Close-By Communities

Figure B-2. SANDAG Major Employers by Total Employment

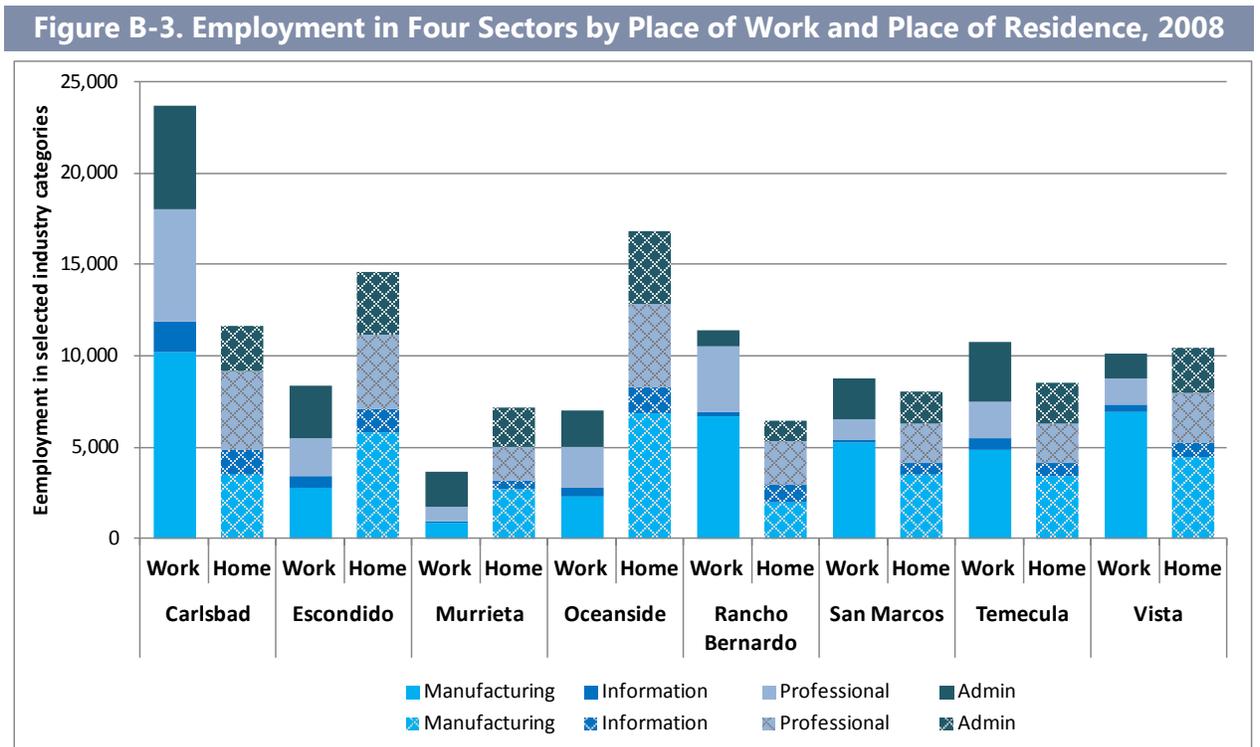


ECONOMIC DEVELOPMENT MASTER PLAN, CITY OF ESCONDIDO
SANDAG MAJOR EMPLOYERS, EMPLOYMENT TOTAL

3/19/2012
 File Location: Escondido 2011/GIS
 Source: TNDG Inc., SANDAG, US Census, Bing Maps
 PROJECT: ESCONDIDO

B.3.3. Employment by Place of Work and Place of Residence for Selected Industries

Figure B-3 (below) shows employment data for specific sectors by place of work and place of residence (bars with hash marks), obtained from the US Census OnTheMap (OTM) application.² The chart displays employment figures for *just four sectors* that are typically export-oriented and/or high-value industries: Manufacturing; Information; Professional, Scientific, and Technical Services; and Administration & Support (includes Waste Management and Remediation). For the selected industries, the only competitive communities where the employment figures by place of residence are clearly outnumbered by the place-of-work figures are Carlsbad, Rancho Bernardo and Temecula. These cities have a surplus of jobs, and consequently an overall inflow of residents from other communities for employment purposes. Within Escondido, the *overall* (all sectors) place-of-work employment figures exceed place-of-residence figures by approximately 25%. We also know from data in TNDG's *Escondido CEDS - Market Overview* report that there is much cross-commuting into and out of the city (and other competitive cities as well).



Source: US Census, OnTheMap Application; TNDG

² The figures for Rancho Bernardo were not directly available via OTM in database form. To circumvent this issue, a GIS system was used to extract the data points that were within Rancho Bernardo .

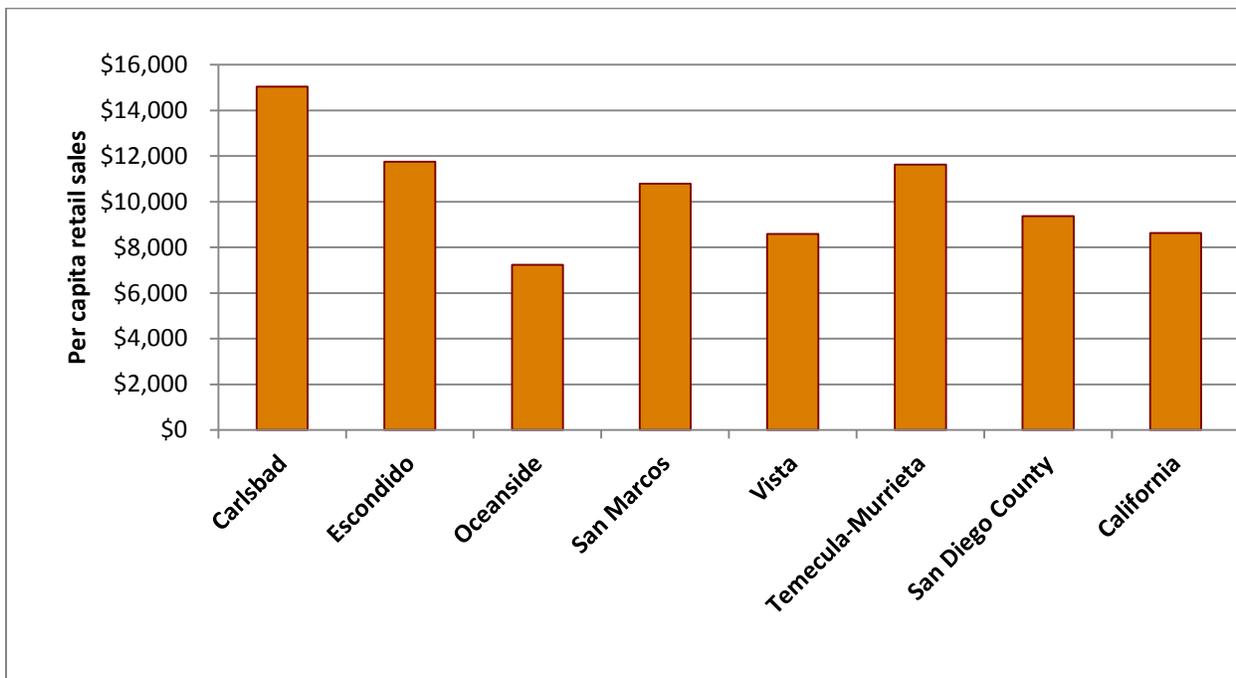
B.3.4. Retail Sales

Per Capita Retail Sales by Community are shown on Figure B-4 (below). The sales figures imply a broad variation of retail sector strength among the competitive communities. Carlsbad's figure is roughly double that of Oceanside, with the lowest per capita level. Escondido has the second-highest per capita sales figures.

Information in TNDG's *Escondido CEDS - Market Overview* report shows that Escondido's per capita retail sales have compared favorably to the group of North County cities as a whole, San Diego County, and the state. However, by 2010 Escondido's retail advantage had diminished from the 2000 level, when Escondido's per capita sales were 30 percent higher than the figures for North County cities in total.

With the exception of Oceanside, per capita retail sales in the set of competitive communities compare favorably with the state and county averages.

Figure B-4. Per Capita Retail Sales by Community, Annual for Latest 4 Qtrs. Ending in 3rd Qtr. 2010



Cities' retail competitive positions vary by retail category. In comparison to its proportion of population, Escondido outperforms the other cities in two categories: Motor Vehicles, and Clothing. In San Diego County overall, these two categories constitute about 25 percent of sales (within the broad category of Retail and Food Services). San Marcos is the leader in Home Furnishings (Escondido's weakest category), and Temecula in General Merchandise (department stores), a category in which Escondido lags, and Restaurants. These results are tabulated in Appendix A.

B.4. Implications of growth plans, capacity for growth, and Housing Market Stress

B.4.1. Capacity for Growth & Vacant Land Analysis

The following map series (Figure B-5 through Figure B-8, below) highlights the vacant land acreage by municipality for the close-by communities in San Diego County (where data were available) for Commercial, Industrial, Mixed-Use and Shopping Center uses. The data were obtained from the San Diego County Association of Governments (SANDAG) Regional GIS Data Warehouse. *Note that this information, dated December 2010, does not reflect changes in Escondido's developable land area resulting from the City's recently completed Draft General Plan Update, which is subject to voter approval.*

As shown in Figure B-5 (below), Escondido (81 acres) and Carlsbad (179 acres) currently have the most commercially-designated land available. Carlsbad has 471 acres of vacant industrial land and Oceanside and San Marcos each have over 300 vacant acres (Figure B-6, below). Escondido and Vista currently each have less than 100 acres of industrial land available. As shown in Figure B-7 (below) San Marcos (83 acres) and Carlsbad (45 acres) currently have the most mixed-use acreage available when compared to competitive communities. Escondido currently has only 9 acres of vacant mixed-use land. The communities that currently have the most available land designated for shopping center uses include Oceanside (148 acres), Carlsbad (74 acres) and San Marcos (74 acres)(Figure B-8, below). Escondido currently has 9 acres of shopping center land available.

The current Escondido General Plan draft, at least in part responding to figures such as the preceding that show Escondido having limited employment land uses, calls for increases in the city's employment land base in several new areas. These include: 1) Interstate 15 at Felicita Road, 2) North and south of the Escondido Research and Technology Center, and 3) Interstate 15 at El Norte Parkway. Additionally, the draft General Plan update has provisions for encouraging revitalization of employment and activity opportunities in five areas currently designated for commercial or industrial use: 1) Downtown, 2) Downtown Transit Station; 3) Westfield North County; 4) Highway 78 at Broadway; 5) Promenade Retail Center and Vicinity; and 6) South Quince Street.

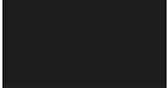
The draft General Plan update (subject to voter approval) proposes to increase the available supply of employment land in Escondido as follows:

Commercial – 72 additional acres, for a total of 153 acres

Industrial – 280 additional acres, for a total of 367 acres

Mixed Use – 71 additional acres, for a total of 80 acres

Based on these increases, Escondido would still rank second to Carlsbad in supply of vacant commercial land but would be much closer to Carlsbad than it is currently. In terms of available industrial land,



Comparisons of Escondido with Close-By Communities

Escondido would improve from its current ranking of fifth (among the five North County cities) to being second (behind Carlsbad). Similarly, for mixed-use land, Escondido would improve from its current fifth-place ranking to being second (behind San Marcos). The draft General Plan update does not propose to increase the amount of available shopping center land.

Comparisons of Escondido with Close-By Communities

Figure B-5. Vacant Land Acreage, Commercial

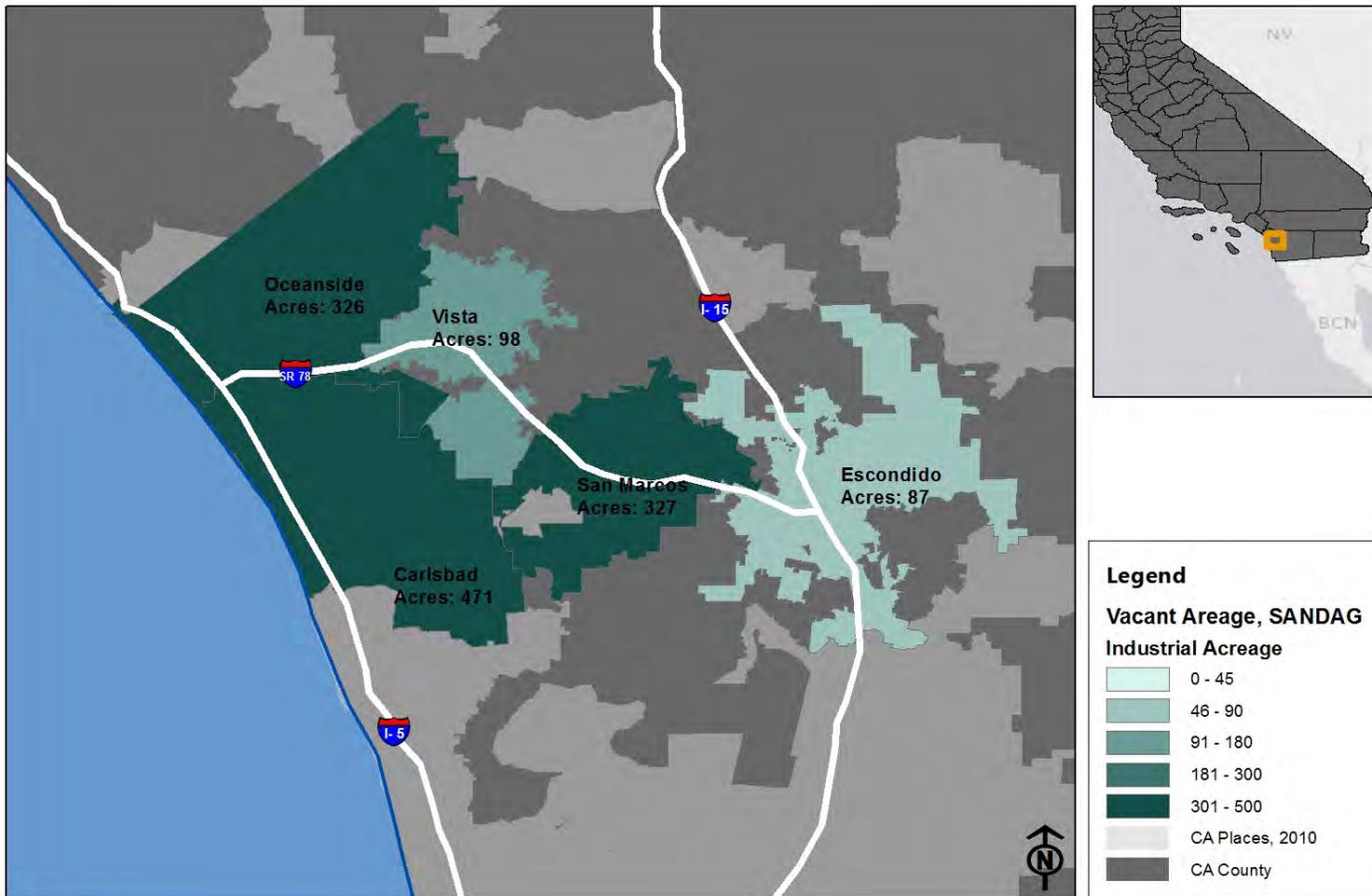


**ECONOMIC DEVELOPMENT MASTER PLAN, CITY OF ESCONDIDO
VACANT ACREAGE, COMMERCIAL**

3/21/2012
File Location: Escondido 2011/GIS
Source: TNDG Inc., SANDAG, US Census, Bing Maps
PROJECT: ESCONDIDO

Comparisons of Escondido with Close-By Communities

Figure B-6. Vacant Land Acreage, Industrial





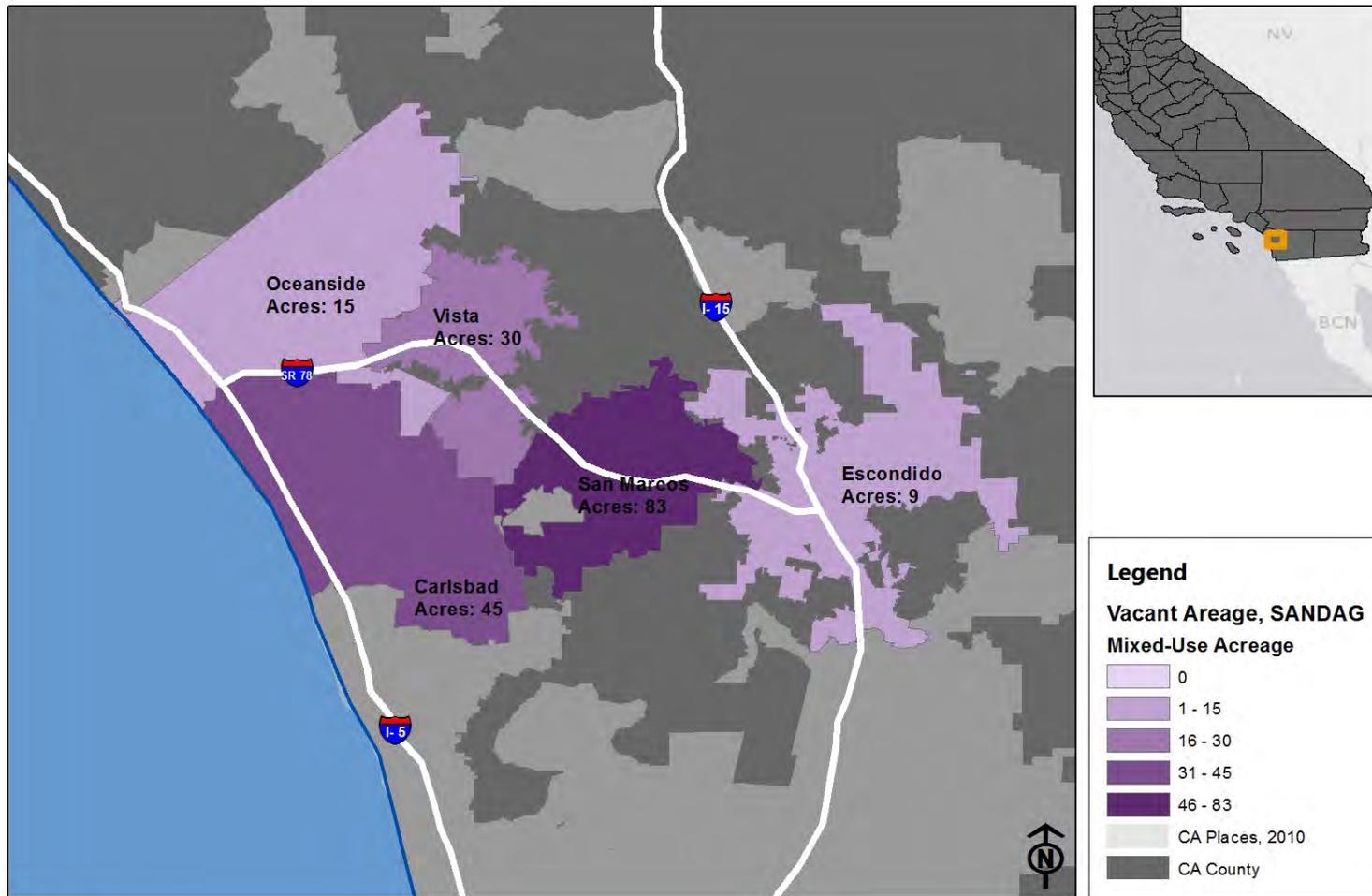
THE NATELSON DALE GROUP, INC.
PLANNING AND ENGINEERING CONSULTANTS
www.natelsondale.com

ECONOMIC DEVELOPMENT MASTER PLAN, CITY OF ESCONDIDO
VACANT ACREAGE, INDUSTRIAL

3/21/2012
File Location: Escondido 2011/GIS
Source: TNDG Inc., SANDAG, US Census, Bing Maps
PROJECT: ESCONDIDO

Comparisons of Escondido with Close-By Communities

Figure B-7. Vacant Land Acreage, Mixed-use

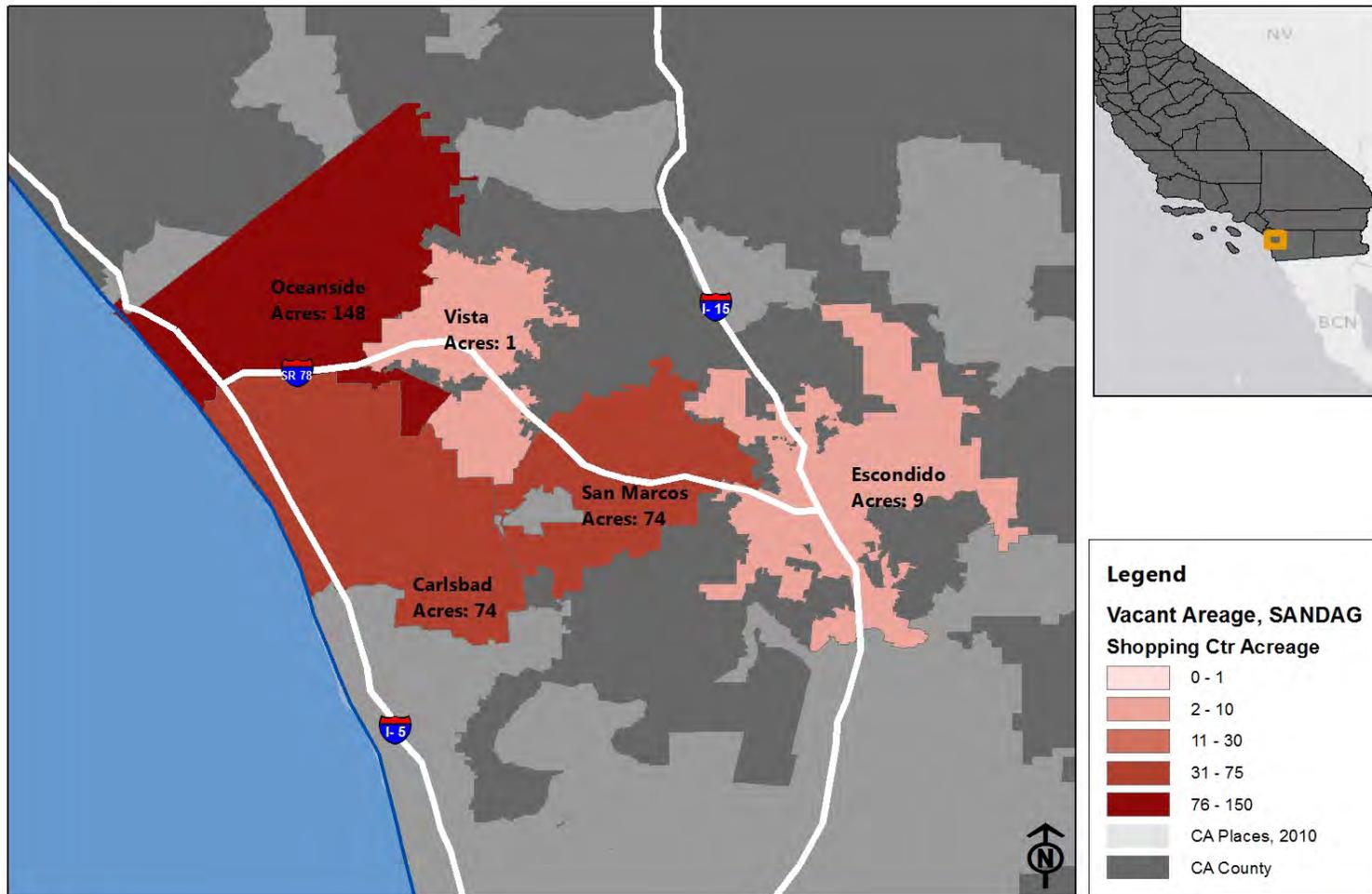


ECONOMIC DEVELOPMENT MASTER PLAN, CITY OF ESCONDIDO
VACANT ACREAGE, MIXED-USE

3/21/2012
 File Location: Escondido 2011/GIS
 Source: TNDG Inc., SANDAG, US Census, Bing Maps
 PROJECT: ESCONDIDO

Comparisons of Escondido with Close-By Communities

Figure B-8. Vacant Land Acreage, Shopping Center



ECONOMIC DEVELOPMENT MASTER PLAN, CITY OF ESCONDIDO
VACANT ACREAGE, SHOPPING CENTER

3/21/2012
 File Location: Escondido 2011/GIS
 Source: TNDG Inc., SANDAG, US Census, Bing Maps
 PROJECT: ESCONDIDO

B.4.2. Housing Market Stress

In recent years, home foreclosure activity has been significant enough across the US to constitute an indicator of distress in local markets. Table B-4 (below) reports data for a point in time for the competitive set of cities in San Diego County (corresponding to data available from this source). The table shows foreclosure activity, for homes in pre-foreclosure status and those that are bank-owned, at the end of December 2011. For the sum of these two categories, the table shows a comparison of the percent of foreclosure activity in each community with that community's percent of *households*. The percentage figures are based on the total values of the six communities shown. Escondido's percentage of foreclosure activity is only slightly higher than its percentage of households. Carlsbad and Oceanside have the lowest levels of foreclosure stress, proportionately; that is, their percentage of foreclosure activity is lower than their percentage of households, by the highest margin among the group of cities.

Data from another source (RealtyTrak.com) can be used to indirectly compare the Riverside County communities of Temecula and Murrieta with Escondido. According to this source, foreclosure activity in Temecula and Murrieta in January 2012 was at a similar level, in each of the two communities, to Escondido; while Temecula and Murrieta each (the two are similarly sized) has only about 70 percent of the number of households in Escondido. By this measure, Temecula and Murrieta would both have considerably more housing-market distress than Escondido.

Comparisons of Escondido with Close-By Communities

Table B-4. Foreclosure Activity by ZIP Code as of End of December 2011

ZIP - Community	# Pre-Foreclosure Properties ending Dec.-11	# Bank-owned ending Dec.-12	Total both categories	Total as % of 6-community total	# households as % of 6-comm. total
92008 - CARLSBAD	46	39			
92009 - CARLSBAD	105	92			
92010 - CARLSBAD	28	30			
92011 - CARLSBAD	27	25			
Carlsbad Sub-Total	206	186	392	13.1%	18.9%
92025 - ESCONDIDO	70	95			
92026 - ESCONDIDO	133	115			
92027 - ESCONDIDO	107	115			
92029 - ESCONDIDO	39	30			
Escondido Sub-Total	349	355	704	23.6%	20.8%
92054 - OCEANSIDE	72	90			
92056 - OCEANSIDE	128	103			
92057 - OCEANSIDE	151	117			
Oceanside Sub-Total	351	310	661	22.2%	27.1%
92127 - RANCHO BERNARDO	106	122			
92128 - RANCHO BERNARDO	95	60			
Rancho Bernardo Sub-Total	201	182	383	12.8%	7.2%
92069 - SAN MARCOS	112	103			
92078 - SAN MARCOS	115	65			
San Marcos Sub-Total	227	168	395	13.3%	12.5%
92081 - VISTA	58	50			
92083 - VISTA	58	93			
92084 - VISTA	90	97			
Vista Sub-Total	206	240	446	15.0%	13.4%
Total for six communities			2,981	100.0%	

Source: North San Diego County Association of REALTORS HomeDex™ Report; TNDG; Census 2010.

B.5. Selected Quality of Life Indicators

B.5.1. Key Demographic Indicators

Key demographic variables are shown below on Table B-5. Escondido has the second highest percentage of Hispanic/Latino residents (45.9%), greater than the County figures. Carlsbad and Temecula have the highest percentage of residents with a bachelor’s degree or higher, 50.6% and 30.6% respectively. Escondido ranks next-to-last in this measure. Carlsbad, Murrieta, Oceanside and Temecula each have greater median household income when compared to San Diego County. Escondido has the lowest median household income of the competitive cities (\$43,102).

Table B-5. Demographic Indicators, 2010

	Total Population (1)	% over 65 years of age (1)	% Hispanic/Latino (2)	Total Population over 25 (2)	% Population over 25 w. Bachelor's degree or higher (2)	Median household income (2)
Carlsbad	105,328	14.1%	10.9%	73,526	50.6%	\$77,097
Escondido	143,911	10.5%	45.9%	93,991	21.0%	\$43,102
Murrieta	104,108	10.0%	28.0%	60,940	28.2%	\$70,962
Oceanside	167,086	12.9%	37.9%	108,304	23.9%	\$62,422
San Marcos	83,781	10.1%	34.6%	52,364	28.9%	\$47,942
Temecula	100,751	6.7%	25.5%	58,309	30.6%	\$70,194
Vista	93,834	9.2%	49.9%	58,197	20.3%	\$46,033
San Diego County	3,095,313	11.4%	32.1%	2,010,984	33.7%	\$59,923

Source: (1) 2010 U.S. Census, (2) American Community Survey 1-Year Summary, 2010

B.5.2. Home Prices

Table B-6 (below) shows a comparison of median home sale prices for the six San Diego County communities listed (the source document has data for only North San Diego County cities), along with the percent of households in that community that can afford the median-priced home. The table shows that Escondido ZIP code 92027 has the highest affordability percentage for single family detached (SFD), and ZIP 92026 the highest percentage for single family attached (SFA) homes. Oceanside and Vista are the most comparable cities to Escondido in affordability. Prices for SFD homes are similar for the three communities, while SFA homes are generally lower in Escondido ZIP codes than the other two cities.

Cities outside North San Diego County. Information in TNDG's *Escondido CEDS - Market Overview* report shows that Temecula's median sales prices are only slightly above Escondido's for December 2011 (from the same data source, Dataquick California City Chart), and Murrieta's are 18 percent below Escondido's and the lowest of the competitive group. Median household incomes in Temecula and Murrieta are 1.6

Comparisons of Escondido with Close-By Communities

times incomes in Escondido (see Table B-6, below), which would imply that affordability percentages in those two cities should be considerably higher than Escondido figures.

Table B-6. Home Median Sales Prices and Affordability³ by ZIP code, December 2011

ZIP - Community	Affordability, SF Detached	Dec. 2011 Median Price	Affordability, Attached	Dec. 2011 Median Price
92010 - CARLSBAD	27%	\$490,000	57%	\$258,000
92008 - CARLSBAD	25%	\$517,500	56%	\$263,950
92009 - CARLSBAD	17%	\$634,750	53%	\$285,000
92011 - CARLSBAD	16%	\$646,500	40%	\$365,000
92027 - ESCONDIDO	56%	\$265,000	83%	\$124,000
92026 - ESCONDIDO	53%	\$284,350	87%	\$103,250
92025 - ESCONDIDO	47%	\$321,000	85%	\$118,000
92029 - ESCONDIDO	32%	\$440,000	(no data)	(no data)
92058 - OCEANSIDE	52%	\$287,450	81%	\$136,900
92057 - OCEANSIDE	49%	\$309,450	79%	\$147,000
92056 - OCEANSIDE	42%	\$350,000	76%	\$163,000
92054 - OCEANSIDE	35%	\$414,000	72%	\$183,000
92128 - RANCHO BERNARDO	27%	\$485,000	62%	\$228,000
92127 - RANCHO BERNARDO	15%	\$665,950	63%	\$225,000
92069 - SAN MARCOS	44%	\$337,000	77%	\$160,000
92078 - SAN MARCOS	33%	\$430,000	59%	\$247,500
92083 - VISTA	55%	\$270,000	73%	\$179,495
92084 - VISTA	50%	\$303,500	85%	\$115,000
92081 - VISTA	45%	\$333,450	75%	\$170,000

Source: North San Diego County Association of REALTORS HomeDex™ Report; TNDG

Highest affordability percent =

B.6. How Local Policies and Practices Compare

B.6.1. Competitive Factors Such as Taxes, etc.

The information in the following tables (Table B-7 and Table B-8, below) was primarily extracted from the Kosmont-Rose Institute *Cost of Doing Business Survey*, and updated selectively. The tables highlight

³ HomeDex™ affordability percentages assume homeowners place 20 percent down and spend no more than a third of their income on housing. For example, for North County during December 2011 a household required an annual income of \$48,293 for the median-priced Single Family Attached home, at \$229,500 – an amount earned by 62 percent of San Diego County households.

Comparisons of Escondido with Close-By Communities

various competitive factors including: business and other taxes, development impact fees, special zones and transportation options.

Business Taxes

The business tax figures represent the estimated tax amount for the first \$10M in receipts or the first 100 employees. Based on these figures, Escondido is, generally speaking, situated roughly in the middle of the competitive communities among the various tax categories with rates of \$1,595 for office and retail uses and \$1,055 for industrial-type uses. The communities of Carlsbad, Oceanside and Vista have higher rates for all of the business tax categories. The approximate⁴ ranking of the communities on Table B-7 is shown below, from lowest (starting at 1) to highest tax rates.

San Marcos	1
San Diego	2
Murrieta	3
Escondido	4
Vista	5
Carlsbad	6
Oceanside	7
Temecula	(insufficient data to rank)

Development Impact and Exaction Fees

Escondido, Carlsbad and Vista have the fewest number (3) of identified development impact and exaction fees. For Escondido this includes a public facilities fee, scheduled impact/trip fee and an art in public places fee. The other competitive communities of Murrieta, Oceanside, San Diego, San Marcos and Temecula have all, or nearly all, of the development impact and exaction fees, as identified by Kosmont-Rose.

Special Zones

All the competitive communities and Escondido are within the North San Diego County Recycling Market Development Zone (RMDZ), a state-sponsored program that combines recycling with economic development to promote new businesses and expand existing ones, and divert waste from landfills.

Three communities have an identified Business Improvement District (BID); Escondido formerly had a BID but it no longer exists. Escondido also has a Business Enhancement Zone (BEZ), which targets certain types of businesses and locations within the city that are eligible to apply for incentives intended to offset development and connection fees. Within the BEZ, the City has a Façade and Property

⁴ The data are not directly comparable across all cities and business classes, due to different methods and varying rates. See Table B-7 for details.

Comparisons of Escondido with Close-By Communities

Improvement Program (FPIP) to encourage business owners and/or property owners of retail, commercial, industrial and office properties located within the zone to improve existing buildings.

All of the communities are a part of the San Diego Innovation Hub (iHub). The iHub is, according to Clean Tech San Diego, a consortium of 35 partners from academia, economic development and local trade associations that concentrates on turning research into jobs for biofuel and solar power/energy storage sectors.⁵

Escondido has one Redevelopment Area identified, the Escondido Redevelopment Plan Area, established in 1984 and encompassing the traditional central business district and other business and industrial activity centers of the community. Existing debt associated with the Redevelopment Area, as of the end of FY2012, totals \$54.8 million (for City Hall and the California Center for the Arts, Escondido). The redevelopment project area is intended to encourage infill, revitalization, enhancement, and improvement throughout the designated area. All of the other competitive communities had one or more redevelopment areas.

As this report is being prepared, redevelopment areas are being phased out in California, so the comparative advantage of having these areas is dependent on a number of factors including how communities address the phase-out.

Transportation

Temecula and Murrieta have no rail transit service and are further away from a major airport than the other cities. Escondido has an internal rapid-bus system, BREEZE Rapid, a unique attribute among the competitive communities, that connects the Escondido Transit Center (and also links to other transportation systems), downtown and south Escondido, and North County shopping mall. The Escondido Transit Center also includes the eastern-most station of the North County Transit District's SPRINTER light rail train system (this 22-mile long rail system runs east-west along the Highway 78 corridor between Escondido and Oceanside, serving 15 stations).

⁵ Clean Tech San Diego: <http://www.cleantechsandiego.org/why-san-diego-leads-ihub.html>

Comparisons of Escondido with Close-By Communities

Table B-7. Competitive Factors Matrix

	Carlsbad	Escondido	Murrieta	Oceanside	San Diego	San Marcos	Temecula	Vista
Business Taxes								
General Office	\$4,025	\$1,595	\$750	\$5,075	\$560	\$100	\$35	\$2,571
Professional Office	\$2,500	\$1,595	\$75	\$5,075	\$560	\$100	\$35	\$2,571
Retail	\$3,525	\$1,595	\$750	\$5,075	\$560	\$100	\$35	\$2,571
Wholesale	\$2,025	\$1,055	\$750	\$5,075	\$560	\$100	\$35	\$1,063
Manufacturing	\$2,025	\$1,055	\$2,040	\$5,075	\$560	\$100	\$35	\$1,063
Personal Service	\$4,025	\$1,595	\$750	\$5,075	\$560	\$100	\$35	\$2,571
Commercial Property	\$3,025	\$0	\$750	\$5,050	\$560	\$100	\$35	\$0
Residential Property	\$3,025	\$1,595	\$750	\$5,100	\$6,742	\$100	\$35	\$2,305
Other Tax Rates								
Sales Tax Rate	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	9.25%
Estimated Ad Valorem Property Tax Rate	1.074790%	1.110000%	1.120000%	1.070000%	1.120000%	1.080000%	1.040000%	1.010000%
Transient Occupancy Tax Rate	10.00%	10.00%	10.00%	10.00%	6.00%	10.00%	12.00%	10.00%
Development Impact / Exaction Fees								
Development Impact Fees			x	x	x	x	x	
Public Facilities Fees	x	x	x	x	x	x	x	x
Schedule Traffic Impact/Trip Fees	x	x	x	x	x	x	x	x
Signalization Fees			x	x		x	x	x
Major Thoroughfare/Bridge Fees	x		x	x	x		x	
Art in Public Places Fees		x			x	x	x	
Other Special Fees			x		x	x	x	

Source: Kosmont-Rose Institute Cost of Doing Business Survey, TNDG

(1) Annual tax for the first \$10 million in receipts or the first 100 employees, as applicable.

Comparisons of Escondido with Close-By Communities

Table B-8. Competitive Factors Matrix (cont.)

Special Zones								
Business Improvement District(s)	Carlsbad Tourism BID				18 active districts			Central Vista BID
State Enterprise, other incentive zones	No. S. D. County Recycling Market Development Zone (RMDZ)	RMDZ	RMDZ	RMDZ	RMDZ; San Diego Regional Enterprise Zone; Military	RMDZ	RMDZ	RMDZ
Foreign Trade Zone(s)					Otay Mesa FTZ #153			
Region-specific zone	San Diego Innovation Hub (iHub)	San Diego Innovation Hub (iHub)	San Diego Innovation Hub (iHub)	San Diego Innovation Hub (iHub)	San Diego Innovation Hub (iHub)	San Diego Innovation Hub (iHub)	San Diego Innovation Hub (iHub)	San Diego Innovation Hub (iHub)
Other Special Business or Incentive Zone(s) (Highlights)		Preservation Incentives: East Valley Area and Mercado Plans; Business Enhance-ment Zone (BEZ)	Murrieta Retail Corridor, Jefferson Avenue Business Corridor		Central Area/City Heights, Federal Renewal Community	(Misc. infrastructure-based areas)	Economic Development Zone per SBA; Lighting; Landscape	
Redevelopment Project Area/TIFs	South Coastal Carlsbad - mixed-use	Escondido Redevelopment Plan Area - mixed-use	Town Square	Project Area - mixed-use; Downtown area	12 development areas	Project Area I, II and III	Temecula Project - mixed-use	NSF Mixed Use Proj, So. Santa Fe Mercantile Corr, Vista Vil., Sycamore Creek
Transportation								
Limited Access Freeways	I-5; SR 78	I-15; SR-78	I-15; I-215	I-5; I-15; SR-78	I-5; I-8; I-15, others	I-15; SR-78	I-15; I-215	I-5; I-15; SR-78
Airports	San Diego Int'l Airport; McClellan-Palomar	San Diego Int'l Airport	LA Airport Complex (LAX, Ontario, etc.), French Vly	San Diego Int'l Airport; Oceanside Municipal	San Diego Int'l Airport	San Diego Int'l Airport	LA Airport Complex	San Diego Int'l Airport
Port Facilities	None	None	None	None	SD Unified Port District	None	None	None
Rail Transit Service	Coaster	Sprinter	None	MetroLink, Sprinter, Coaster	San Diego Trolley, Coaster	Sprinter	None	Sprinter
Rail Freight Service	BNSF; Union Pacific	BNSF; Union Pacific	BNSF; Union Pacific	BNSF; Union Pacific	BNSF; Union Pacific	BNSF; Union Pacific	BNSF; Union Pacific	BNSF; Union Pacific

Source: Kosmont-Rose Institute Cost of Doing Business Survey, TNDG

B.6.2. Economic Development Plans, Goals, Strategies and Marketing Approaches

The following tables (Table B-9 and Table B-10, below) provide a summary of information related to economic development plans, documents, strategies, and marketing components that are generally speaking available from online resources including municipal and other relevant websites. Information related to economic incentives was obtained from the Kosmont-Rose Institute *Cost of Doing Business Survey* previously cited.

Economic Development Documents

Of the competitive communities, most had a variety of economic development-related documents and plans, which included economic development strategic plans, redevelopment area plans, general plans and, in some cases, specific economic development components within the general plans. Oceanside has a Comprehensive Economic Development Strategy (CEDS). For the most part the documents were relatively up-to-date.

The *Escondido City Council Action Plan, 2011-2012*, established a set of “priority categories” that included Economic Development, to which the following goals were assigned:

- Create business /employment land to stimulate the creation of jobs and improve median income
- Streamline Regulations
- Create Incentives
- Focus on image/outreach /marketing including proactive business recruitment by the City Council

The in-progress Economic Development Strategic Plan/CEDS (of which this Competitive Assessment is a part) is being completed in response to the Council’s action plan priorities.

The Escondido General Plan is currently in the process of being updated and a draft version is available online. The overall vision embodied in this plan update is for Escondido to be “the vibrant and dynamic cultural, economic, and recreational hub of inland North San Diego County.” The community’s vision includes making Escondido the “economic hub” of inland San Diego North County. Within the Economic Prosperity Element of the General Plan update, Escondido seeks “to establish policies that promote the long-term vitality of Escondido’s local economy by developing and guiding employment and business opportunities and encouraging appropriate economic and business development in the city.” The policies include specific reference to sustainability, such as for example encouraging a balance between employment and housing.

Escondido’s Redevelopment Plan Area was established in 1984 to encourage infill, revitalization, enhancement, and improvement throughout the downtown and other designated areas. Additionally, a

Comparisons of Escondido with Close-By Communities

draft is available online for the Downtown Specific Plan, which provides a comprehensive plan for land use, development regulations, incentives and guidelines for Downtown Escondido.

Expedited Development Processing

Cities' use of Expedited Development Processing programs was investigated by means of Web searches, on the premise that it is the *communication about* programs of this type that is critical to creating a city's "business friendly" image. Web searches among the competitive cities revealed expedited development processing programs only in Temecula and Murrieta, which each utilize a Fast Track program.

The Murrieta Fast Track program details were accessed via the *Planning Applications and Forms* portion of the City's Community Development Department webpage.⁶ This page emphasized program eligibility criteria, which include:

- Providing 50 or more new, permanent full-time jobs within the City, with preference to existing residents, on condition that at least 10% of the jobs created pay in excess of the average household income in Temecula or Murrieta;
- Generating a private investment of at least \$25 million in land, building and/or equipment;
- Generating at least \$50 million in new, taxable retail sales, annually.

Details for the Temecula program were found within the *Business Advantages* section of the Economic Development portion of the City's website. The procedural details listed there include:⁷

- Two-week pre-application review process;
- Three-week review of initial formal submittal, two-week review of resubmittals, one-week condition of approval preparation;
- Construction process: 10-12 business days for initial review period, 5-7 business days for resubmittal review period and inspections within 24-48 hours of request.

Escondido maintains a comprehensive database of the status of development projects and specific permits as they are routed through the City approval process. In reviewing this database, TNDG did not attempt to use it as part of this competitive assessment. The information would have to be compared to databases in other cities, and even if those databases were similarly structured, the modeling effort would still also require an in-depth understanding of target processing times, assumptions about the reasons for the length of certain review periods, etc. The Escondido permit/project databases will be revisited in later stages of the Economic Development Master Plan.

⁶ <http://www.murrieta.org/cityhall/cd/planning/apps.asp>

⁷ <http://www.cityoftemecula.org/Temecula/Businesses/why/BusinessAdvantages.htm>

Comparisons of Escondido with Close-By Communities

Economic Development Marketing Components

Several of the communities included a plethora of marketing-type materials showcasing a number of the communities' attributes, which included information related to:

- General community profiles and demographics (education, etc.)
- Business climate, industry clusters and top employers
- Small business resources

Murrieta offers the most in-depth resources, which include a number of economic development marketing brochures and industry and office development opportunities, among others. For Escondido, the "Doing Business in Escondido" page on the City's website provides an effective overview of relevant City programs and resources (as well as links to other business-oriented organizations). An attractive marketing brochure for Escondido has recently been made available through the City's website, which summarizes key attributes and locations in the community, and lists major employers and City contacts.

Economic Incentives

Data related to economic incentives were obtained from the Kosmont-Rose reports. According to this source (which the City may want to update with Kosmont-Rose based on the information shown on the table), Escondido is the only community that has completed transactions for Industrial Development Bonds and Tenant Improvement Subsidies (the Kosmont-Rose survey of cities is updated annually and the City should verify that the summarized information is accurate and up-to-date). Escondido, Murrieta and Vista appear to have provided, or would be willing to consider providing, a greater number incentive types when compared to the other competitive communities.

Comparisons of Escondido with Close-By Communities

Table B-9. Economic Development Entities, Plans, Strategies, Incentives and Marketing

	Carlsbad	Escondido	Murrieta	Oceanside	San Marcos	Temecula	Vista
Economic Development Entities	City of Carlsbad	City of Escondido	City of Murrieta	City of Oceanside	City of San Marcos • San Marcos Economic Development Corporation	City of Temecula	City of Vista
Economic Development Documents	General Plan • General Plan, Land Use Element • Strategic Priorities (2007-2009)	General Plan • Council Action Plan	Comprehensive Economic Development Strategy Framework (2008) • Murrieta General Plan Update 2035, Economic Development Element	CEDS, General Plan	General Plan, Land Use Element	Economic Development Plan • Old Town Specific Plan • Cultural Arts Master Plan	Economic Development Stimulus Package • Vista 2030: General Plan Update
Economic Development Strategies, Generalized	General Plan: Emphasis on local, service-oriented commercial development. Foster industry development, with particular focus on high-tech and R&D (to occur within Industrial corridor). General Plan is currently being updated. • Chamber of Commerce has strategy to create an economic development entity within Chamber, retain Small Business Success Center and create a Main Street-like association.	General Plan being updated. Escondido envisioned as the “economic hub” of inland San Diego North County. Policies promote long-term vitality by developing and guiding employment and business opportunities; includes a major focus on designating more land for employment uses; sustainability. Draft being developed for a Downtown Specific Plan. Council Action Plan priorities: Economic Development, Embrace Diversity & Community Outreach, Financial Stability, and Image and Appearance. In-progress Economic Development Master Plan will add to strategic direction	General Plan Vision: Maintain housing affordability, while attracting higher education and high-tech facilities, developing a regional hub at I-15 and I-215 freeways • Create a vibrant Historic Downtown.	CEDS: 3 top issues - Access to capital, Eliminate barriers to bus. park investment, Evaluate new employment land opportunities. General Plan: Create quality jobs through retention and expansion/recruiting efforts. • General focus - market Oceanside as great place to do business and great tourism destination. • Top industries include: Manufacturing, distribution, tourism and agriculture.	General Plan: Maintain a strong local economy and employment base with an emphasis on sustainable growth principles. • Create a synergy between business community and academia to promote San Marcos as the education hub for North County.	City: Temecula strongly emphasizes the connection with Murrieta - less prevalent on the Murrieta side. • ED Plan: Foster diverse economic base of clean manufacturing, retail, service- and knowledge-based professional activities. • Provide diverse education and job training systems. • Promote the advantages for businesses locating in Temecula. • Strong emphasis on coordinating with regional entities.	Economic Stimulus Program intended to encourage retail development and revitalize the local economy through investment and growth.
Expedited Development Processing			[See Note 2 below]			[See Note 2 below]	

Comparisons of Escondido with Close-By Communities

Table B-10. Economic Development Entities, Plans, Strategies, Incentives and Marketing (cont.)

	Carlsbad	Escondido	Murrieta	Oceanside	San Marcos	Temecula	Vista
Marketing components, notes (generally Web-accessed materials)	Business Development and Marketing Plan • General Plan: Prime concept and image of the community as a desirable residential, open space community. • ED Website: Identify business climate, demographics, industry clusters, top employers, commercial property search and general community profile data. • Chamber of Commerce: Small Business Success Center.	Escondido 2012 brochure summarizing attributes, key locations, and major employers, listing contacts	ED Department: Number of marketing materials: marketing brochure, industry & office development opportunities, small business help (http://www.murrieta.org/cityhall/ed/default.asp). • Emphasis on: young, affluent, ideal location, education & workforce, safety (lowest crime rate in Riverside & SD counties), quality of life.	City: General community characteristics: Demographics, Transportation, etc. Business-related information includes: finance, development assistance, training/education, largest employers and real estate prices. • City: Small Business Forum includes informative video resources.	City: General community characteristics: Demographics, reasons to live in San Marcos, top employers, etc. • San Marcos EDC: Provides similar information found on the City's site along with additional information related to land use and reasons for businesses to locate in San Marcos. • Note that all materials are presented in a non-downloadable form.	Provide basic marketing materials. Site also includes information related to workforce education, demographics and other reports, key industries, successful projects and top employers. • With its highly educated workforce and close proximity to San Diego's technology cluster, the Twin Cities of Temecula and Murrieta are increasingly tied economically to San Diego's diverse economy. • Temecula selected within the Top 100 cities to live.	Various online resources: Key steps to starting a business in Vista, Vendor guide to doing business in Vista, Available space inventory lists, etc.
Economic Incentives							
Industrial Development Bonds	Unlikely to be available	Have completed transaction	Consider transaction - selected areas	Unlikely to be available	Will consider transaction - citywide	Will consider transaction - selected areas	Will consider transaction - citywide
Tenant Improvement Subsidies	Unlikely to be available	Have completed transaction	Consider transaction - redevelopment areas	Not applicable	Not applicable	Unlikely to be available	Unlikely to be available
Financial Relocation Assistance	Unlikely to be available	Unlikely to be available (per Kosmont, but City may consider)	Unlikely to be available	Not applicable	Unlikely to be available	Unlikely to be available	Unlikely to be available
Offsite Infrastructure Subsidies	Unlikely to be available	Consider transaction - citywide	Consider transaction - selected areas	Consider transaction - selected areas	Have completed transaction	Consider transaction - selected areas	Consider transaction - citywide
Business Tax, Permit or Fee Waivers/Reductions	Unlikely to be available	Consider transaction - selected areas	Consider transaction - selected areas	Unlikely to be available	Not applicable	Unlikely to be available	Consider transaction - citywide
Direct Project Land or Development Subsidies	Unlikely to be available	Unlikely to be available	Consider transaction - selected areas	Consider transaction - redevelopment areas	Have completed transaction	Unlikely to be available	Consider transaction - citywide

Table Notes:

Source for both tables: Kosmont-Rose Institute Cost of Doing Business Survey; various municipal websites; TNDG

1. Data related to economic development entities, plans, development processing and marketing were obtained based on online availability via municipal websites.
2. The cities of Temecula and Murrieta have a Fast Track Program focused on creating a pro-business, pro-investment climate for business and offer fast-track services to expedite the development process. Specific programmatic details are discussed in Section B.6.2 (above).

B.7. The Special Issue of Regulatory Relief: Anaheim and San Diego

B.7.1. Anaheim

Early in 2011, the City of Anaheim established the Anaheim Regulatory Relief Task Force, charged with reviewing the regulatory burden on businesses in Anaheim and making recommendations for regulatory relief. The intent of the Task Force's findings was to increase the City's efficiency in administering regulations, expand opportunities for businesses in the community to be more efficient, and raise the City's profile in terms of its dedication to "economic freedom." The recommendations of the task force are contained in the document, *Regulatory Relief Task Force, Phase 1 Recommendations*, November 2011.⁸

The authors of the Phase 1 report made recommendations in 17 categories, addressing both conceptual and specific issues. For example, Recommendation 1: *Expand economic freedom in Anaheim by taking on the role as advocate for the business applicant in their efforts to build and expand*, is intended to set the tone for the City's overall relationship to the business community. A related recommendation put forth the position that *minimum* code requirements should be the *maximum* requirements. The authors also saw that these business-advocacy principles, once institutionalized, should be marketed by the city as an economic development attribute.

Specific recommendations by the Task Force included the following:

- Expedite the permitting process for conditional use permits and building permits, including holding the relevant departments monetarily responsible for completing processing tasks when promised.
- Reduce the land-use categories for which conditional use permits are required. The Task Force identified 70 categories for elimination.
- Review all impact fees for amounts, development nexus, and uniformity across the City. Part of the rationale for the review was the recent drop in real estate values, which could reduce costs for which fees had originally been scaled. In addition to the general review, the Task Force identified specific fee categories related to the Fire Department that were particularly in need of reform.

The Regulatory Relief Task Force has its own dedicated pages on the City's website.⁹ Business owners and community members are encouraged to call a "hotline" phone number to contribute additional specific ideas on how Anaheim "could streamline or eliminate local regulations that would attract new businesses and help current businesses prosper in our city."

The task force is chaired by Dr. Thomas Turk, Associate Professor of Management at Chapman University. The City's website describes Turk as a consultant to businesses on strategic planning, strategic change, and executive compensation issues. According to the website, "he also serves as an expert witness on top executive compensation and business valuation issues. Professor Turk's current

⁸<http://www.anaheim.net/images/articles/4511/THE%20REGULATORY%20RELIEF%20TASK%20FORCE%20final.pdf>

⁹ <http://www.anaheim.net/articlenew23.asp?id=4511>

Comparisons of Escondido with Close-By Communities

consulting assists firms in reducing bureaucracy and increasing their capacity to take entrepreneurial initiative.”

The 14- member task force meets regularly to discuss opportunities to cut regulation. Its membership roster includes representation from:

- The Anaheim Chamber of Commerce
- The City of Anaheim (8 members)
- The Building Industry Association
- Area real estate brokers
- Architects
- Engineers
- Construction and development management firms
- Local retailers
- Risk analysts

A February 16, 2012, *Voice of OC* article¹⁰ stated that, although the Anaheim City Council unanimously approved a framework for making the city more business friendly (that is, the *Phase 1* report), some of the recommended fee cuts must still be fleshed out and reapproved by the Council.

B.7.2. San Diego

In November of 2011 the San Diego City Council held a “Business Regulatory Relief Workshop” to address issues of possible inconsistent, redundant, or outdated regulations. The output of this workshop, *Attachment 1: 2011 Regulatory Relief Day Suggestion Matrix*, was published online by the City.¹¹ This document records 58 suggestions made at the workshop by organizations and individuals in attendance. The range of comments and suggestions was similar in spirit and content to the Anaheim report. That is, attendees put forth both conceptual and specific policy recommendations. Several suggestions reflected the themes of increased business and development advocacy, accountability of regulatory bodies, and regulatory review that also appeared in the Anaheim document.

The Building Industry Association was the most frequent contributor to workshop suggestions, followed by the Chamber of Commerce. Business districts, and business improvement districts, were also frequent contributors. Other contributing groups included the local restaurant and food and beverage associations, real estate-related organizations, and the like. With this broad range of input, suggestions ranged from business-regulatory issues (eliminate unnecessary facility requirements, restore the Small Business Advocate position, establish sunset clauses on new regulations, etc.) to perceived real estate development challenges (CEQA interpretations, zoning overlays, reimbursement agreements, building plan self-certification, expedited sign approval, parking ratios, etc.).

¹⁰ *Voice of OC*, Orange County's Nonprofit Investigative News Agency, “Anaheim OKs Plan for More Business-Friendly City.” February 16, 2012.

¹¹ http://www.sandiego.gov/iba/pdf/12_05attachment1.pdf

ESCONDIDO COMPETITIVE ASSESSMENT

C. Comparisons of San Diego County and California with Other Counties and States

C.1. County/Metro-Area Comparisons

C.1.1. Ratings

The publication, *State and Metro Rankings*, produced by Business Facilities, provides nationwide top-10 rankings for a number of metro-area attributes including job growth, suitability for various industry sectors, cost of living, and economic growth potential. The San Diego metro area (San Diego County) appears on the following top-10 lists (along with other California metro areas as noted):

- Job Growth Leaders (large metros), behind San Jose
- Manufacturing Cities, behind Los Angeles

Other major ranking categories in which San Diego was not listed, but other California metros were, include the following:

- Top Logistics Hubs: Los Angeles
- Aerospace/Defense Manufacturing: Los Angeles
- Clean Tech: San Jose, San Francisco, and Pasadena

C.1.2. Employment Activity

Recent employment-activity data for a set of the larger California counties, or those associated with major metropolitan areas, is shown on Table C-1 below. For purpose of this analysis, it is noteworthy that San Diego County has high levels of Net Job Flows – the highest of any of the counties in comparison to their Total Employment – which is an indicator of the presence of growing firms. The County's Turnover rate is relatively high. Average monthly earnings are similar to the California average. The table shows clearly that higher earnings apply to the Bay Area, and lower earnings to the counties that are part of smaller metropolitan areas. Average Monthly Earnings in San Diego County are similar to those of Orange and Los Angeles counties.

The employment-related variables in Table C-1 have specific, technical meanings within the Census program that produces the data, which are summarized as follows:

Comparisons of San Diego County and California with Other Counties and States

- Net Job Flows: Difference between firm job gain and firm job loss.
- Job Creation: Estimated number of jobs gained at firms throughout the specified quarters. This measure counts total employment increase only for firms that grew over the course of the time period.
- New Hires: Estimated number of workers who started a new job. More specifically, total hires that, while they worked for an employer in a particular quarter, were not employed by that employer in any of the previous four quarters.
- Separations: Estimated number of workers whose job with a given employer ended in the specified quarters.
- Turnover: The rate at which stable jobs begin and end. It is calculated by summing the number of stable hires and separations, and dividing by the average full-quarter employment. (Note that this figure is not directly computable within the figures in the table. The same is generally true for the other variables shown.)

Table C-1. County Workforce Indicators, 2010

County	Total Employment	Net Job Flows	Job Creation	New Hires	Separations	Turn-over	Avg Monthly Earnings	Avg New Hire Earnings
Alameda	637,554	-2,982	26,340	66,239	86,004	7.5%	\$5,072	\$3,184
San Francisco	541,793	2,236	24,915	61,447	74,993	7.7%	\$6,143	\$3,986
Santa Clara	834,156	1,229	36,491	87,139	105,274	7.5%	\$7,329	\$4,290
Los Angeles	4,039,368	8,103	178,260	496,221	626,834	7.6%	\$4,265	\$2,614
Orange	1,385,995	6,169	63,787	190,998	218,682	7.9%	\$4,509	\$2,757
Riverside	550,786	2,534	30,027	75,731	89,682	8.6%	\$3,401	\$1,984
Sacramento	567,708	-2,552	23,622	62,391	79,620	7.5%	\$4,262	\$2,511
San Bernardino	585,479	1,009	27,991	78,356	91,909	8.3%	\$3,515	\$2,098
San Diego	1,194,177	6,305	58,216	148,474	174,380	8.1%	\$4,394	\$2,709
California	14,086,619	30,986	704,657	1,884,907	2,335,916	8.0%	\$4,461	\$2,681

Source: Census, LED: Quarterly Workforce Indicators 101; TNDG

Notes: Figures represent an average of Q4 2010 and 3 prior quarters.

C.2. State Comparisons

C.2.1. State Comparison Methodology

The Business Facilities *State and Metro Rankings* publication provides top-10 state rankings for 16 different business and economic variables. Each variable is rated individually (i.e., the publication lists the top-10 states within each category, but does not provide an overall or composite ranking across the

Comparisons of San Diego County and California with Other Counties and States

variables). The 16 variables are listed as follows (California's rank is included parenthetically following each category in which it was ranked in the top-10):

- Economic Growth Potential
- Best Business Climate
- Installed Wind Power Capacity Leaders (3)
- Installed Solar Power Capacity Leaders (1)
- Alternative Energy Industry Leaders (5)
- Biotechnology Strength (1)
- Employment Leaders
- Workforce Training Leaders
- Best Business Tax Climate
- Quality of Life
- Lowest Cost of Labor
- Highest Average Wages
- Automotive Manufacturing Strength
- Best Transportation Infrastructure (4)
- Best Education Climate
- Workforce and Health Safety

Although the *State and Metro Rankings* publication does not provide a composite score/ranking for each state (i.e., a single ranking that takes into account all of the above variables), there are several ways in which California's scores can be interpreted:

- California ranks within the top 10 (among all 50 states) in a total of five of the 16 categories. On the basis of the number of top-10 category rankings, California ties for 6th place (with New Jersey, New York, South Carolina and South Dakota) in the overall rankings. That is, only five states (Texas, Florida, Georgia, Ohio, and Utah) received top-10 rankings in more categories than California.
- If each state's rankings are numeric ally aggregated such that a higher ranking in a particular category is weighted more heavily than a lower ranking in the category, California's ranks 2nd among all 50 states. This high overall or aggregate ranking is influenced by California's #1 rankings in two individual categories (Installed Solar Power Capacity and Biotechnology Strength). Using the aggregate score as the selection method generated the following list, in rank order:

- | | |
|------------------|-------------------|
| 1. Texas | 6. South Dakota |
| 2. California | 7. Utah |
| 3. Florida | 8. Maryland |
| 4. Georgia | 9. South Carolina |
| 5. Massachusetts | 10. New Jersey |

The above composite rankings need to be interpreted with caution. Although California scores very well in several categories (and, on that basis, ranks in the top 10 states overall), the

categories in which California is strong are not indicative of “business friendliness” across a wide range of industry activities (especially for industries seeking low-cost environments). Among California’s five “strong” categories, three relate specifically to renewable energy (Installed Wind Power Capacity Leader, Installed Solar Power Capacity Leader, and Alternative Energy Industry Leader); one relates specifically to biotechnology; and one relates to transportation infrastructure. While these five categories match well to anticipated growth/priority industries nationally¹² (thereby providing a rationale for interpreting California’s composite rankings in a positive light), it still needs to be acknowledged that in categories representing more traditional measures of competitiveness (e.g., business climate, business tax climate, education climate, cost of labor), California does not score well. These varying interpretations of California’s competitiveness need to be carefully considered in Escondido’s future market positioning strategies.

C.2.2. Job Creation and Destruction

Business Dynamic Statistics (BDS) data, a product of the US Census Bureau, includes measures of establishment openings and closings, firm startups, job creation and destruction by state. The top-10 overall states identified in Section C.2.1 were utilized in this analysis for comparative purposes. Figure C-1 (below) presents the overall job *creation* rate (bar) and the net job creation rate (line) for 2006 and 2009. The two different time periods have been selected to provide a comparison of pre-recession and post-recession conditions. Figure C-2 (below) displays the overall job *destruction* rate (bar) and the net job creation (line) for 2006 and 2009. Note that the net job creation line is the same on both charts. The following variable definitions come from BDS:

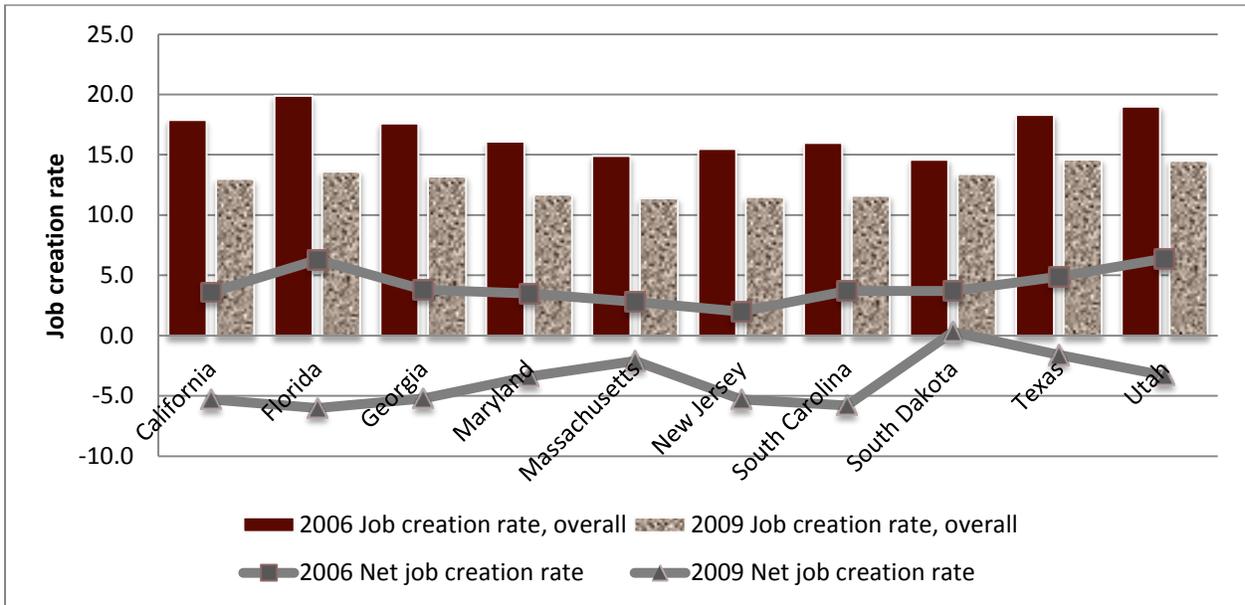
- Job Creation (JC): Job creation is the sum of all employment gains from expanding establishments from year $t-1$ to year t including establishment startups. Note that the contribution of firm births can be measured by using the job creation from establishments with firm age equal to 0.
- Job Destruction (JD): Job destruction is the sum of all employment losses from contracting establishments from year $t-1$ to year t including establishments shutting down.

As shown in Figure C-1 (below), California’s overall job creation for 2006 and 2009 falls roughly in the middle of the top-10 comparable states. California’s *net* job creation rate dropped to -5.3 in 2009, among the lowest of the competitive states but slightly above Florida and South Carolina.

¹² For example, the April 2012 edition of *Area Development* magazine profiles “10 Key Industry Sectors”: aerospace, automotive, electronics, food processing, healthcare, information & communications technology, life sciences, medical devices, plastics, renewable energy.

Comparisons of San Diego County and California with Other Counties and States

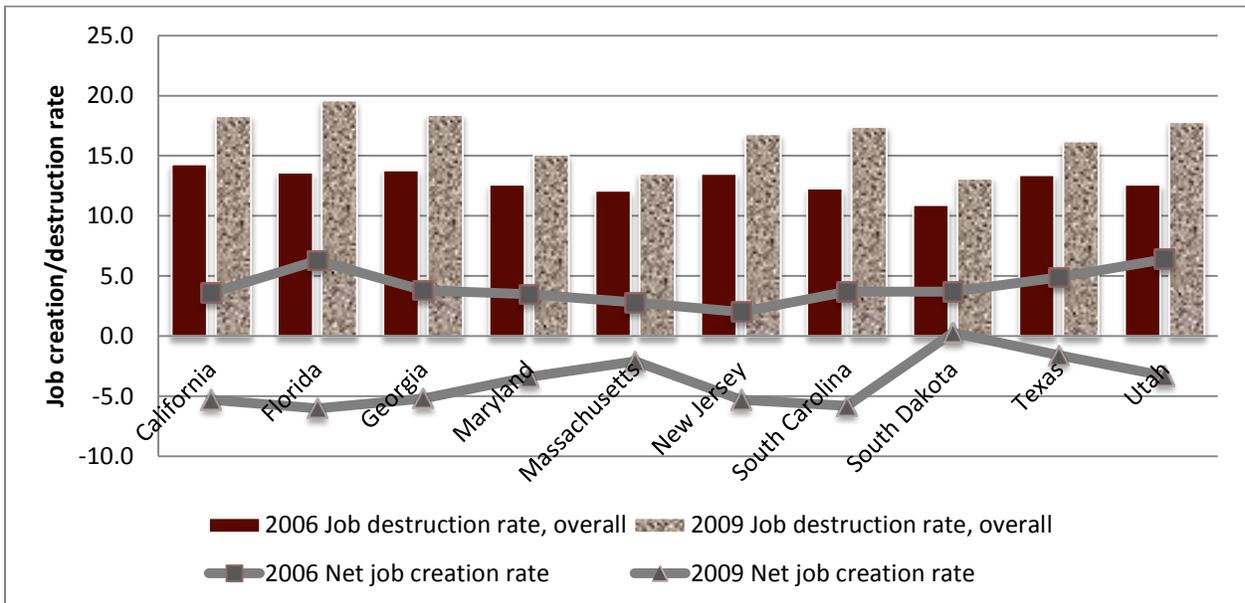
Figure C-1. Job Creation Rates, 2006 and 2009



Source: US Census, Business Dynamic Statistics, TNDG

Figure C-2 (below) shows that California had one of the highest job destruction rates in 2006 and 2009. Of the states selected for this analysis, only Florida had a higher job destruction rate in 2009.

Figure C-2. Job Destruction Rates, 2006 and 2009



Source: US Census, Business Dynamic Statistics, TNDG

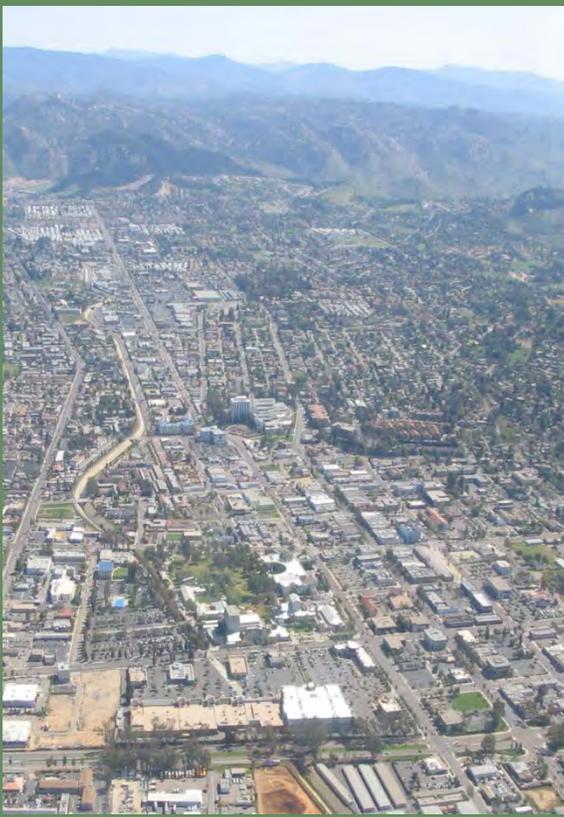
Appendix A. Cities' Variations in Taxable Sales by Category (see Section B.3.4)

Type of business	Taxable transactions (\$1,000) - 3rd Qtr. 2010 Only							Total, 7 cities
	Carlsbad	Escondido	Oceanside	San Marcos	Vista	Murrieta	Temecula	
Retail and Food Services								
Motor Vehicle and Parts Dealers	\$124,574	\$135,854	\$27,081	\$12,754	\$26,069	\$16,275	\$85,620	\$428,227
Home Furnishings and Appliance Stores	\$17,083	\$7,888	\$18,677	\$45,911	\$2,977	\$21,061	\$15,597	\$129,194
Bldg. Matrl. and Garden Equip. and Supplies	\$3,950	\$41,715	\$25,121	\$32,011	\$29,377	\$17,140	\$23,906	\$173,220
Food and Beverage Stores	\$20,243	\$30,761	\$26,249	\$11,678	\$15,068	\$12,019	\$17,350	\$133,369
Gasoline Stations	\$32,652	\$66,998	\$53,644	\$27,263	\$32,660	\$31,464	\$51,104	\$295,784
Clothing and Clothing Accessories Stores	\$70,658	\$41,688	\$12,006	\$11,023	\$6,626	\$6,114	\$27,360	\$175,475
General Merchandise Stores	\$56,894	\$29,783	\$54,210	\$36,467	\$48,000	\$42,189	\$85,555	\$353,097
Food Services and Drinking Places	\$52,952	\$42,583	\$52,874	\$28,404	\$24,801	\$23,101	\$59,004	\$283,718
Other Retail Group	\$24,952	\$34,071	\$33,518	\$21,906	\$19,273	\$19,835	\$34,467	\$188,020
Total Retail and Food Services	\$403,957	\$431,341	\$303,379	\$227,416	\$204,850	\$189,198	\$399,962	\$2,160,104
All Other Outlets	\$157,858	\$104,184	\$62,333	\$59,564	\$64,894	\$32,388	\$136,901	\$618,123
Totals All Outlets	\$561,815	\$535,525	\$365,712	\$286,981	\$269,744	\$221,585	\$536,864	\$2,778,226
Sales in Each City as Percent of All Sales in Seven Cities, by Category (3rd Qtr. 2010)								
Type of business	Carlsbad	Escondido	Oceanside	San Marcos	Vista	Murrieta	Temecula	7 Cities
Retail and Food Services								
Motor Vehicle and Parts Dealers	29.1%	31.7%	6.3%	3.0%	6.1%	3.8%	20.0%	100.0%
Home Furnishings and Appliance Stores	13.2%	6.1%	14.5%	35.5%	2.3%	16.3%	12.1%	100.0%
Bldg. Matrl. and Garden Equip. and Supplies	2.3%	24.1%	14.5%	18.5%	17.0%	9.9%	13.8%	100.0%
Food and Beverage Stores	15.2%	23.1%	19.7%	8.8%	11.3%	9.0%	13.0%	100.0%
Gasoline Stations	11.0%	22.7%	18.1%	9.2%	11.0%	10.6%	17.3%	100.0%
Clothing and Clothing Accessories Stores	40.3%	23.8%	6.8%	6.3%	3.8%	3.5%	15.6%	100.0%
General Merchandise Stores	16.1%	8.4%	15.4%	10.3%	13.6%	11.9%	24.2%	100.0%
Food Services and Drinking Places	18.7%	15.0%	18.6%	10.0%	8.7%	8.1%	20.8%	100.0%
Other Retail Group	13.3%	18.1%	17.8%	11.7%	10.3%	10.5%	18.3%	100.0%
Total Retail and Food Services	18.7%	20.0%	14.0%	10.5%	9.5%	8.8%	18.5%	100.0%
2010 Population	105,328	143,911	167,086	83,781	93,834	103,466	100,097	797,503
Percent of 7-City Total 2010 Population	13.2%	18.0%	21.0%	10.5%	11.8%	13.0%	12.6%	100.0%
Percent of Sales in Category Less City's Percent of Population of Seven Cities								
Type of business	Carlsbad	Escondido	Oceanside	San Marcos	Vista	Murrieta	Temecula	
Retail and Food Services								
Motor Vehicle and Parts Dealers	15.9%	13.7%	-14.6%	-7.5%	-5.7%	-9.2%	7.4%	
Home Furnishings and Appliance Stores	0.0%	-11.9%	-6.5%	25.0%	-9.5%	3.3%	-0.5%	
Bldg. Matrl. and Garden Equip. and Supplies	-10.9%	6.0%	-6.4%	8.0%	5.2%	-3.1%	1.2%	
Food and Beverage Stores	2.0%	5.0%	-1.3%	-1.7%	-0.5%	-4.0%	0.5%	
Gasoline Stations	-2.2%	4.6%	-2.8%	-1.3%	-0.7%	-2.3%	4.7%	
Clothing and Clothing Accessories Stores	27.1%	5.7%	-14.1%	-4.2%	-8.0%	-9.5%	3.0%	
General Merchandise Stores	2.9%	-9.6%	-5.6%	-0.2%	1.8%	-1.0%	11.7%	
Food Services and Drinking Places	5.5%	-3.0%	-2.3%	-0.5%	-3.0%	-4.8%	8.2%	
Other Retail Group	0.1%	0.1%	-3.1%	1.1%	-1.5%	-2.4%	5.8%	
Total Retail and Food Services	5.5%	1.9%	-6.9%	0.0%	-2.3%	-4.2%	6.0%	

High value in each row =

Source: California State Board of Equalization (SBOE), Taxable Sales in California; TNDG.

APPENDIX D. Escondido Target Industry Analysis



Escondido Target Industry Analysis

Submitted to: City of Escondido

June 19, 2012



THE NATELSON DALE GROUP, INC. (TNDG)

24835 E La Palma Ave, Suite I

Yorba Linda, CA 92887

(O): 714.692.9596 | (F): 714.692.9597

WWW.NATELSONDALE.COM

TABLE OF CONTENTS

- I. INTRODUCTION 1
- II. EXECUTIVE SUMMARY..... 2
 - Overview of Methodology..... 2
 - Preliminary List of Target Clusters..... 2
- III. PROFILES OF CANDIDATE CLUSTERS 8
 - Geographic Areas 8
 - Industrial Specialization..... 10
 - Industrial Competitiveness..... 11

APPENDIX A: CLUSTER DEFINITIONS (COMPONENT INDUSTRIES)

TABLES

Table 1. Summary Cluster Matrix	3
Table 2. Employees and Average Earnings by Cluster by Region, 2011.	5
Table 3. Share of Total Employment and LQs by Cluster by Region, 2011.	6
Table 4. Percentage Employment Change by Cluster by Region, 2009 to 2011 and Two-year Forecast.	7

FIGURES

Figure 1. San Diego County Map.....	8
Figure 2. North County Map	9
Figure 3. Escondido Map.....	10

I. INTRODUCTION

A core component of the City of Escondido's Comprehensive Economic Development Strategy (CEDS) is a **Business Retention/Expansion/Attraction** program focused on creating jobs in industries that have the most promising growth potentials in the local economy. The purpose of this report is to identify a list of industry "clusters" that are suitable targets for Escondido. An initial list of possible target industries, based on a draft version of this report, was reviewed with the CEDS Committee at the April 4, 2012 meeting; based on the Committee's input, the list of target industries was prioritized and incorporated into the CEDS document.

The U.S. economy is undergoing well many well-documented structural changes as a result of globalization of markets, revolutionary technical changes, demographic shifts, advances in production practices, transportation, and emerging technologies. At the local level, these changes present both opportunities and challenges for business and civic leaders. In response to this dynamic and global environment, Escondido must develop a multifaceted economic development strategy. While no economic development practitioner will discount the value of attracting new firms and industries, retention and expansion of existing industries and firms are often the most productive means of creating jobs in a local economy. In this regard, Escondido should also consider adopting an "economic gardening" or growth from within strategy, working closely with existing industries on all levels of the supply chain to maximize opportunities for growth. In addition to fostering future growth of high wage jobs, an effective business retention/expansion/attraction program can enhance overall quality of life, and significantly improve a community's image.

What is an industry "cluster"?

"Industry targeting" has long been a part of the economic development vocabulary. Over time the practice of targeting specific industries has evolved from a focus on individual sectors to a focus on **closely related groups of industries** or "clusters." In either case, the concept of targeting responds to one of the most fundamental needs of economic development organizations—the need to focus marketing and other investments on industries that offer realistic promise for creating quality economic growth in a particular geographic area, based on a comprehensive assessment of the area's comparative advantages.

Whereas the objective of a targeted industry study is to identify *individual* industries that are likely to be key "engines" of economic growth in a region, a full-fledged cluster study takes the process a few steps further by identifying *linked* industries whose growth potentials are likely to be closely aligned with expansion of the "engine" sectors. **A local example of a cluster is tourism. Whereas the San Diego Zoo Safari Park is an "engine" that attracts visitors to the area, it helps to support a cluster of linked businesses including restaurants, hotels, etc.**

The remainder of this report accomplishes three primary objectives. First, it identifies the existing core growth sectors in the region. Second, it examines inter-industry linkages. Third, we examine Escondido's competitive advantages in a wide range of industries to provide an understanding of specific businesses that should be included an attraction strategy.

II. EXECUTIVE SUMMARY

Overview of Methodology

The analysis recognizes that Escondido's economy does not exist in a vacuum. Large numbers of Escondido's residents commute to jobs outside the City; conversely, many of the jobs based in the City are held by workers who commute in from elsewhere. With this high degree of interconnectedness, economic activity in San Diego County as a whole, and especially in the immediate North County area, has a direct bearing on Escondido's future potentials. The analysis focuses on two groups of potential targets:

- (1) Industries/clusters that are established core strengths in Escondido, and thus represent appropriate targets for a retention/expansion focus; and
- (2) Industries/clusters that, although not currently well represented in the City, are strong in the larger North County area. This group represents industries that could potentially be attracted to the City based on their existing attraction to the larger region.

The initial list of possible target clusters for Escondido was derived by evaluating 2009-2011 employment trends for a master list of over 1,000 individual industries (defined at the 6-digit NAICS¹ code level of detail). Two types of analysis were used to identify each industry's existing strength in Escondido and North County:

- (1) **Location quotient (LQ) analysis** – An LQ is a number which indicates the existing concentration of industry at the local level compared to its concentration in the U.S. economy overall. An LQ greater than 1.0 means that an industry is more concentrated/important locally than it is nationally, potentially indicating a local area of specialization or comparative advantage.
- (2) **Shift-share analysis** – This process compares an industry's recent growth/retraction locally to its recent growth/retraction nationally. A favorable "competitive effect" indicates that a local industry has outperformed the national industry in terms of growth.

List of Potential Target Clusters

Based on the LQ and shift-share analyses, the consultants identified an initial list of candidate clusters for consideration and discussion by the CEDS Committee. The preliminary list included a total of 16 clusters, representing 359 individual industries (see Appendix A for lists of the industries included in each cluster). Based on discussion and a group "voting" process at the April 4, 2012 CEDS Committee meeting, the initial list was prioritized for inclusion in the CEDS Action Plan.

The following tables summarize key data for the master list of candidate clusters. More detailed profiles of the clusters (including examples of existing local firms associated with each cluster) are provided in Section III of the report.

¹ NAICS = North American Industry Classification System.

Table 1. Summary Cluster Matrix

Cluster	2011 LQ Relative to U.S.	Favorable 2009-11 Growth Compared to U.S.	High LQ Industry Sectors in North County	Recommended Strategic Focus
Action Sports Mfg	City - 0.7 North County - 18.1 County - 4.7	City - Yes North County - Yes County - Yes	Sporting Goods Mfg: 23.98 Sporting Goods Wholesale: 12.66	Attraction
Advanced Precision Mfg	City - 0.8 North County - 1.6 County - 0.9	City - Yes North County - Yes County - No	Vending Machine Mfg: 8.70 Machine Tool (Forming) Mfg: 4.0 Machine Tool (Cutting) Mfg: 2.0	Attraction
Agribusiness and Ag-Tech	City - 1.8 North County - 1.6 County - 0.6	City - Yes North County - Yes County - Yes	Farm Mgmt. Svcs: 9.68 Crop & Animal Production: 2.09 Soil Prep, Cultivation, Planting: 2.09	Retention/Expansion
Business and Professional Services	City - 0.7 North County - 0.7 County - 0.7	City - Yes North County - Yes County - Yes	Mgmt. Consulting Svcs: 4.95 Drafting Svcs: 3.96 Real Estate Svcs: 2.85	Retention/Expansion
Cleantech	City - 1.5 North County - 1.8 County - 1.8	N/A	Testing Labs: 10.32 Instruments-Ind. processes: 7.54 Other comm./svc. machine Mfg: 6.78	Attraction
Culture, Entertainment, and Tourism	City - 1.0 North County - 1.4 County - 1.3	City - No North County - No County - No	Zoos & Botanical Gardens: 10.18 Amusement & Theme Parks: 7.43 Golf Courses and Country Clubs: 1.70	Retention/Expansion
Defense Related Manufacturing	City - 0.1 North County - 0.6 County - 2.1	City - Yes North County - Yes County - Yes	Boat Building: 2.19 Search, Detect., & Nav System: 1.88 Guided Missile and Space Parts: 1.67	Attraction
Education and Knowledge Creation	City - 0.8 North County - 0.8 County - 1.8	City - Yes North County - Yes County - Yes	Professional Dev Training: 10.26 Exam Prep and Tutoring: 2.87 Other Tech & Trade Schools: 1.89	Attraction
Elderly Care Services	City - 1.3 North County - 0.9 County - 0.6	City - Yes North County - Yes County - Yes	Retirement Community: 2.63 Homes for Elderly: 1.85 Nursing Care Facilities: .54	Retention/Expansion
Energy Generation	City - 1.5 North County - 1.8 County - 1.8	City - No North County - Yes County - Yes	Nuclear Power Generation: 5.05 Natural gas Distribution: 3.51 Fossil Fuel Power Generation: 2.17	Retention/Expansion
Hospitals and Healthcare	City - 0.9 North County - 0.7 County - 0.7	City - Yes North County - Yes County - Yes	Health Care Services: 0.94 Hospitals: 0.40	Retention/Expansion

Cluster	2011 LQ Relative to U.S.	Favorable 2009-11 Growth Compared to U.S.	High LQ Industry Sectors in North County	Recommended Strategic Focus
Information, Communications, Technology	City - 1.3 North County - 1.3 County - 1.3	City - No North County - No County - No	AV Equipment Mfg.: 19.23 Wireless Comm Eqpmt Mfg: 12.63 Electronics Connector Mfg: 11.90	Retention/Expansion
Medical Devices	City - 1.0 North County -5.6 County - 1.9	City - Yes North County – Yes County - Yes	Ophthalmic Goods Mfg: 9.81 Surgical Appliance Mfg: 6.15 Surgical & Medical Instrmt. Mfg: 5.15	Attraction
Pharmaceuticals	City - 0.0 North County - 2.8 County - 1.9	City - N/A North County - Yes County - Yes	In-Vitro Diagnostic Mfg: 22.68 Medicinal& Botanical Mfg: 4.85 Pharmaceutical Prep Mfg: 1.08	Attraction
Retail Trade	City - 1.6 North County - 1.2 County - 0.9	City - No North County - Yes County - Yes	Luggage and Leather Goods: 6.27 Electronics Shopping: 2.89 Health Supplement Stores: 2.17	Retention/Expansion
Specialty Foods and Beverages	City - 9.0 North County - 2.9 County - 1.0	City - Yes North County - Yes County - Yes	Pastries Mfg: 6.69 Breweries: 5.55 Tortilla Mfg: 4.05	Retention/Expansion

Source: Economic Modeling Specialists, Inc. (EMSI) Covered Employment; Hendershot Economics.

Table 2. Employees and Average Earnings by Cluster by Region, 2011.

Cluster	Employees			Average Earnings		
	Escondido	North County	County	Escondido	North County	County
Action Sports Mfg	25	3,330	4,387	\$68,061	\$67,880	\$67,897
Advanced Precision Mfg	134	1,443	4,219	\$46,388	\$50,493	\$51,409
Agribusiness and Ag-Tech	941	4,357	8,059	\$38,210	\$36,724	\$37,108
Business and Professional Services	2,386	13,465	93,588	\$70,040	\$72,056	\$75,163
Cleantech	209	2,411	8,303	\$87,266	\$87,255	\$111,564
Culture, Entertainment, and Tourism	1,868	13,434	63,619	\$23,736	\$26,953	\$32,875
Defense Related Mfg	36	1,079	18,448	\$95,863	\$91,211	\$83,280
Education and Knowledge Creation	913	5,033	58,213	\$61,936	\$66,937	\$88,911
Elderly Care Services	1,647	6,129	21,293	\$28,144	\$27,626	\$27,882
Energy Generation	818	2,398	12,360	\$102,688	\$97,597	\$98,825
Hospitals and Healthcare	4,003	16,103	82,210	\$58,332	\$60,884	\$61,548
Information, Communications, Technology	118	3,370	6,332	\$80,756	\$84,661	\$89,670
Medical Devices	118	3,370	6,332	\$94,751	\$79,182	\$81,157
Pharmaceuticals	0	1,606	5,289	N/A	\$90,987	\$94,562
Retail Trade	8,969	34,717	130,393	\$33,415	\$30,911	\$29,995
Specialty Foods and Beverages	615	1,077	1,768	\$38,376	\$34,540	\$38,819

Source: EMSI Covered Employment; Hendershot Economics.

Table 3. Share of Total Employment and LQs by Cluster by Region, 2011.

Cluster	Share of Total Employment			Location Quotient (LQ)		
	Escondido	North County	County	Escondido	North County	County
Action Sports	0.0%	1.2%	0.3%	0.7	18.1	4.7
Advanced Precision Mfg	0.3%	0.5%	0.3%	0.8	1.6	0.9
Agribusiness and Ag-Tech	1.8%	1.6%	0.6%	1.8	1.6	0.6
Business and Professional Services	4.5%	4.8%	6.7%	0.7	0.7	1.0
Cleantech	0.4%	0.9%	0.6%	1.5	3.5	3.8
Culture, Entertainment, and Tourism	3.6%	4.8%	4.5%	1.0	1.4	1.3
Defense Related Mfg	0.1%	0.4%	1.3%	0.1	0.6	2.1
Education and Knowledge Creation	1.7%	1.8%	4.1%	0.8	0.8	1.8
Elderly Care Services	3.1%	2.2%	1.5%	1.3	0.9	0.6
Renewable Energy and Fossil Fuels	1.6%	0.9%	0.9%	1.5	1.8	1.8
Hospitals and Healthcare	7.6%	5.8%	5.9%	0.9	0.7	0.7
Information, Communications, Technology	0.2%	1.2%	0.5%	1.3	1.3	1.3
Medical Devices	0.2%	1.2%	0.5%	1.0	5.6	1.9
Pharmaceuticals	0.0%	0.6%	0.4%	0.0	3.0	1.9
Retail Trade	17.1%	12.4%	9.3%	1.6	1.2	0.9
Specialty Foods and Beverages	1.2%	0.4%	0.1%	9.0	2.9	1.0

Source: EMSI Covered Employment; Hendershot Economics.

Table 4. Percentage Employment Change by Cluster by Region, 2009 to 2011 and Two-year Forecast.

Cluster	% Employment Change 2009-11			Forecast % Employment Change 2011-13		
	Escondido	North County	County	Escondido	North County	County
Action Sports	4.2%	-1.8%	-1.3%	4.0%	-8.9%	-7.8%
Advanced Precision Mfg	4.7%	-0.1%	1.2%	5.2%	-5.5%	-0.5%
Agribusiness and Ag-Tech	4.9%	5.5%	5.4%	-5.2%	-4.6%	-5.1%
Business and Professional Services	3.6%	3.3%	0.4%	1.5%	0.8%	1.0%
Cleantech	12.4%	5.0%	8.8%	8.1%	8.9%	9.6%
Culture, Entertainment, and Tourism	1.6%	0.1%	0.0%	0.9%	2.8%	1.7%
Defense and Military	5.9%	3.4%	-2.6%	0.0%	4.9%	4.5%
Education and Knowledge Creation	0.7%	14.6%	23.9%	-2.0%	3.4%	6.4%
Elderly Care Services	7.3%	7.8%	6.0%	9.3%	9.6%	7.7%
Hospitals and Healthcare	5.8%	7.5%	7.4%	6.1%	6.2%	6.0%
Information, Communications, Technology	-11.6%	-6.9%	-10.5%	-5.8%	-1.8%	-0.4%
Medical Devices	16.8%	10.5%	11.5%	8.5%	4.4%	4.3%
Pharmaceuticals	0.0%	6.4%	6.3%	0.0%	10.6%	8.0%
Renewable Energy and Fossil Fuels	-2.4%	18.0%	3.9%	-9.0%	-4.0%	-1.7%
Retail Trade	0.1%	0.8%	0.9%	-0.6%	1.6%	1.4%
Specialty Foods and Beverages	37.9%	13.0%	8.5%	17.6%	19.0%	15.2%

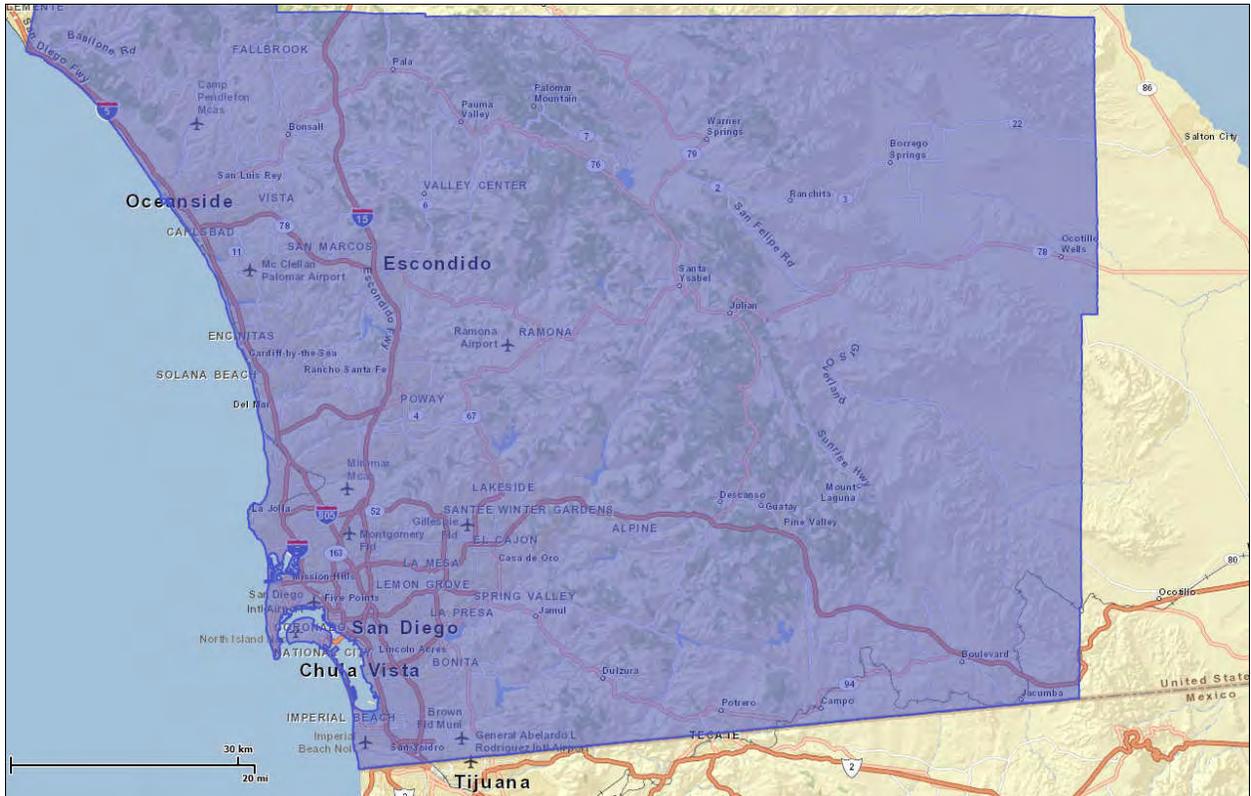
Source: EMSI Covered Employment; Hendershot Economics.

III. PROFILES OF CANDIDATE CLUSTERS

Geographic Areas

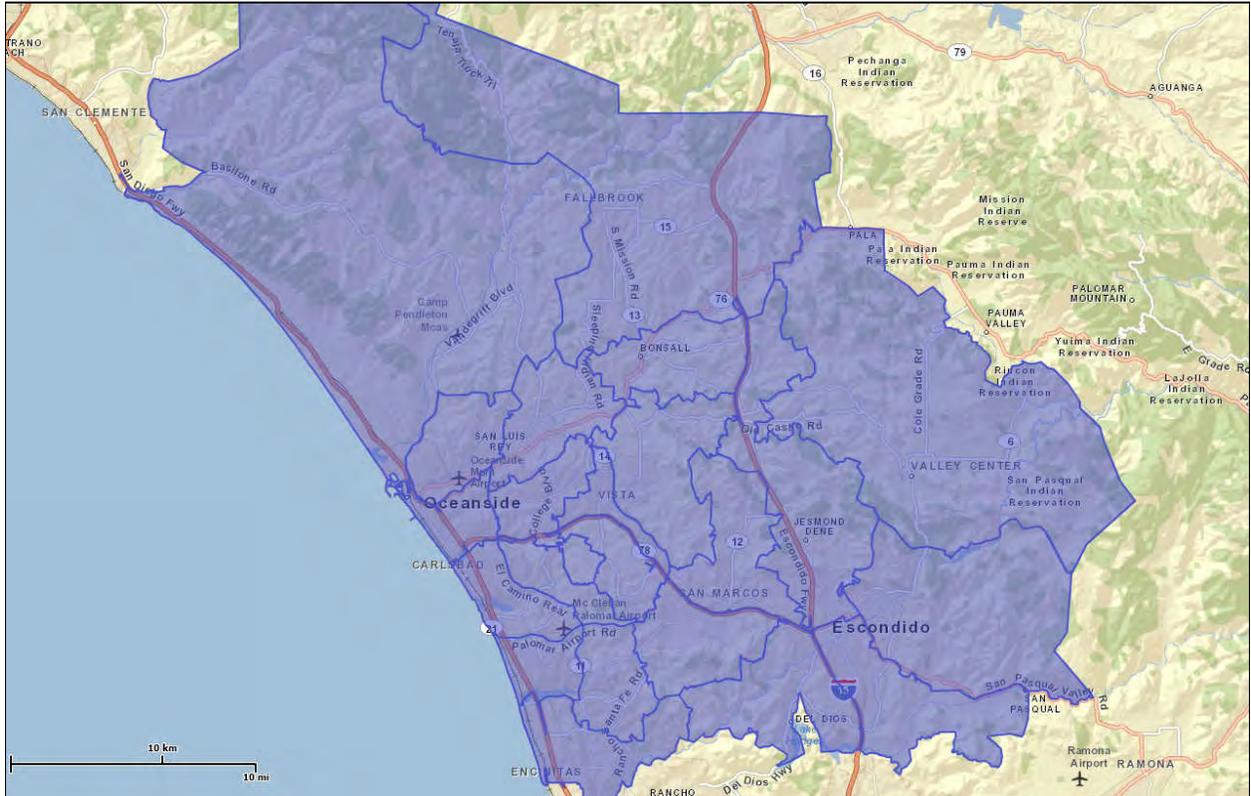
To provide a deeper understanding of the role of Escondido in the larger economy and provide a context in which Escondido operates, the analysis incorporates three geographic areas. These areas were defined by incorporating a series of zip codes; these include the San Diego County (Figure 1), North County (Figure 2), and the City of Escondido (Figure 3).

Figure 1. San Diego County Map



Source: ESRI BAO Online; Hendershot Economics

Figure 2. North County Map



Source: ESRI BAO Online; Hendershot Economics

Industrial Competitiveness

Shift share analysis is a second economic base technique used to highlight an area's industrial competitiveness. It proves useful by providing investment targets so that local stakeholders can help high-performing industries continue to outperform national trends or else "catch up" with national trends so the area is not left behind in those sectors. Shift share analysis includes three basic components:

- **Job Change:** This is the actual job change in the regional industry over a specified timeframe.
- **Expected Change:** This is the job change one would expect in the regional industry if it exactly followed national trends.
- **Competitive Effect:** The most important of the three indicators, it explains how much of the change in a given industry is due to a unique competitive advantage that the region possesses, given that the growth cannot be explained by national trends in the industry or the economy as a whole.

The cluster targeting process primarily focuses on core service and manufacturing industries. However, Retail Trade was also included due to high a concentration of retail activities in Escondido. The following clusters are profiled in detail in this chapter:

- Action Sports Manufacturing
- Advanced Precision Manufacturing
- Agribusiness and Ag-Tech
- Business and Professional Services
- Cleantech
- Culture, Entertainment, and Tourism
- Defense Related Manufacturing
- Education and Knowledge Creation
- Elderly Care Services
- Energy Generation
- Hospitals and Healthcare
- Information, Technology, and Communications
- Medical Devices
- Pharmaceuticals
- Retail Trade
- Specialty Foods and Beverages

Action Sports

As shown below, the North County region accounts for a significant share of the County's total number of employees (approximately 75%) in this cluster. These jobs pay well above the regional average, with average annual earnings at approximately \$68,000 in all three study areas.

Employment and Earnings*: Action Sport Mfg

Study Area	2009	2011	2013	Earnings
Escondido	24	25	26	\$68,061
North County	3,390	3,330	3,035	\$67,880
San Diego County	4,446	4,387	4,047	\$67,897

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ numbers illustrate the high concentration of companies involved in the Action Sports cluster in North County. The LQ value of 18.1 indicates the region has 18 times the employment concentration in this cluster when compared to the United States. Escondido's LQ value of 0.7 indicates the cluster is relatively underrepresented in the City, indicating a possibility for future growth based on the cluster's strong presence in North County.

Location Quotient (LQ): Action Sport Mfg

Study Area	2009	2011	2013
Escondido	0.7	0.7	0.8
North County	18.1	18.1	17.1
San Diego County	4.7	4.7	4.5

Source: EMSI Covered Employment, Hendershot Economics

While both North County and San Diego County experienced job losses from 2009 to 2011 in this cluster, these regions performed better relative to national trends. That is, given the magnitude of national job declines in this cluster from 2009 to 2011, these two regions lost fewer jobs than expected.

2009-2011 Shift Share Analysis: Action Sports Mfg

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	1	0	1
North County	-60	-70	10
San Diego County	-59	-90	31

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below. These companies include major golf-related companies, in addition to companies in the paintball products and pool products related industries.

Action Sports Mfg: Representative Employers

North County Companies
Callaway Golf Co
Titleist Golf
Taylor Made Adidas Golf Co Inc
Zodiac Pool Systems Inc
Teamwork Athletic Apparel
Escondido Companies
SCP Distributors
Pool King
Mr Paintball's Usa
Superior Pool Products
Poolsafe Cover System

Source: Nielsen Claritas Business-Facts®

Advanced Precision Manufacturing

Advanced Precision Manufacturing is an emerging cluster, providing services to a wide range of industries. North County accounts for slightly more than one-third (34.2%) of the total County employment in this cluster.

Employment and Earnings*: Advanced Precision Mfg

Study Area	2009	2011	2013	Earnings
Escondido	128	134	141	\$46,388
North County	1,445	1,443	1,363	\$50,493
San Diego County	4,169	4,219	4,198	\$51,409

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ values in the following table indicate that there is a *disconnect* between Escondido and North County. While the industry is strongly concentrated in North County, Escondido is underrepresented in the cluster.

Location Quotient: Advanced Precision Mfg

Study Area	2009	2011	2013
Escondido	0.7	0.8	0.8
North County	1.6	1.6	1.5
San Diego County	0.9	0.9	0.9

Source: EMSI Covered Employment, Hendershot Economics

Compared to national trends, the City performed better in terms of job growth in the cluster from 2009 to 2011. On the contrary, North County and the County underperformed the U.S. in relative job growth during this time period.

2009-2011 Shift Share Analysis: Advanced Precision Mfg

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	6	1	5
North County	-2	6	-8
San Diego County	50	72	-22

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Advanced Precision Mfg: Major Employers

San Diego-North County
Company
Systems Maintenance Svc
Raytheon Technical Svc Co
Nordson Asymtek
Lmi Aerospace Inc
Randall International LLC
Escondido
Meziere Enterprises
Newen Inc
Canon Copier Repair & Supply
Power Plus
Hybond Inc

Source: Nielsen Claritas Business-Facts®

Agribusiness & Ag-Tech

As shown below, the 4,357 jobs in North County account for more than one-half (54%) of the County's total employment in this cluster.

Employment and Earnings*: Agribusiness & Ag-Tech

Study Area	2009	2011	2013	Earnings
Escondido	897	941	892	\$38,210
North County	4,130	4,357	4,156	\$36,724
San Diego County	7,644	8,059	7,647	\$37,108

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ data, below, shows the high concentration of companies involved in the cluster in North County and in the City of Escondido. Escondido's LQ value of 1.8 indicates that the City, in relative terms, has 1.8 times the employment concentration in this cluster compared to the United States.

Location Quotient (LQ): Agribusiness & Ag-Tech

Study Area	2009	2011	2013
Escondido	1.8	1.8	1.8
North County	1.6	1.6	1.5
San Diego County	0.6	0.6	0.6

Source: EMSI Covered Employment, Hendershot Economics

All study areas have outpaced the nation in terms of job growth in the cluster, providing further evidence of the strength of the cluster locally.

2009-2011 Shift Share Analysis: Agribusiness & Ag-Tech

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	44	32	12
North County	227	124	103
San Diego County	415	243	172

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below. Some of the largest employers in this cluster are in dairy-related industries and avocado farms.

Agribusiness & Ag-Tech: Major Employers

San Diego-North County
Company
Hollandia Dairy Inc
Milagro Ranch
Pfenex Inc
Jensen Meat Co
Farm Acw
Escondido
Grangetto’s Farm & Garden Supply
Be Wise Ranch
Mountain Meadow Mushrooms
True Turf
Beacon Sun Ranch
Agricultural Supply

Source: Nielsen Claritas Business-Facts®

Business and Professional Services

The Business and Professional Services cluster serves as a key catalyst for growth in all industry sectors, facilitating business growth by creating efficiency. This cluster also assists in the ease of doing business in a community if a large concentration of these services is available in the immediate area. In addition, jobs in this cluster tend to be high paying, with average annual wages ranging from approximately \$70,000 (Escondido) to \$75,000 (San Diego County).

Employment and Earnings*: Business & Professional Services

Study Area	2009	2011	2013	Earnings
Escondido	2,303	2,386	2,421	\$70,040
North County	13,031	13,465	13,566	\$72,056
San Diego County	93,249	93,588	94,516	\$75,163

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The cluster is underrepresented in North County and Escondido, suggesting that there may be growth opportunities to catch up in this cluster to meet the future demands of new businesses.

Location Quotient(LQ): Business & Professional Services

Study Area	2009	2011	2013
Escondido	0.6	0.7	1.0
North County	0.7	0.7	0.7
San Diego County	1.0	1.0	1.0

Source: EMSI Covered Employment, Hendershot Economics

Compared to the nation, all three study areas performed better in terms of job growth in this cluster from 2009 to 2011. While all three study areas were projected to lose jobs, based on national trends, they all added jobs during this time period.

2009-2011 Shift Share Analysis: Business & Professional Services

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	83	-16	99
North County	434	-70	504
San Diego County	339	-1,128	1,467

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below. Many of these firms are in the financial services and insurance sectors.

Business & Professional Services: Major Employers

San Diego-North County
Company
Premier Inc
Geico Insurance
Chase Home Finance
Hsbc Auto Finance

Source: Nielsen Claritas Business-Facts®

Cleantech

Cleantech is an emerging cluster or a process cutting across a range of industries. Clean Edge, a leading clean tech market research firm, refers to this cluster as “**a diverse range of products, services, and processes that harness renewable materials and energy sources, dramatically reduce the use of natural resources, and significantly cut or eliminate emissions and wastes.**” This broad definition suggests that Cleantech has the potential to be embodied in almost any industry. While there is agreement that all industries could operate with less impact on the environment, experts say Cleantech-related industries have a primary focus on doing more good versus less bad.

Cleantech is a dynamic and evolving cluster. As more industries become “cleaner” the distinguishing properties will continue to shift and there will need to be efforts to refine and update how Cleantech is quantified. Our initial analysis of Cleantech is based on a cluster definition established by SANDAG. As shown in the table below, the industries in the cluster range from semiconductor manufacturing to environmental consulting services. The percentages listed in the table indicate the portion of the respective industries that are related to the Cleantech cluster.

Clean-tech* Industry Definition

NAICS	Description	% of Ind
333319	Other Commercial and Service Industry Machinery Mfg.	50%
334413	Semiconductor and Related Device Mfg.	25%
334513	Instruments and Related Products Mfg. for Measuring, Displaying, and Controlling Industrial Process Var.	100%
541380	Testing Laboratories	10%
541420	Industrial Design Services	100%
541620	Environmental Consulting Services	100%
541690	Other Scientific and Technical Consulting Services	25%
541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotech)	5%

**Based on SANDAG Industry Cluster Definitions*

Source: EMSI Covered Employment, Hendershot Economics

The Cleantech cluster employs 8,303 people in San Diego County; North County accounts for approximately 29% of this total. Jobs in this cluster are high paying, with average annual earnings ranging from \$87,266 (Escondido) to \$111,564 (San Diego County).

Employment and Earnings*: Cleantech

Study Area	2009	2011	2013	Earnings
Escondido	186	209	226	\$87,266
North County	2,297	2,411	2,625	\$87,225
San Diego County	7,631	8,303	9,104	\$111,564

** Reflects 2011 Annual Earnings*

Source: EMSI Covered Employment

The LQ values shown below indicate that the cluster has a strong concentration of employment in all three study regions, especially in the North County and the County.

Location Quotient: Cleantech

Study Area	2009	2011	2013
Escondido	1.3	1.4	1.5
North County	3.0	3.3	3.5
San Diego County	3.0	3.9	3.8

Source: EMSI Covered Employment, Hendershot Economics

Due to limitations in the available data, a shift-share analysis is not available for this cluster.

Culture, Entertainment, and Tourism

As shown below, the North County region accounts for approximately 21% of the County’s employment in this cluster, while the City accounts for approximately 3% of the total employment.

Employment and Earnings*: Culture, Entertainment, and Tourism

Study Area	2009	2011	2013	Earnings
Escondido	1,839	1,868	1,885	\$28,736
North County	13,424	13,434	13,814	\$26,953
San Diego County	63,610	63,619	64,726	\$32,875

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The cluster’s LQ value of 1.0 indicates Escondido is on par with the United States in terms of the relative concentration in this cluster. The LQs for North County and San Diego County indicate both regions have a stronger concentration in this cluster relative to the U.S.

Location Quotient (LQ): Culture, Entertainment, and Tourism

Study Area	2009	2011	2013
Escondido	1.0	1.0	1.0
North County	1.4	1.4	1.4
San Diego County	1.3	1.3	1.3

Source: EMSI Covered Employment, Hendershot Economics

The 2009 to 2011 job growth numbers, below, indicate that all the study areas underperformed the nation in terms of cluster employment growth.

2009-2011 Shift Share Analysis: Culture, Entertainment, and Tourism

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	29	30	-1
North County	10	102	-92
San Diego County	9	238	-229

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Culture, Entertainment, and Tourism: Representative Companies

San Diego-North County
Sea World San Diego
Barona Casino
Viejas Casino & Outlet Ctr
Sycuan Casino
Harrah's Rincon Casino
Escondido
Welk Group Inc
San Diego Zoo Safari Park
California Center For The Arts
Mathes Community Ctr
Castle Creek Country Club

Source: Nielsen Claritas Business-Facts®

Defense Related Manufacturing

As shown below, the City and North County account for a relatively small share of the County’s total number of employees – at 0.2% and 5.8%, respectively – in this cluster. These jobs are relatively high paying, with average annual earnings of more than \$91,000 in North County.

Employment and Earnings*: Defense Manufacturing

Study Area	2009	2011	2013	Earnings
Escondido	34	36	36	\$95,863
North County	1,044	1,079	1,132	\$91,211
San Diego County	18,942	18,448	19,272	\$83,280

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ data illustrates the high concentration of companies involved in Defense Related Manufacturing cluster in other parts of the County. The LQ value of 2.1 indicates the County has 2.1 times the employment concentration in this cluster, in relative terms, compared to the nation. Escondido’s and the North County’s relatively low LQ values - 0.1 and 0.6, respectively - indicate the cluster is relatively underrepresented in both regions. Future growth potential is based on the cluster’s strong overall presence in the County.

Location Quotient: Defense Manufacturing

Study Area	2009	2011	2013
Escondido	0.1	0.1	0.1
North County	0.6	0.6	0.7
San Diego County	2.2	2.1	2.2

Source: EMSI Covered Employment, Hendershot Economics

In terms of job growth from 2009 to 2011, all three regions performed better relative to national trends. Although the County lost a total of 494 jobs, it lost fewer jobs than expected, given the magnitude of national job declines in this cluster from 2009 to 2011.

2009-2011 Shift Share Analysis: Defense Manufacturing

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	2	1	1
North County	35	-28	63
San Diego County	-494	-616	122

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Defense Mfg: Major Employers

San Diego-North County
Company
General Dynamics Nassco
Goodrich Aerostructures Group
Northrop Grumman
Bae Systems San Diego Ship Rpr
Continental Data Graphics

Source: Nielsen Claritas Business-Facts[®]

Education and Knowledge Creation

North County and Escondido account for a relatively small share of the County’s total number of employees in this cluster, approximately 8.6% and 1.6% of the total, respectively. At \$88,911, average annual earnings are significantly higher in the County relative to North County and the City.

Employment and Earnings*: Education and Knowledge Creation

Study Area	2009	2011	2013	Earnings
Escondido	907	913	895	\$61,936
North County	4,391	5,033	5,203	\$66,937
San Diego County	47,000	58,213	61,929	\$88,911

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ numbers show that the cluster is relatively well represented in the County. The LQ values for Escondido and North County (0.8 for both regions) indicate that the cluster is relatively underrepresented in these areas.

Location Quotient (LQ): Education and Knowledge Creation

Study Area	2009	2011	2013
Escondido	0.8	0.8	0.7
North County	0.7	0.8	0.8
San Diego County	1.5	1.8	1.9

Source: EMSI Covered Employment, Hendershot Economics

In terms of job growth between 2009 and 2011, the cluster is extremely competitive in all three study areas. As shown below, all three study areas added jobs at a higher rate than expected, given national trends.

2009-2011 Shift Share Analysis: Education and Knowledge Creation

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	6	-20	26
North County	642	41	601
San Diego County	11,213	1,131	10,082

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Education & Knowledge Creation: Major Employers

San Diego-North County

Scripps Research Institute
Tri-city Medical Ctr
Palomar College
Southwestern College
Grossmont-Cuyamaca Comm Clg
Escondido
North County Times
Hispanos Unidos
Escondido Library
West-tech Contracting Inc
Palomar College

Source: Nielsen Claritas Business-Facts®

Elderly Care Services

The City accounts for a significant share of County employment (7.7%) in this Cluster. In addition, the City is projected to add more than 150 jobs, increasing by 7.3%, over the next two years. Potential synergies with the City’s healthcare and hospital cluster can also serve as a potential force for future growth in this cluster.

Employment and Earnings*: Elderly Care Services

Study Area	2009	2011	2013	Earnings
Escondido	1,535	1,647	1,800	\$28,144
North County	5,687	6,129	6,715	\$27,626
San Diego County	20,096	21,293	22,931	\$27,882

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The City’s LQ value of 1.3 indicates that the cluster is relatively well represented in Escondido. On the other hand, North County and the County’s LQ values – 0.9 and 0.6, respectively – indicate the cluster is relatively underrepresented in these areas.

Location Quotient (LQ): Elderly Care Services

Study Area	2009	2011	2013
Escondido	1.2	1.3	1.3
North County	0.9	0.9	0.9
San Diego County	0.6	0.6	0.6

Source: EMSI Covered Employment, Hendershot Economics

As shown below, all three study areas added jobs in this cluster at a higher rate compared to the nation between 2009 and 2011.

2009-2011 Shift Share Analysis: Elderly Care Services

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	112	72	40
North County	442	278	164
San Diego County	1,197	904	293

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below. Among others, these companies include major hospice and care centers.

Elderly Care Services: Major Employers

San Diego-North County
Company
San Diego Hospice
Vi At La Jolla Village
Casa De Las Campanas
Promise Hospital-San Diego
Vitas Hospice Svc
Escondido
Las Villas Del Norte Hlth Ctr
Palomar Continuing Care Ctr
Las Villas Del Norte Retire
Escondido Care Ctr
Redwood Terrace

Source: Nielsen Claritas Business-Facts®

Energy Generation

The Energy Generation cluster employs 12,360 in San Diego County, with North County accounting for close to 20% of the countywide total. Wages are relatively high in this cluster, with average annual earnings of more than \$100,000 in Escondido, which is slightly higher than the cluster’s average annual earnings in North County and the County.

Employment and Earnings*: Energy Generation

Study Area	2009	2011	2013	Earnings
Escondido	838	818	744	\$102,688
North County	2,032	2,398	2,303	\$97,597
San Diego County	11,901	12,360	12,151	\$98,825

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

Escondido’s relatively high LQ value of 1.5 indicates there is a strong concentration of employment in this cluster compared to the nation. In contrast, North County’s and the County’s relatively low LQ of 0.8 indicates the cluster is relatively underrepresented in these study areas.

Location Quotient: Energy Generation

Study Area	2009	2011	2013
Escondido	1.6	1.5	1.4
North County	0.7	0.8	0.8
San Diego County	0.9	0.8	0.8

Source: EMSI Covered Employment, Hendershot Economics

Employment in North County and San Diego County outpaced the nation between 2009 and 2011, indicating the region has a comparative advantage in this cluster.

2009-2011 Shift Share Analysis: Energy Generation

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	-20	-6	-14
North County	366	-16	382
San Diego County	459	144	315

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Renewable and Fossil Energy: Major Employers

Company
Solar Turbines Inc
Hamilton Sundstrand Corp
Deutsch Engineered Connecting
San Diego Gas & Electric
Air Products & Chemicals Inc

Source: Nielsen Claritas Business-Facts®

Hospitals and Healthcare

With over 4,000 employees, Escondido accounts for approximately 25% of North County’s employment in the cluster. In addition, the cluster is projected to experience job growth over the next two years in all three study areas. As shown below, average annual earnings are relatively consistent across all three study areas.

Employment and Earnings*: Hospitals and Healthcare

Study Area	2009	2011	2013	Earnings
Escondido	3,785	4,003	4,249	\$58,332
North County	14,985	16,103	17,106	\$60,884
San Diego County	76,564	82,210	87,173	\$61,548

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

As shown below, the LQ numbers indicate that the cluster is underrepresented in all three study areas. However, Escondido’s higher LQ compared to North County and the County indicates the City has a relatively stronger concentration in this cluster compared to these two study areas.

Location Quotient: Hospitals and Healthcare

Study Area	2009	2011	2013
Escondido	0.9	0.9	1.0
North County	0.7	0.7	0.7
San Diego County	0.7	0.7	0.7

Source: EMSI Covered Employment, Hendershot Economics

As shown below, all three study areas added jobs in this cluster at a higher rate compared to the nation between 2009 and 2011.

2009-2011 Shift Share Analysis: Hospitals and Healthcare

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	218	156	62
North County	1,118	661	457
San Diego County	5,646	3,146	2,500

Source: EMSI Complete Employment , Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Hospitals and Healthcare: Major Employers

San Diego-North County
Company
Sharp Memorial Hospital
Kaiser Permanente
Sharp Mary Birch Hospital
Ucsd Medical Ctr
Scripps Memorial Hospital
Escondido
Palomar Medical Ctr
Graybill Medical Group Inc
Palomar Pomerado Lab Svc
Preferred Home Care
Palomar West Medical Center

Source: Nielsen Claritas Business-Facts®

Information, Communications, Technology

As shown below, the City and North County account for approximately 3.7% and 19.9%, respectively, of the County’s employment in this cluster. Jobs in this cluster are relatively well paying, with average annual earnings ranging from \$80,756 (Escondido) to \$89,670 (San Diego County). This cluster has experienced a significant decrease in employment from 2009 to 2011, but this trend is expected to moderate over the next two years.

Employment and Earnings*: Information, Technology, and Communications

Study Area	2009	2011	2013	Earnings
Escondido	3,022	2,672	2,516	\$80,756
North County	15,338	14,275	14,019	\$84,661
San Diego County	80,051	71,674	71,421	\$89,670

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

Although slightly declining from 2009 to 2011, all three study areas show a high concentration in this cluster compared to the nation.

Location Quotient: Information, Technology, and Communications

Study Area	2009	2011	2013
Escondido	1.4	1.3	1.2
North County	1.4	1.3	1.3
San Diego County	1.4	1.3	1.3

Source: EMSI Covered Employment, Hendershot Economics

As shown below, all three study areas were expected to lose jobs over the last two years, based on national trends. However, all three study areas experienced more significant job declines, in relative terms, compared to the nation.

2009-2011 Shift Share Analysis: Information, Technology, and Communications

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	-350	-214	-136
North County	-1,063	-385	-678
San Diego County	-8,377	-2,053	-6,324

Source: EMSI Complete Employment , Hendershot Economics

Examples of local firms in this cluster are highlighted below. Among others, these firms include major communications and electronics companies.

**Information, Technology, and Communications:
Major Employers**

San Diego-North County
Company
Kyocera Communications Inc
Premier Inc
Cricket Communications Inc
Qualcomm Inc
Cox Communications
Escondido
Baker Electric Inc
Southern California Sound Img
Us Circuit Inc
Green Mechanical Contractors
Weldpro Inc

Source: Nielsen Claritas Business-Facts[®]

Medical Devices

While pharmaceuticals and research garners the most attention in the life sciences-related clusters in San Diego County, a medical device manufacturing cluster is emerging. The cluster is forecasted to experience significant levels of growth during the next two years.

Employment and Earnings*: Medical Devices Mfg

Study Area	2009	2011	2013	Earnings
Escondido	101	118	128	\$94,751
North County	3,050	3,370	3,518	\$79,182
San Diego County	5,678	6,332	6,604	\$81,157

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ numbers illustrate the high concentration of companies involved in the Medical Devices cluster in North County, more than double the concentration in San Diego County. In turn, Escondido may be in a position to attract a few of these firms in the future.

Location Quotient: Medical Devices Mfg

Study Area	2009	2011	2013
Escondido	0.9	1.0	1.1
North County	5.2	5.6	5.8
San Diego County	1.9	1.9	2.1

Source: EMSI Covered Employment, Hendershot Economics

As shown below, all three study areas added jobs in this cluster at a higher rate compared to the nation between 2009 and 2011.

2009-2011 Shift Share Analysis: Medical Devices Mfg

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	17	2	15
North County	320	30	290
San Diego County	654	78	576

Source: EMSI Complete Employment, Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Major Employers: Medical Devices Mfg

San Diego-North County
Company
Gen-probe Inc
Signet Armorlite Inc
Djo Global
Volcano Corp
Care Fusion Corp
Escondido
Nexergy Inc
California Prosthetic & Orthtc
Arcmate Manufacturing Corp
Raven Enterprises Inc
Intri Con Datrix

Source: Nielsen Claritas Business-Facts®

Pharmaceuticals

The Pharmaceuticals cluster employs more than 5,000 people in San Diego County and has been identified as one of the region’s most dynamic industry clusters. The cluster also has generates high wage jobs, well above the national and regional averages. The cluster currently has no representation in Escondido.

Employment and Earnings*: Pharmaceuticals

Study Area	2009	2011	2013	Earnings
Escondido	0	0	0	N/A
North County	1,509	1,606	1,777	\$90,987
San Diego County	4,977	5,289	5,713	\$94,562

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

As the LQ numbers show, North County has close to three times the concentration of pharmaceuticals employment when compared to the nation.

Location Quotient (LQ): Pharmaceuticals

Study Area	2009	2011	2013
Escondido	0.0	0.0	0.0
North County	2.5	2.8	3.0
San Diego County	1.7	1.9	1.9

Source: EMSI Covered Employment, Hendershot Economics

The County’s and North County’s pharmaceuticals cluster is extremely competitive, outpacing the national growth levels from 2009 to 2011.

2009-2011 Shift Share Analysis: Pharmaceuticals

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	0	N/A	N/A
North County	98	-35	133
San Diego County	312	-86	398

Source: EMSI Complete Employment , Hendershot Economics

Examples of local firms in this cluster are highlighted below.

Pharmaceuticals : Representative Employers

Company
Life Technologies Corp
Medimpact Healthcare Sysys Inc
Bd Biosciences Pharmingen
Prometheus Laboratories Inc
Quidel Corp

Source: Nielsen Claritas Business-Facts®

Retail Trade

While retail is often considered a local-serving (“non-export”) cluster, Escondido functions as a regional shopping destination for the North County. As shown below, the City accounts for approximately 25.8% percent of this cluster’s employment in North County. Wages are relatively low in this cluster, with average annual earnings ranging from \$29,995 (San Diego County) to \$33,415 (Escondido).

Employment and Earnings*: Retail Trade

Study Area	2009	2011	2013	Earnings
Escondido	8,964	8,969	8,913	\$33,415
North County	34,427	34,717	35,271	\$30,911
San Diego County	129,204	130,393	132,163	\$29,995

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ numbers illustrate the relatively high concentration of retail activity in the City and North County, with LQ values of 1.6 and 1.2, respectively.

Location Quotient: Retail Trade

Study Area	2009	2011	2013
Escondido	1.6	1.6	1.6
North County	1.2	1.2	1.2
San Diego County	0.9	0.9	0.9

Source: EMSI Covered Employment, Hendershot Economics

As shown below, the County and North County added jobs in this cluster at a slightly faster rate compared to the nation. In contrast, the City underperformed in job growth from 2009 to 2011, given national trends. However, this relatively slower growth is likely a function of the already existing strong concentration of retail employment in the City.

2009-2011 Shift Share Analysis: Retail Trade

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	5	90	-85
North County	290	228	62
San Diego County	1,189	910	279

Source: EMSI Complete Employment, Hendershot Economics

Examples of local retailers in this cluster are highlighted below.

Retail Trade: Major Employers

San Diego & North County
Company
Petco Animal Supplies Inc
Nordstrom
Martin Home Furnishings
Carlsbad Toyota
Color Spot Nurseries Inc
Escondido
Nordstrom
Toyota Of Escondido Inc
J C Penney Co Inc
Home Depot Inc
Target Stores

Source: Nielsen Claritas Business-Facts®

Specialty Foods and Beverages

The North County region accounts for a significant share of the County’s total number of employees (61%) in this cluster. The City of Escondido by itself accounts for 35% of the County’s employment in this Cluster. As shown below, the cluster has grown rapidly in Escondido in recent years, with employment increasing by 38% during the past two years. This growth trend is projected to continue over the next two years as well, with employment projected to increase by approximately 18% from 2011 to 2013.

Employment and Earnings*: Specialty Foods & Beverages

Study Area	2009	2011	2013	Earnings
Escondido	446	615	723	\$38,376
North County	953	1,077	1,282	\$34,530
San Diego County	1,630	1,768	2,037	\$38,819

* Reflects 2011 Annual Earnings

Source: EMSI Covered Employment

The LQ data, below, shows the high concentration of companies involved in the Specialty Food and Beverages cluster in Escondido. The LQ value of 9.0 indicates the region has 9 times the employment concentration in this cluster when compared to the United States. North County’s LQ value of 2.9 indicates the cluster is also well represented in the overall region. The LQ values have been trending upward for the past two years, indicating the region is capturing a larger share of this cluster’s employment when compared to the nation.

Location Quotient: Specialty Foods & Beverages

Study Area	2009	2011	2013
Escondido	6.4	9.0	10.5
North County	2.6	2.9	3.4
San Diego County	0.9	1.0	1.1

Source: EMSI Covered Employment, Hendershot Economics

While this cluster lost employment nationally between 2009 and 2011, Escondido actually gained 169 jobs during this period. Escondido’s gain was large enough to result in net gains for North County and San Diego County overall. This suggests the region has a unique comparative advantage in the cluster.

2009-2011 Shift Share Analysis: Specialty Foods & Beverages

Study Area	Job Change	Expected Change	Competitive Effect
Escondido	169	-5	164
North County	124	-14	138
San Diego County	138	-9	147

Source: EMSI Complete Employment , Hendershot Economics

Examples of local firms in this cluster are highlighted below. Among others, these companies include major brewing and winery companies.

Specialty Foods & Beverages: Representative Companies

Company
Montesquieu Winery
Javo Beverage Co Inc
Coronado Brewing Co
San Diego Brewing Co
San Marcos Brewery & Grill
Orfila Vineyards
Port Brewing
Deer Park Winery & Auto Museum
Safari Coffee Roasters
Escondido
Stone Brewing Company

Source: Nielsen Claritas Business-Facts®

APPENDIX A:

Cluster Definitions (Component Industries)

NAICS*	INDUSTRY DESCRIPTION
Action Sports	
339920	Sporting and Athletic Goods Manufacturing
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers
Advanced Precision Manufacturing	
331210	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel
331524	Aluminum Foundries (except Die-Casting)
332114	Custom Roll Forming
333311	Automatic Vending Machine Manufacturing
333319	Other Commercial and Service Industry Machinery Manufacturing
333512	Machine Tool (Metal Cutting Types) Manufacturing
333513	Machine Tool (Metal Forming Types) Manufacturing
333518	Other Metalworking Machinery Manufacturing
333922	Conveyor and Conveying Equipment Manufacturing
333999	All Other Miscellaneous General Purpose Machinery Manufacturing
811211	Consumer Electronics Repair and Maintenance
811212	Computer and Office Machine Repair and Maintenance
811213	Communication Equipment Repair and Maintenance
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance
Agibusiness & Ag-Tech	
11A000	Crop and animal production
115112	Soil Preparation, Planting, and Cultivating
115115	Farm Labor Contractors and Crew Leaders
115116	Farm Management Services
311612	Meat Processed from Carcasses
325320	Pesticide and Other Agricultural Chemical Manufacturing
423820	Farm and Garden Machinery and Equipment Merchant Wholesalers
424910	Farm Supplies Merchant Wholesalers
Business and Professional Services	
323115	Digital Printing
323116	Manifold Business Forms Printing
522210	Credit Card Issuing
522220	Sales Financing
522291	Consumer Lending
522292	Real Estate Credit
522293	International Trade Financing
522294	Secondary Market Financing
522298	All Other Nondepository Credit Intermediation
522310	Mortgage and Nonmortgage Loan Brokers
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities
522390	Other Activities Related to Credit Intermediation

NAICS*	INDUSTRY DESCRIPTION
523110	Investment Banking and Securities Dealing
523120	Securities Brokerage
523130	Commodity Contracts Dealing
523140	Commodity Contracts Brokerage
523210	Securities and Commodity Exchanges
523910	Miscellaneous Intermediation
523920	Portfolio Management
523930	Investment Advice
523991	Trust, Fiduciary, and Custody Activities
523999	Miscellaneous Financial Investment Activities
524113	Direct Life Insurance Carriers
524114	Direct Health and Medical Insurance Carriers
524126	Direct Property and Casualty Insurance Carriers
524127	Direct Title Insurance Carriers
524128	Other Direct Insurance (except Life, Health, and Medical) Carriers
524210	Insurance Agencies and Brokerages
524291	Claims Adjusting
524292	Third Party Administration of Insurance and Pension Funds
524298	All Other Insurance Related Activities
525110	Pension Funds
525120	Health and Welfare Funds
525190	Other Insurance Funds
525910	Open-End Investment Funds
525920	Trusts, Estates, and Agency Accounts
525990	Other Financial Vehicles
531311	Residential Property Managers
531312	Nonresidential Property Managers
531390	Other Activities Related to Real Estate
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
541110	Offices of Lawyers
541191	Title Abstract and Settlement Offices
541199	All Other Legal Services
541211	Offices of Certified Public Accountants
541213	Tax Preparation Services
541214	Payroll Services
541219	Other Accounting Services
541310	Architectural Services
541320	Landscape Architectural Services
541330	Engineering Services
541340	Drafting Services

NAICS*	INDUSTRY DESCRIPTION
541350	Building Inspection Services
541410	Interior Design Services
541420	Industrial Design Services
541430	Graphic Design Services
541490	Other Specialized Design Services
541513	Computer Facilities Management Services
541611	Administrative Management and General Management Consulting Services
541612	Human Resources Consulting Services
541613	Marketing Consulting Services
541614	Process, Physical Distribution, and Logistics Consulting Services
541618	Other Management Consulting Services
541810	Advertising Agencies
541820	Public Relations Agencies
541830	Media Buying Agencies
541840	Media Representatives
541850	Display Advertising
541860	Direct Mail Advertising
541870	Advertising Material Distribution Services
541922	Commercial Photography
Cleantech	
333319	Other Commercial and Service Industry Machinery Manufacturing (50%)
334413	Semiconductor and Related Device Manufacturing (25%)
334513	Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables(100%)
541380	Testing Laboratories(10%)
541420	Industrial Design Services(100%)
541420	Environmental Consulting Services(100%)
541690	Other Scientific and Technical Consulting Services(25%)
541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)(25%)
Culture, Entertainment, and Tourism	
339932	Game, Toy, and Children's Vehicle Manufacturing
487110	Scenic and Sightseeing Transportation, Land
487210	Scenic and Sightseeing Transportation, Water
487990	Scenic and Sightseeing Transportation, Other
512110	Motion Picture and Video Production
512120	Motion Picture and Video Distribution
512131	Motion Picture Theaters (except Drive-Ins)
512132	Drive-In Motion Picture Theaters
512191	Teleproduction and Other Postproduction Services
512199	Other Motion Picture and Video Industries
512210	Record Production

NAICS*	INDUSTRY DESCRIPTION
512220	Integrated Record Production/Distribution
512230	Music Publishers
512240	Sound Recording Studios
512290	Other Sound Recording Industries
515111	Radio Networks
515112	Radio Stations
515120	Television Broadcasting
515210	Cable and Other Subscription Programming
561510	Travel Agencies
561520	Tour Operators
561591	Convention and Visitors Bureaus
561599	All Other Travel Arrangement and Reservation Services
711110	Theater Companies and Dinner Theaters
711120	Dance Companies
711130	Musical Groups and Artists
711190	Other Performing Arts Companies
711211	Sports Teams and Clubs
711212	Racetracks
711219	Other Spectator Sports
711310	Promoters of Performing Arts, Sports, and Similar Events with Facilities
711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities
711410	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures
711510	Independent Artists, Writers, and Performers
712110	Museums
712120	Historical Sites
712130	Zoos and Botanical Gardens
712190	Nature Parks and Other Similar Institutions
713110	Amusement and Theme Parks
713120	Amusement Arcades
713210	Casinos (except Casino Hotels)
713290	Other Gambling Industries
713910	Golf Courses and Country Clubs
713920	Skiing Facilities
713930	Marinas
713940	Fitness and Recreational Sports Centers
713950	Bowling Centers
713990	All Other Amusement and Recreation Industries
721110	Hotels (except Casino Hotels) and Motels
721120	Casino Hotels
721191	Bed-and-Breakfast Inns

NAICS*	INDUSTRY DESCRIPTION
721199	All Other Traveler Accommodation
721211	RV (Recreational Vehicle) Parks and Campgrounds
721214	Recreational and Vacation Camps (except Campgrounds)
Defense Related Manufacturing	
336611	Ship Building and Repairing
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing
336412	Aircraft Engine and Engine Parts Manufacturing
336411	Aircraft Manufacturing
336612	Boat Building
336414	Guided Missile and Space Vehicle Manufacturing
332995	Other Ordnance and Accessories Manufacturing
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing
Education and Knowledge Creation	
511110	Newspaper Publishers
511120	Periodical Publishers
511130	Book Publishers
519110	News Syndicates
519120	Libraries and Archives
541711	Research and Development in Biotechnology
541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)
541720	Research and Development in the Social Sciences and Humanities
541910	Marketing Research and Public Opinion Polling
611210	Junior Colleges
611310	Colleges, Universities, and Professional Schools
611410	Business and Secretarial Schools
611420	Computer Training
611430	Professional and Management Development Training
611511	Cosmetology and Barber Schools
611512	Flight Training
611513	Apprenticeship Training
611519	Other Technical and Trade Schools
611610	Fine Arts Schools
611620	Sports and Recreation Instruction
611630	Language Schools
611691	Exam Preparation and Tutoring
611699	All Other Miscellaneous Schools and Instruction
611710	Educational Support Services
Elderly Care Services	
623110	Nursing Care Facilities

NAICS*	INDUSTRY DESCRIPTION
623311	Continuing Care Retirement Communities
623312	Homes for the Elderly
624120	Services for the Elderly and Persons with Disabilities
812210	Funeral Homes and Funeral Services
812220	Cemeteries and Crematories
Energy Generation	
221113	Nuclear Electric Power Generation
333611	Turbine and Turbine Generator Set Units Manufacturing
221210	Natural Gas Distribution
335312	Motor and Generator Manufacturing
335931	Current-Carrying Wiring Device Manufacturing
325120	Industrial Gas Manufacturing
424710	Petroleum Bulk Stations and Terminals
335311	Power, Distribution, and Specialty Transformer Manufacturing
237120	Oil and Gas Pipeline and Related Structures Construction
454312	Liquefied Petroleum Gas (Bottled Gas) Dealers
335911	Storage Battery Manufacturing
335314	Relay and Industrial Control Manufacturing
335991	Carbon and Graphite Product Manufacturing
486910	Pipeline Transportation of Refined Petroleum Products
333132	Oil and Gas Field Machinery and Equipment Manufacturing
335912	Primary Battery Manufacturing
221122	Electric Power Distribution
324199	All Other Petroleum and Coal Products Manufacturing
333414	Heating Equipment (except Warm Air Furnaces) Manufacturing
213112	Support Activities for Oil and Gas Operations
213111	Drilling Oil and Gas Wells
486990	All Other Pipeline Transportation
333131	Mining Machinery and Equipment Manufacturing
221119	Other Electric Power Generation
221112	Fossil Fuel Electric Power Generation
486210	Pipeline Transportation of Natural Gas
221121	Electric Bulk Power Transmission and Control
332410	Power Boiler and Heat Exchanger Manufacturing
325193	Ethyl Alcohol Manufacturing
325110	Petrochemical Manufacturing
486110	Pipeline Transportation of Crude Oil
Hospitals and Healthcare	
621	Ambulatory Health Care Services
622	Hospitals

NAICS*	INDUSTRY DESCRIPTION
Information, Communications, Technology	
517210	Wireless Telecommunications Carriers (except Satellite)
541511	Custom Computer Programming Services
541512	Computer Systems Design Services
238212	Nonresidential electrical contractors
511210	Software Publishers
517911	Telecommunications Resellers
334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
238211	Residential electrical contractors
334413	Semiconductor and Related Device Manufacturing
334310	Audio and Video Equipment Manufacturing
423690	Other Electronic Parts and Equipment Merchant Wholesalers
334119	Other Computer Peripheral Equipment Manufacturing
541618	Other Management Consulting Services
517110	Wired Telecommunications Carriers
334513	Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers
519130	Internet Publishing and Broadcasting and Web Search Portals
518210	Data Processing, Hosting, and Related Services
334419	Other Electronic Component Manufacturing
541519	Other Computer Related Services
334412	Bare Printed Circuit Board Manufacturing
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing
334418	Printed Circuit Assembly (Electronic Assembly) Manufacturing
334515	Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals
334417	Electronic Connector Manufacturing
334111	Electronic Computer Manufacturing
334290	Other Communications Equipment Manufacturing
334414	Electronic Capacitor Manufacturing
517410	Satellite Telecommunications
335312	Motor and Generator Manufacturing
334112	Computer Storage Device Manufacturing
334611	Software Reproducing
334516	Analytical Laboratory Instrument Manufacturing
517919	All Other Telecommunications
541513	Computer Facilities Management Services
335931	Current-Carrying Wiring Device Manufacturing
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use
335311	Power, Distribution, and Specialty Transformer Manufacturing
335932	Noncurrent-Carrying Wiring Device Manufacturing

NAICS*	INDUSTRY DESCRIPTION
334210	Telephone Apparatus Manufacturing
335911	Storage Battery Manufacturing
335921	Fiber Optic Cable Manufacturing
334411	Electron Tube Manufacturing
335314	Relay and Industrial Control Manufacturing
335929	Other Communication and Energy Wire Manufacturing
335991	Carbon and Graphite Product Manufacturing
335912	Primary Battery Manufacturing
334416	Electronic Coil, Transformer, and Other Inductor Manufacturing
334612	Prerecorded Compact Disc (except Software), Tape, and Record Reproducing
334518	Watch, Clock, and Part Manufacturing
334113	Computer Terminal Manufacturing
334415	Electronic Resistor Manufacturing
335313	Switchgear and Switchboard Apparatus Manufacturing
334613	Magnetic and Optical Recording Media Manufacturing
Medical Device Manufacturing	
339112	Surgical and Medical Instrument Manufacturing
339113	Surgical Appliance and Supplies Manufacturing
339115	Ophthalmic Goods Manufacturing
339114	Dental Equipment and Supplies Manufacturing
333314	Optical Instrument and Lens Manufacturing
Pharmaceuticals	
325413	In-Vitro Diagnostic Substance Manufacturing
325412	Pharmaceutical Preparation Manufacturing
325411	Medicinal and Botanical Manufacturing
325414	Biological Product (except Diagnostic) Manufacturing
Retail Trade	
441110	New Car Dealers
441120	Used Car Dealers
441210	Recreational Vehicle Dealers
441221	Motorcycle, ATV, and Personal Watercraft Dealers
441222	Boat Dealers
441229	All Other Motor Vehicle Dealers
441310	Automotive Parts and Accessories Stores
441320	Tire Dealers
442110	Furniture Stores
442210	Floor Covering Stores
442291	Window Treatment Stores
442299	All Other Home Furnishings Stores
443111	Household Appliance Stores

NAICS*	INDUSTRY DESCRIPTION
443112	Radio, Television, and Other Electronics Stores
443120	Computer and Software Stores
443130	Camera and Photographic Supplies Stores
444110	Home Centers
444120	Paint and Wallpaper Stores
444130	Hardware Stores
444190	Other Building Material Dealers
444210	Outdoor Power Equipment Stores
444220	Nursery, Garden Center, and Farm Supply Stores
445110	Supermarkets and Other Grocery (except Convenience) Stores
445120	Convenience Stores
445210	Meat Markets
445220	Fish and Seafood Markets
445230	Fruit and Vegetable Markets
445291	Baked Goods Stores
445292	Confectionery and Nut Stores
445299	All Other Specialty Food Stores
445310	Beer, Wine, and Liquor Stores
446110	Pharmacies and Drug Stores
446120	Cosmetics, Beauty Supplies, and Perfume Stores
446130	Optical Goods Stores
446191	Food (Health) Supplement Stores
446199	All Other Health and Personal Care Stores
448110	Men's Clothing Stores
448120	Women's Clothing Stores
448130	Children's and Infants' Clothing Stores
448140	Family Clothing Stores
448150	Clothing Accessories Stores
448190	Other Clothing Stores
448210	Shoe Stores
448310	Jewelry Stores
448320	Luggage and Leather Goods Stores
451110	Sporting Goods Stores
451120	Hobby, Toy, and Game Stores
451130	Sewing, Needlework, and Piece Goods Stores
451140	Musical Instrument and Supplies Stores
451211	Book Stores
451212	News Dealers and Newsstands
451220	Prerecorded Tape, Compact Disc, and Record Stores
452111	Department Stores (except Discount Department Stores)

NAICS*	INDUSTRY DESCRIPTION
452112	Discount Department Stores
452910	Warehouse Clubs and Supercenters
452990	All Other General Merchandise Stores
453110	Florists
453210	Office Supplies and Stationery Stores
453220	Gift, Novelty, and Souvenir Stores
453310	Used Merchandise Stores
453910	Pet and Pet Supplies Stores
453920	Art Dealers
453930	Manufactured (Mobile) Home Dealers
453991	Tobacco Stores
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)
454111	Electronic Shopping
454112	Electronic Auctions
454113	Mail-Order Houses
454210	Vending Machine Operators
454311	Heating Oil Dealers
454312	Liquefied Petroleum Gas (Bottled Gas) Dealers
454319	Other Fuel Dealers
454390	Other Direct Selling Establishments
Specialty Foods and Beverages	
311830	Tortilla Manufacturing
311421	Fruit and Vegetable Canning
312120	Breweries
311813	Frozen Cakes, Pies, and Other Pastries Manufacturing
311920	Coffee and Tea Manufacturing
312130	Wineries

NAICS = North American Industry Classification System

Source: Hendershot Economics

**APPENDIX E. Summary of Infrastructure Projects Potentially Eligible
for EDA Grant Funding**

Infrastructure Projects List

Priority	Project/Type	Description	Project Total Cost	Costs in Future Years	Funding Source	Information Source	Located in Distressed Areas
LOW	HARRF Influent Pump Station WASTEWATER UTILITIES	The existing Influent Pump Station was built in 1973 and is in need of rehabilitation and expansion to meet the needs of the City and San Diego wastewater flows.	\$6,700,000		Wastewater Utilities Charges for Services / Wastewater Bond Proceeds	5-year CIP; existing project	N
LOW	Lindley Reservoir Replacement WATER UTILITIES	Replace the existing 2 MG steel reservoir constructed in 1950 with two tanks adequately sized to meet future needs.	\$4,200,000		Water Bond Proceeds	5-year CIP; existing project	N
HIGH (Phase 1 of 2 phase project)	Recycled Water Easterly Main Extension WASTEWATER UTILITIES	Extend the existing recycled water pipeline east from Grape Day Park to the agricultural area of Cloverdale and Mountain View.	\$6,905,000		Wastewater Bond Proceeds	5-year CIP; existing project	N
MEDIUM (Priority area: Centre City Parkway & Mission Ave)	Traffic Signals and Intersections STREETS	Construction of new traffic signals or the modification of existing traffic signals with minor intersection treatments that may include adding turn lanes, new curb returns, and pedestrian ramps	\$1,630,325	\$600,000	Gas Tax	5-year CIP; existing project	UNK
MEDIUM ("Old" hospital site/Downtown)	Valley Boulevard Relocation STREETS	Realign the east-bound, one-way couplet currently on Valley Boulevard to Ivy St. and Grand Ave. Construction to include new pavement, curbs, gutters, sidewalks, street lights, traffic signals	\$3,855,000	\$2,087,000	TransNet	5-year CIP; existing project	Y
LOW	Vista Verde Reservoir WATER UTILITIES	Replace the existing 0.75 MG steel reservoir constructed in 1979 with two tanks adequately sized to meet future needs. New tanks will be constructed and located on a new site to be selected.	\$5,900,000	\$5,000,000	Water Utilities Charges for Services / Water Bond Proceeds	5-year CIP; existing project	N
LOW	Water Line - Cemetery Area WATER UTILITIES	Replacement of approximately 16,900 feet of water line of sizes 12-inch to 18-inch. The area is located east of the cemetery and consists of old Mutual installed pipelines. Design in 2008/09 and construction in 2011/2012.	\$5,609,000		Water Bond Proceeds	5-year CIP; existing project	N
MEDIUM (Priority area: Downtown)	Water Pipeline Replacement WATER UTILITIES	Ongoing program to replace old and deteriorating water pipes within the distribution system to maintain quality service.	\$15,750,000	\$11,000,000	Water Utilities Charges for Services / Water Bond Proceeds	5-year CIP; existing project; \$11,000,000 of total in future years	UNK
LOW	HARRF Expansion Phase III - Ops Building WASTEWATER UTILITIES	Construct a new plant operations building which will also house the relocated wastewater collections staff.	\$4,500,000		Wastewater Utility charges for services / Wastewater Bond Proceeds	5-year CIP; future project	UNK
LOW	Lift Station No. 1 and Force Main WASTEWATER UTILITIES	Replacement of approximately 16,900 feet of water line of sizes 12-inch to 18-inch. The area is located east of the cemetery near the following streets: Falconer, Canyon Crest, Glenridge, Moody, Cloverdale and Mountain View. The area consists of old Mutual installed pipelines. Design in 2008/09 and construction in 2012/2013.	\$9,300,000		Wastewater Utility charges for services / Wastewater Bond Proceeds	5-year CIP; future project	N
LOW	Lift Station No. 8 Relocation WASTEWATER UTILITIES	Relocate Lift Station #8 from present location within an easement to a city-owned site at Eucalyptus and Via Rancho Parkway for improved access and reliability.	\$3,850,000		Wastewater Utility charges for services / Wastewater Bond Proceeds	5-year CIP; future project	N
HIGH (Phase 2 of 2 phase project)	Recycled Water Easterly Main Trunk and Pump Station WASTEWATER UTILITIES	Construct recycled water storage tank and booster pump station to service the agricultural area of Cloverdale and Mountain View from the easterly recycled water extension.	\$10,300,000		Wastewater Bond Proceeds	5-year CIP; future project	N

Infrastructure Projects List, Continued

Priority	Project/Type	Description	Project Total Cost	Costs in Future Years	Funding Source	Information Source	Located in Distressed Areas
MEDIUM (Priority area: Downtown)	Sewer Pipeline Rehabilitation / Replacement WASTEWATER UTILITIES	The 2005 Collections System Master Plan specifies sewer line segments within the collection system that require expansion, repair or replacement. Work to be conducted by an outside contractor at specific locations as needs are determined.	\$7,251,900		Wastewater Utility charges for services / Wastewater Bond Proceeds	5-year CIP; future project	UNK
LOW	Water Treatment Plant - Upgrades WATER UTILITIES	Evaluate necessary upgrades to the Water Treatment Plant and construct upgrades as determined by the recommendations.	\$4,200,000		Water Utility charges for services / Water Bond Proceeds	5-year CIP; future project	UNK
HIGH	Citracado Parkway Extension STREETS	Street and intersection improvements related to the design and construction of the new hospital facility; Palomar Pomerado Hospital District deposited \$13.0 million in an escrow account. Improvements funded by this and interest.	\$15,270,750+		\$908,750 (federal grant) \$836,000 (traffic impact funds) \$526,000 (TransNet)	5-year CIP City Staff (Ed Domingue)	N
HIGH	Street & Water/Sewer Improvements for Proposed Downtown Business Park Development Area STREETS	Improvements to street infrastructure in proposed Business Park Development area. Necessary improvements are not included in the CIP.	TBD		TBD	Ed Domingue	N (directly adjacent to area)
LOW	Various Escondido Creek Trail Improvements COMMUNITY SERVICES	Improve existing 12 foot asphalt trail Add rest points along the trail Landscape improvements throughout trail Improve street crossing safety through signalized pedestrian crossings	TBD		TBD	Draft Escondido Creek Trail Master Plan Report	Y
HIGH but farther into the future due to regulatory issues	"Advanced Water Treatment Plant" WASTEWATER UTILITIES	Currently preparing technical feasibility study Project is likely to be 10 years out	\$10,000,000+		TBD	City Staff (Christopher McKinney)	N

APPENDIX F. List of CEDS Committee Members

CEDS Committee

	Name		Company/Organization	Private Sector?
1.	Mark	Baker	Baker Enterprises	X
2.	Dick	Bobertz	San Dieguito River Park Joint Powers Agreement	
3.	Gerald	Bracht	Palomar Health	X
4.	Carina	Courtright	California Center for the Arts, Escondido	X
5.	Ernie	Cowan	North San Diego County Association of Realtors	X
6.	Bill	de la Fuente	Comerciantes Latinos Asociados	X
7.	Jeff	Epp	City of Escondido	
8.	Dave	Ferguson	Lounsbury, Ferguson, Altona & Peak, LLC	X
9.	Tracey	Foster	North County Transit District	
10.	Michelle	Geller	City of Escondido	
11.	Ed	Grangetto	EGAP (Escondido Growers for Agricultural Preservation)	X
12.	Charlie	Grimm	City of Escondido	
13.	Buster	Halterman	Buster Biofuels	X
14.	Juanita	Hayes	SDG&E	X
15.	Terry	Jackson	Cushman and Wakefield	X
16.	Scott	Gross	Cal State San Marcos	
17.	Reg	Javier	Public Consulting Group	X
18.	Linda	Bailey	San Diego North Economic Development Council	X
19.	John	Masson	Escondido Chamber of Commerce	X
20.	Joyce	Masterson	City of Escondido	
21.	Chester	Mordasini	Teamsters Local 911	X
22.	Jay	Petrek	City of Escondido	
23.	Clay	Phillips	City of Escondido	
24.	Jack	Raymond	The Raymond Companies	X
25.	Patricia	Reno	RBC Wealth Management	X
26.	John	Ruetten	Resource Trends, Inc.	X
27.	Dennis	Snyder	Charter High School	
28.	George	Weir	Weir Asphalt Company	X

Total committee members: 28
 Private sector members: 18
 Private sector as % of total: 64%

APPENDIX G. Stakeholders Interviewed for CEDS Process

Escondido Stakeholders Interviewed for CEDS Process

Name		Title	Organization
Sam	Abed	Mayor	City of Escondido
Marie	Waldron	Deputy Mayor	City of Escondido
Olga	Diaz	Councilmember	City of Escondido
Ed	Gallo	Councilmember	City of Escondido
Michael	Morasco	Councilmember	City of Escondido
Harvey	Mitchell	President	Escondido Chamber of Commerce
Shawna	Cruise	Board President	Escondido Downtown Business Association
Debra	Rosen	President/CEO	North County Chamber of Commerce
Bill	de la Fuente	Founder	Comerciantes Latinos Asociados
Maria	Bowman	President	Mercado Business Association
Jon	Hudson	President	East Valley Pkwy Business Association
Eric	Larsen	Executive Director	San Diego County Farm Bureau
John	Weil	Chief of Staff	SD County Supervisor Pam Slater-Price
Mike	McSweeney	Sr. Public Policy Advisor	Building Industry Association of SD
Pete	Anderson	wine industry consultant	
Jason	Howerton	President	ARS National
Greg	Koch	Founder	Stone Brewing Co.
Tom	McKee	President	The Blanchard Companies

APPENDIX H. EDA-Required Census Data

Table H-1
Population, Per Capita Income, and Unemployment Rates
U.S., San Diego County, and City of Escondido
2010 and 2011

Area	Population			Per Capita Income (\$)			Unemployment Rate (%)		
	2010	2011	Average	2010	2011	Average	2010	2011	Average
U.S.	309,349,689	311,591,919	310,470,804	26,059	26,708	26,384	10.8	10.3	10.6
San Diego County	3,105,989	3,140,069	3,123,029	28,498	28,363	28,431	11.3	11.0	11.2
City of Escondido	140,184	146,021	143,103	19,514	19,701	19,608	10.4	9.6	10.0
Escondido / U.S. ¹						74%			-0.4
San Diego County / U.S. ²						108%			0.6

Notes:

1. Ratio of per capita incomes in Escondido to the U.S. and absolute difference in unemployment rates between Escondido and the U.S.
2. Ratio of per capita incomes in San Diego County to the U.S. and absolute difference in unemployment rates between San Diego County and the U.S.

Source: U.S. Census Bureau, 2010 and 2011 American Community Survey, 1-Year Estimates.

Table H-2
Population, Per Capita Income, and Unemployment Rates
City of Escondido Census Tracts
2006 - 2010 5-year Estimates

Census Tract	Population	Per Capita Income (\$)	Unemployment Rate (%)	Per Capita Income Tract / U.S.	Unemployment Rate (%) Tract - U.S.
201.03*	10,330	35,996	8.0	132%	0.1
201.05*	2,946	28,138	4.4	103%	-3.5
201.06*	3,463	22,667	7.0	83%	-0.9
201.07*	3,716	29,308	4.4	107%	-3.5
201.08	5,509	15,692	9.4	57%	1.5
201.09	5,630	18,733	6.1	69%	-1.8
202.02	6,410	12,188	8.2	45%	0.3
202.06	4,990	14,615	10.8	53%	2.9
202.07	5,003	14,283	13.6	52%	5.7
202.08	2,573	19,469	13.6	71%	5.7
202.09	4,168	18,071	12.8	66%	4.9
202.10	4,532	20,641	8.6	76%	0.7
202.11	6,464	19,791	7.6	72%	-0.3
202.13	3,613	14,109	11.1	52%	3.2
202.14	4,728	11,142	5.3	41%	-2.6
203.04*	5,755	37,157	6.8	136%	-1.1
203.05	6,557	24,197	8.2	89%	0.3
203.06*	7,283	31,902	8.4	117%	0.5
203.07*	6,921	28,310	12.7	104%	4.8
203.08	5,401	19,696	12.6	72%	4.7
203.09	3,553	25,925	7.3	95%	-0.6
204.01*	2,493	55,431	7.4	203%	-0.5
204.03*	3,975	24,733	10.0	90%	2.1
204.04*	5,574	34,420	6.3	126%	-1.6
204.05*	3,360	47,662	5.4	174%	-2.5
205	4,746	17,320	7.9	63%	0.0
206.01	4,667	13,241	6.0	48%	-1.9
206.02*	7,137	19,979	6.9	73%	-1.0
207.05*	5,682	22,751	3.9	83%	-4.0
207.06*	6,290	39,320	6.0	144%	-1.9
207.07	4,415	19,556	7.3	72%	-0.6
207.08*	3,142	32,845	6.7	120%	-1.2
207.09*	7,698	36,808	6.9	135%	-1.0
207.10*	1,639	48,941	4.0	179%	-3.9
U.S.		27,334	7.9		
San Diego County		30,715	7.8		
Escondido		23,182	8.1		

Notes:

* Census Tracts that are partially located in the City of Escondido.

Bolded and italicized values meet eligibility criteria.

Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates.