

# Economic Development Board

## 3.0 Action Plan



December 2022

**Executive Summary..... 6**

**Methodology..... 9**

**Background .....11**

**Achieving Sysytem-Scale Impact.....14**

Defining the System.....17

Education and Workforce.....17

Jobs and Business.....19

Housing and Community .....19

**Recommendations .....21**

**Time Horizon and Next Steps .....26**

Preliminary Timeline: From Concept to Operations.....27

**Appendix A: Charter .....28**

**Endnotes..... 30**

December 13, 2022

## Board of Supervisors County of Sonoma

Dear Members of the Board:

Sonoma County knows how to come together when it must and is learning to work together because it should.

Through the shared pain of disasters and disease, leaders from across the county have repeatedly stepped up to do what needed to be done. And when that response pivoted to recovery, that leadership committed every time to building back better.

In 2022, that pivotal opportunity was defined by the acute economic disruptions of the Covid-19 pandemic and the chronic and growing concerns of low-wage workers whose families struggle to get by.

The Sonoma County Board of Supervisors earlier this year directed the Economic Development Board to explore whether and how progress toward the long-term goal of a more inclusive and resilient economy could be accelerated if a variety of public and private efforts were better supported and coordinated.

The EDB's leadership empaneled a steering committee, including members of the Economic Development Board, to discuss these issues and develop recommendations. The Committee also included representatives from nonprofits that brought new and diverse voices and backgrounds to the discussion, including leaders in addressing some of the county's most vexing social issues. The Committee's fundamental conclusion is that a formalized collaborative structure would improve communication and encourage cooperation. The new structure could help to connect and share information and findings among efforts to improve education, employment, housing, and related aspects of economic well-being.

The Steering Committee fully endorses the recommendations in this report and urges the Board of Supervisors to direct the EDB to take the next steps toward implementation.

This expanded role for EDB should fortify rather than diminish the department's existing responsibilities to promote and enable businesses to start, grow or expand into Sonoma County. High quality jobs and successful businesses remain the cornerstone of vibrant communities, economic security, and upward mobility.

The recommendations are predicated on the realization that the progress of existing initiatives faces stiff headwinds, including global economic disruptions and rising costs. As a result, more intentional efforts are required to enable all residents to contribute to and share in Sonoma's prosperity.

Unlike the rapid responses required of sudden disruptions, this collaborative stewardship of Sonoma County's communities should be guided by long-term considerations and on behalf of the whole.

The potential of cross-sector cooperation is derived by the sharing of assets, authorities, abilities, and insights. The potential is achieved by leaders willing to

transcend positional power to promote outcomes that benefit others, to resolve legacy conflicts, and to work creatively to overcome self-imposed barriers.

To be successful, the Board of Supervisors will need to resource and provide support to those who are asked to serve and then to empower them to lead and steward. To be successful, this effort will need to be county sponsored, not county led.

Beyond financial support, the primary investment will be from individuals who will help forge the institutional relationships that can withstand transitions in leadership, build capacity to learn and improve outcomes, respond effectively to shocks, and maintain momentum. In good times and bad, progress will be made at the speed of trust.

We are grateful for this opportunity to help shape Sonoma's future.

### **Steering Committee Members**

Ingrid Alverde, Director of Economic Development, City of Petaluma

Lorez Bailey, Publisher, North Bay Business Journal

Oscar Chavez, Assistant Director, County of Sonoma Human Services Department

Raissa de la Rosa, Economic Development Division Director, City of Santa Rosa

Chris Denny, CEO, The Engine is Red

Kathy Goodacre, CEO, Career Technical Education Foundation

Kathryn Hecht, Executive Director, AVFilm

Herman G. Hernandez, Executive Director, Los Cien Sonoma County

Dr. Robert Holcomb, Vice President of Academic Affairs, Santa Rosa Junior College

Tim Ricard, Economic Development Manager, Town of Windsor

Nancy Rogers, Executive Director, North Bay Black Chamber of Commerce

Peter Rumble, CEO, Santa Rosa Metro Chamber of Commerce

Hector Velasquez, CEO, LatinX RED The Hub

Michelle Whitman, Executive Director, Renewal Enterprise District

Tim Zahner, Executive Director, Sonoma Valley Visitors Bureau

## **Economic Development Board Advisory Board**

Representing District 1, Supervisor Susan Gorin

- Betzy Chavez, Puente Internacional, INC
- Jordan Kivelstadt, Kivelstadt Cellars

Representing District 2, Supervisor David Rabbitt

- Wayne Leach, CSWST2 Engineering
- Ricardo Marzo, Lace House Linen

Representing District 3, Supervisor Chris Coursey

- Linda Kachiu, Piesnti & Brinker, LLP
- Regina Mahiri, Santa Rosa Junior College

Representing District 4, Supervisor James Gore

- Skip Brand, Healdsburg Running Company
- Kathryn Hecht, AV Film

Representing District 5, Supervisor Lynda Hopkins

- Jorge Alcazar, Frozen Art Ice Cream
- Michael Nicholls, Nicholls Associates

## **Economic Development Board Project Staff**

Ethan Brown, Interim Executive Director

Lauren Cartwright, Interim Deputy Director

Kristen Madsen, Director of Creative Sonoma

## **Consultant**

James P. Mayer, Principal, Mayer Consulting Inc.

## 2 Executive Summary

Sonoma County, like other parts of California and the nation, is becoming a stratified society in which, a significant number of working families can't earn enough to pay the bills and upward mobility has stalled. Most of the factors driving this two-tiered economy – such as trade policies, financial markets, the continuing impacts of institutional harm, and new technologies – are shaped by institutions, policies, and events beyond Sonoma's control.

Yet Sonoma County can do more to increase the earning potential of residents, encourage private investments in high-value enterprises, and restore affordability. Indeed, state, and federal programs with those goals will only produce those results if Sonoma leaders effectively implement them. Only local leadership can create and sustain the overarching strategies, connect the fragmented funding streams and programs, and fill in the missing elements to increase and broaden prosperity.

Sonoma County's history of intergovernmental partnerships, public-private initiatives, and civic leadership has demonstrated the value of and capacity for collaboration, which now needs to be taken to a scale that matches the socio-economic realities.

**Less than half of the county's third graders are meeting the proficiency standards in reading and mathematics – a reliable indicator of which children will graduate from high school.<sup>1</sup>**

**Some 52% of renters in the county pay more than the recommended 30 percent of their income in rent. The percentage is higher for Latinos – 59% – and higher still for Blacks at 68%.<sup>2</sup>**

**Nearly one in three Sonoma County workers – 32.8% make \$18 an hour or less, most of them making minimum wage.<sup>3</sup> Similarly, among workers ages 25-44, one in three does not have any education beyond high school.<sup>4</sup>**

To bend the curve of history, Sonoma County should align its various strategic efforts and its focused initiatives. A multi-jurisdictional and cross-sector approach would enable local leadership to develop a systems-level understanding of challenges, refine strategies, coordinate projects, resolve conflicts, build capacity for continuous improvement, and maintain momentum over time.

The collaborative structure detailed in this report will:

- Connect leaders, organizations, and initiatives to increase communication and encourage coordination.
- Develop shared goals to help organizations align their plans and initiatives – forging a comprehensive approach that accomplishes more than the individual efforts can alone.

**The 2021 high school graduate rates reveal the imperative to promoting an inclusive economy.**

Filipino: 94.4%

Asian: 89%

White: 87.7%

Native Hawaiian/Pacific Islander: 80.6%

Hispanic/Latino: 80.5%

African American: 64.5%

- Support a data collection network to improve the ability to monitor, assess and improve – with particular focus on reducing racial, ethnic, and cultural disparities.
- Support implementation of existing and emerging initiatives, including problem solving, capacity building and innovation.
- Identify and help to fill gaps – in resources, services, and relationships.

These recommendations were developed in response to a directive by the Sonoma County Board of Supervisors for the Economic Development Board to explore ways to coordinate existing efforts to achieve the overarching goal of a more inclusive and resilient economy. The recommendations are based on economic analysis and extensive outreach that has been conducted in recent years, as well as feedback and advice from a variety of community leaders and influencers, and under the guidance of a diverse Steering Committee of business, civic and government leaders.

## Recommendations

### **Recommendation 1: Sonoma County should connect and support the primary drivers of an inclusive and resilient economy: education and workforce development, jobs and business development, and housing and community development.**

This collaborative effort's primary purpose should be to help existing initiatives succeed and grow. Some projects struggle to gain and maintain momentum. Even successful projects have limited impact because of factors beyond their control. A system-level response would support the implementation of existing initiatives and connect them to produce synergistic benefits. While Sonoma County should initiate and support this structure, it must be co-led by civic, business, and public sector partners:

### **Recommendation 2: EDB should be the backbone organization for the collective impact model.**

EDB's evolving roles and capacities – instigated in part by disasters and the pandemic and reinforced by a growing number of relationships – now include that of convener, network moderator and coordinator for a range of services that go beyond helping individual businesses. Through this process, community leaders volunteered that the EDB has become a trusted source of information, a reliable partner, and a nimble public agency. The EDB could realistically expand its core capacities to provide the needed backbone support for a collaborative governance structure stewarding Sonoma County toward a more inclusive and resilient economy.

### **Recommendation 3: The EDB should strengthen and broaden its business support network into communities.**

The economic development staff across the cities and the county have developed productive relationships, and the relationships between the public agencies and the numerous and diverse chambers of commerce have also deepened. The EDB was encouraged by community leaders to double down on these efforts, and to use this stronger cooperative network to better understand and address the specific needs of

businesses of all sizes, as well as their workers, and families.

**Recommendation 4: The EDB should elevate economic analysis and business perspective into county policies and projects.**

Stakeholders strongly supported the concept of EDB using these analytical abilities, relationships with business leaders and program management skills to better inform the county's policy decisions:

**Recommendation 5: The EDB should coordinate and support teams of cross-sector practitioners who can help to resolve conflicts, innovate solutions, and support continuous improvement**

Ambitious initiatives often are slowed by a variety of barriers, from the inability to solve a problem to bureaucratic inertia. Historical and cultural conflicts prevent people from finding common ground or developing win-win solutions. Sonoma County should proactively identify and seek to resolve these issues by convening and deploying a group of public, civic, and business leaders who support the goals of an inclusive and resilient economy and coordinate efforts to provide targeted support.

### 3 Methodology

To explore this opportunity, the EDB built upon significant previous analysis and plans regarding the county's economic-related needs and potential. To honor the previous investments of time and energy from business and community leaders, the department included feedback provided in recent efforts to assess the department's activities and opportunities.

With direction from the Board of Supervisors, a Steering Committee of community and business leaders was empaneled to advise the EDB and shape recommendations. The Committee was composed of individuals with a history of partnership with the EDB, significant knowledge of the department's historical role and capabilities, as well as potential opportunities to promote the prosperity of the entire county. Members were selected to represent a countywide perspective, as well as a diverse set of backgrounds, experiences, and interests.

At the first Steering Committee meeting held virtually on August 24, 2022, 16 members approved a charter (Appendix A) that codified their role and outlined a scope for their work. In doing so, Steering Committee members committed to the following:

- To approach the task as a “system thinker.” This process was not designed to identify specific new policies or practices, but rather to create a collaborative structure that, over time, could better coordinate existing initiatives and strategically identify new ones.
- To be champions of the plan they help create. Recommendations are easy to make, but success will depend on a commitment to support the proposed structure and activities.

To further broaden outreach and input, a countywide focus group was also designed to capture the impressions and ideas of community members who may not be as familiar with the department, and therefore could bring new perspectives and insight into community priorities, as well as considerations in developing more collaborative ways to address those needs.

Held virtually to increase accessibility for community members, the focus group meeting was attended by 50 individuals. Although the stated intent for this group was to capture an unfiltered view of economic and community development prospects, participants were familiar with and encouraged EDB's cooperative efforts with businesses, chambers of commerce and other community groups.

Several themes emerged during these outreach activities:

- The EDB is seen as a natural convener by community members and partners. Many see an opportunity for the department to help lift and support work already underway to promote economic and community vitality.
- Sonoma County residents, businesses, nonprofits, and governments have developed a resilient and adaptive approach to local and regional issues, with a growing acknowledgement of disparities and a commitment to inclusion.

## EDB 3.0

- An existing network of nonprofits, chambers and community-based organizations is maturing to articulate and communicate needs.
- EDB initiatives and activities – including broadband, pandemic/disaster response, emergency grants, arts support, and a focus on underserved communities – are well-received and recognized as examples of the potential for even broader collaborative efforts.
- Broad support was expressed for a model that creates a forum for individuals with shared interests and concerns to collaborate on solutions.
- EDB was encouraged to work more closely with other County departments to elevate a business and employment perspective in a wide variety of policy and project-related decisions.
- The EDB’s traditional business focused activities should continue and be strengthened, in addition to new and innovative collaborations.

The Steering Committee held a second meeting on September 20, during which members discussed a potential scope for a collaborative structure, which includes education and workforce development, job and business development; housing and community development. The Committee also discussed the potential activities of a collaborative structure. Those comments were incorporated into an initial draft of this report that was circulated to the Committee in mid-October. Comments from members on the draft were incorporated into a second draft that was distributed more broadly for comment.

## 4 Background

### The Evolution of Economic Development Strategies

Traditionally, economic development departments have been known to focus on supporting new businesses, and attracting, growing, and retaining existing businesses. EDB, like its peer agencies, has historically helped businesses to access capital, apply for incentives, meet regulatory requirements, and recruit trained workers.

The rationale for this approach is simple – strong businesses will create jobs and a strong economy, which will in turn create economic opportunity in a community. Increasingly, economic development professionals are acknowledging that while this is a valuable component of an economic development strategy, other factors must be considered.

For the last decade, and with growing urgency, this operating model has expanded in purpose and scope, and by necessity involves relationships and partnerships beyond businesses. For example, employers and their employees need and want safe and affordable housing and quality schools. Students, families, employees, and entrepreneurs need reliable and high-speed internet service.

During this time, the practice of economic development has evolved to become more inclusive and reflective of community composition and needs. Statewide and across the nation, innovative models that prioritize collaboration among diverse stakeholders and partners have emerged to address economic imperatives beyond simple business development, from creative placemaking to climate adaptation to social equity.

Demographic trends alone require economies to be more inclusive to grow, aligning with the moral imperative to generate greater opportunities and a welcoming environment for people of diverse backgrounds including those who have been historically marginalized. And the impacts of climate change – including catastrophic wildfires, floods, and droughts – have required coordinating public safety, natural resource management, and business continuity.

Combined, these circumstances require that all sectors work together so more workers have the skills to earn living-wage jobs; more community-based businesses take root and grow in disadvantaged communities; and energy, water and land-use goals are integrated with housing development goals.

While vibrant businesses remain a cornerstone of economic growth, inclusive economies, thriving communities and resilient landscapes require greater collaboration across the spectrum of public domains.

The potential upside is more and more broadly shared prosperity. Economic, social and environmental goals are aligned rather than at odds. An inclusive and resilient economy is not zero sum.

## **EDB's evolution has followed this trajectory.**

Since the Board of Supervisors adopted the 2011 Economic Development Strategy and Jobs Plan, the EDB has provided services primarily to local businesses, to help them start and grow in Sonoma County.



The EDB in 2015 supported the creation of the Sonoma Mendocino Economic Development District, a partnership between Sonoma and Mendocino counties, as well as the district's Comprehensive Economic Development Plan. The EDB staffs the district's efforts to diversify the regional economy, improve workforce development, and increase entrepreneurialism and incomes, among other goals for a more inclusive economy.

In 2017, the EDB launched Strategic Sonoma to craft a more comprehensive approach to economic development, meet a broader array of business needs, and broaden the benefits of prosperity. In response to the 2017 firestorm, Strategic Sonoma refocused many of the same activities on fire recovery. The Strategic Sonoma Action plan identified specific activities and metrics to measure progress toward short-term targets and long-term goals, including housing, workforce development and diversifying business clusters.



The 2020 pandemic refocused the EDB's efforts again on the immediate needs of employers of all kinds – for information, access to relief funds and even availability of personal protection equipment.

In 2021, the EDB conducted a program review in which business stakeholders and community members expressed strong support for focusing future activities on housing, resiliency, climate, and inclusion.

Respondents appreciated EDB's efforts to rapidly respond to changing conditions, its willingness to partner with chambers of commerce and cities during the pandemic, and the quality of its traditional business-focused programs.

But they also conveyed an imperative to engage more deeply with minority businesses, to assist those who need the greatest help, and to embrace the broader mission of increasing economic security more fully and adapting to a changing climate. Housing, workforce, and diversification of the economy were often-cited priorities.

In response to the feedback, the Sonoma County Board of Supervisors directed the EDB to explore ways to better connect, coordinate and communicate across the range of interdependent issues. The board specifically directed the EDB to further engage with community leaders to identify ways to improve decision-making internal to the county, better connect existing community-based initiatives, and communicate the opportunities and impact of these collective efforts.

This collaborative approach holds significant promise. Sonoma County – its

communities and people, businesses, civic organizations, and public agencies – has previously responded to adversity by elevating its collective ambitions.

For example, in response to the overwhelming need for safe and affordable housing locally and compounded by the loss of over 5,300 homes in the 2017 wildfires, those ambitions have been transformed into action. In 2018, the City of Santa Rosa and County of Sonoma created the Renewal Enterprise District to provide innovative funding models and ensure that local government supported rather than frustrated the rebirth of affordable, climate resilient neighborhoods. The Santa Rosa Metro Chamber of Commerce's Housing Fund provides private-sector support for builders interested in that more inclusive and sustainable future. The CTE Foundation, North Coast Builders Exchange and the Sonoma County Office of Education joined forces to design and implement a skills building pipeline program for new construction trades workers.

More broadly, for the EDB and its other partners in the cities, chambers of commerce and community-based organizations, the disasters have exposed the need to rethink the purpose, the structures and the processes required to effectively support inclusive and resilient economies.

**This moment is defined by both the imperative and the opportunity.**

The progress within various initiatives demonstrates the return on investment in innovation and partnership. These initiatives also demonstrate a political willingness and a professional capacity to work together in a disciplined and focused way. But demographic, economic, and environmental headwinds require increasing the reach and impact of these efforts by understanding and strengthening the interdependencies of human, economic and community development.

Sitting at the intersection of government and business, the EDB is well positioned to help make these connections. While considered stakeholders, business interests are often not involved in policy discussions focused on the community wellbeing, and as a result those discussions may not consider the direct impact those policies have on the business climate, and therefore the local economy.

For example, efforts to close the gaps in education, income and housing are often approached as social issues that impact residents and families, without evaluating the impacts on business and the overarching goals of an inclusive and resilient economy. Adding the economic perspective may yield better solutions and garner the support of individuals, organizations, and businesses that could serve as change agents, champions, and funders.

At the same time government and nonprofit partners often find it difficult to get business interests to the table to provide input. Businesses are highly focused on value and return on investment, including the time they invest in community initiatives. Business leaders are less likely to participate in activities they perceive as inefficient, ineffective, or inadequately incorporating the economic perspective.

While cross-sector efforts have sprung up to meet certain community needs following disasters and the pandemic, beyond the demands of immediate crises, these activities are often unconnected, and sometimes even compete for resources and public attention.

Persistence will be required to build and sustain momentum. Collective efforts succeed when shared efforts are focused like a laser on improving outcomes; they endure when the acumen and commitment of individual leaders is deployed to build organizational capacity and a cultural bias for collaboration.

Moving forward, Sonoma County would benefit from more integration - of leaders, projects, resources, as well as ideas and insights. A “system-scale” approach to issues that define and drive economic development is essential to creating a diverse and thriving economy.

## 5 Achieving System-Scale Impact

Research has shown that economic inequalities lower overall economic growth, particularly where children in low-income neighborhoods are not receiving the skills required to earn wages to escape poverty and employers cannot find enough skilled workers to grow.<sup>5</sup>

Similarly, research has shown that fragmentation among local governments contributes to slower regional economic growth.<sup>6</sup> Siloed workforce and economic development programs undermine efforts to develop diverse industry clusters. Disconnected and even competing land use and transportation plans contribute to traffic congestion, longer commutes, inadequate infrastructure, housing shortages and a declining quality of life – frustrating efforts to attract and retain high-wage businesses.

At the same time, research has shown that diversity and connectedness can increase resiliency and equity, especially when a region or community explicitly builds relationships and shares data and knowledge.<sup>7</sup>

### Working Backward from the Goal

To pursue an inclusive and resilient economy, any strategy for prosperity must develop linkages to every corner of the county. No community can be left behind. No ethnic or cultural community. No geographic community.

Working backward from the goal also reveals the essential elements: High quality education-to-career pipelines that lead to career-promising jobs must be developed countywide, with particular emphasis on disadvantaged communities. Business development activities need to enable living wage jobs that will be in demand in a low-carbon future. Housing and community renewal projects need to result in safe, healthy, and affordable neighborhoods.

A “systems approach” reveals the deep interdependencies and the potential for strategically coordinated efforts to accomplish multiple goals. Economically integrated neighbors are a powerful driver of upward mobility. Developing a workforce for the clean energy economy is a promising strategy to transition workers with legacy jobs that will be lost in the energy transition. Mass timber buildings are an effective way to store carbon, particularly if sourced from overgrown forests at high risk of catastrophic fires.

### From Addition to Multiplication

Sonoma County has taken pragmatic steps to begin connecting these essential elements. Among them:

#### An Inclusive Economy Begins at Birth

**Researchers have documented the links between brain development in very young children, early learning, and lifetime earning potential.**

**The 2022 Sonoma County School Readiness Report found that children from families with annual income greater than \$75,000 are more than twice as likely to enter kindergarten ready to go than children from families with annual income less than \$35,000.**

- **The Upstream Investment Initiative** – including the recent allocation of funds from American Rescue Plan Act funding – has developed a strategy and an infrastructure to reduce educational, and ultimately economic disparities for children from low-income and often immigrant communities.
- **Health Action** – inspired and guided by the Portrait of Sonoma – was incubated by the county and launched as a community-based organization to coordinate and promote activities to reduce disparities in health, education, and employment.
- **The Renewal Enterprise District**, a partnership of the City of Santa Rosa and Sonoma County, its affiliated nonprofit, the RED Housing Fund, the Santa Rosa Metro Chamber of Commerce’s Housing Trust Fund, and the advocacy of Generation H are the core public-private elements of a systems approach to encourage and accelerate the development of workforce housing.

These and other efforts are successful because of – even if they are limited somewhat by – their discipline-based focus.

To accelerate progress, projects that are contributing in some way to the overarching goal must work better together. Case studies and quantitative research have documented the valuable functions of collective efforts designed to improve regional economic outcomes:

- A collaborative governance structure that includes private and civic leaders can build a shared understanding of goals and challenges and address the fragmentation that contributes to missed opportunities and unequal outcomes.
- Connecting data and analyzing performance can identify opportunities to build upon successes, fill gaps or rethink projects that are not producing the desired results.
- More communication among organizational leaders and with communities can provide important feedback on whether needs are being met and how services can be improved.
- Coordination among organizations and projects can improve the effectiveness of individual projects and amplify the impact of related initiatives.
- An explicit effort to build capacity and resolve conflicts can reduce legacy barriers, build momentum, and increase the sustainability of initiatives that otherwise lost momentum.

### Communicating Successes

Story telling is an important part of building and sustaining momentum.

Community narratives develop a shared knowledge, establish a desired culture, and encourage cooperation, which research shows can help regions respond to shocks, reduce disparities, and thrive over time.

The creative and forward-thinking response to housing development following the 2017 firestorm is one of those success stories that can drive cooperation and a culture of confidence countywide.

The Renewal Enterprise District aligned the County of Sonoma and the City of Santa Rosa. The affiliated nonprofit, the RED Housing Fund, provides gap financing for the kinds of efficient, higher density workforce housing projects that commercial markets are not ready to fully capitalize. The Santa Rosa Metro Chamber's Housing Fund provides start-up capital for affordable housing projects and Generation Housing's advocacy builds community understanding and support for projects – completing the public, private and civic alliance.

Collaborative structures provide a means for sharing progress, learning from experience, and taking projects and partnership to the next level.

### Defining the System

At the community scale, the primary drivers of an inclusive and resilient economy can be organized into three primary domains: 1) Education and Workforce Development, 2) Jobs and Business Development, and 3) Housing and Community Development.

Coordination within those domains can begin to align the fragmented public agencies, programs and funding streams that have been established to provide some benefit to people, businesses, and communities. Increasingly, policymakers and practitioners are taking a “systems approach” to understand and address shortcomings within these domains, particularly to address persistent racial and ethnic disparities.

A snapshot of these three domains is provided below to serve as examples of how a systems approach could work, beginning with a “working goal” intended to articulate a system-level result.

### Education and Workforce Development

**Working Goal:** Close the education and skills gap with cradle-to-career pipelines so everyone can earn a living wage or above and employers can meet their workforce needs locally.

#### The Education and Skills Gap

The latest Portrait of Sonoma reveals the strengths, the progress and the stubborn disparities within Sonoma County when measured by the Human Development Index metrics for life expectancy, access to knowledge and standard of living.

Only 45% of third graders in Sonoma County meet or exceed literacy or math



standards. And the gap is wider for Latino students (30% for literacy, 32% for math), than White students (60% literacy, 58% math). The overall graduation rate is 84%. Among young adults (ages 25 to 44), 35% have some college and 30% have a bachelor's degree or higher.<sup>8</sup>

The 2022 YouthTruth survey found fewer than one in three Sonoma County youth have had an opportunity to learn about local careers.<sup>9</sup>

Sonoma County high school students rank in the bottom quartile, far below their California peers, for readiness to pursue college and careers. Students with exposure to career exploration and skill-building rank significantly higher in readiness. Students who participate in work-based learning rank significantly higher on all factors of their education experience – including engagement, academic challenge, and mental/emotional health – than students without those experiences.

These trends will have a greater impact on Sonoma's workforce given the demographics of aging. With one in four Sonoma workers nearing retirement, a greater percentage of young adults will need the knowledge and skills to take the place of the retiring generation. At the other end of the age continuum, the pandemic is further compounding these challenges – reducing participation in early childhood learning in Sonoma County by 34%.

### A Systems Approach to Elevating Everyone's Potential

Research shows that brain development from birth to age 3 impacts future earnings. Early education enables longer term educational success.<sup>10</sup> Education-employer partnerships are key to aligning curriculum with future-ready skills and linking students to careers in this region. Mentorships and facilitated work experience are effective tools for elevating human potential, increasing upward mobility, and building a sustainable workforce pipeline.

Many successful educational innovations are creating links – such as allowing dual enrollment in high schools and colleges, or public-private partnerships linking career technical education with apprenticeships and internships.

Cradle to Career Sonoma County embodies this approach. Innovation and continuous improvement across the education continuum could reduce the education gap and increase income potential.

### Opportunities / Examples:

- Expand community-industry-education partnerships to connect students with employers, align education and training needs, and provide a clear path to local employment and careers.
- Lean in on the State's increasing support for early learning, community schools, K-16 collaboratives. Take full advantage of the State's Cradle-to-Career data system.
- Partner with effective online learning providers to reduce transaction costs and adapt offerings to specific training and workforce needs, such as community-based and culturally diverse healthcare workers.

## Jobs and Business Development

**Working Goal:** Close the living wage jobs gap so all residents can achieve economic security by supporting living wage businesses aligned with the future economy.

### The Good Jobs and Thriving Businesses Gap

Sonoma County has a high percentage of small businesses, women-owned businesses, and self-employed individuals. It falls behind its peers in terms of minority-owned businesses and second-stage businesses with 10-99 employees.<sup>11</sup> While Sonoma County is a leader in tourism, wine production and other high value agriculture, low-skill and low-wage workers in those industries struggle to make ends meet. Some 17% of farmworkers experience food insecurity.<sup>12</sup>

### A Systems Approach to More Living Wage Jobs

Public agencies and their civic and business partners could further develop their analytical, engagement and advocacy infrastructure to better support the growth of high-value businesses, from start-ups and to mature and evolving corporations.

#### Opportunities / Examples:

- Help to apply, align, and secure the significant public funding available for business and workforce development related to infrastructure, green infrastructure, and clean energy.
- Identify and engage with entrepreneurs and businesses pursuing high-value research, development and manufacturing of clean technologies, appliances, and materials.
- Engage and attract manufacturers of advanced wood products and other building materials that can be sourced from California and help meet the region's needs for efficient housing.

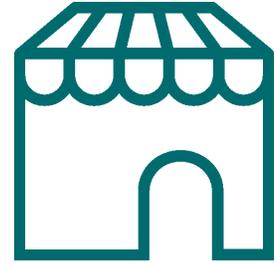
## Housing and Community Development

**Working Goal:** Close the housing gap so Sonoma County's families and workers have safe homes in healthy neighborhoods, shorter commutes, affordable rents, and a chance at homeownership.

### The Affordable Home Gap

The housing affordability index measures whether a family with a median income earns enough to qualify for a mortgage on a median-priced home, which on the index would rank 100. Sonoma County's score is 63, indicating the median income family makes far less than is required to buy a median priced home.<sup>13</sup>

That unaffordability is not shared equally. While two in three Whites and Asians own their homes, only 39% of Latinos and 34% of Blacks own their homes. Home values also reveal disparities, with homes owned by Whites valued nearly 25% higher than Latinos.<sup>14</sup>



Nearly 9 in 10 people lived in Sonoma County before becoming homeless. About one-quarter report losing their homes when they lost their job. Blacks, Native Americans, LGBTQ+ youth are homeless at higher rates than their share of the population. Inadequate housing supplies increase commuting and degrades the environment, quality of life and overall economic security.<sup>15</sup>

### A Systems Approach to Safe, Health and Affordable Homes

Public agencies and civic partners could build on their considerable momentum by developing the analytics to assess and address ways to reduce the time and costs of projects and explore opportunities for expanding local supply chains for skilled workers, subcontractors, and materials.

#### Opportunities / Examples:

- Explore incentives and regulations that increase the local manufacturing of wood products sourced in the North Coast – supporting sustainable forest management, sequestering carbon, and creating higher wage jobs.
- Expand partnerships to grow the number of small businesses and skilled workers – insourcing jobs and the subcontract work required for construction and the greening of existing buildings.
- More analysis and closer coordination among the RED, the Housing Trust, cities, Generation H, other community organizations could identify and address issues adding unnecessary time or costs to housing projects.
- Partner with Sonoma Clean Energy, the Regional Climate Protection Authority to research and develop opportunities for making housing and other projects even greener.

### The Potential for Cross-Sector Multi-Jurisdictional Collaboration

These examples are **only illustrative** of the kinds of high-value and creative opportunities Sonoma can identify and pursue by connecting the strengths of the private, public, and civic sectors; by looking across the silos to match assets and needs; and by analyzing and triangulating local data with emerging economic, social and climate science.

## 6 Recommendations

### Toward an Inclusive and Resilient Economy

Everyone in Sonoma County has “lived experience” when it comes to resiliency. The universality of the Covid pandemic ensured that and reinforced the neighbor-to-neighbor solidarity that Sonoma residents have developed through fires and floods. Sonoma understands the imperative of being able to respond to adversity, to recover physically, socially, emotionally, and economically.

The term “inclusion” has emerged at the same time as one aspect of both legacy inequalities and contemporary priorities. Sonoma County’s Strategic Plan contains a “Racial, Equity and Social Justice” pillar with this definition:

“Equity is an outcome whereby you can’t tell the difference in critical markers of health, well-being, and wealth by race or ethnicity, and a process whereby we explicitly value the voices of people of color, low income, and other underrepresented and underserved communities who identify solutions to achieve that outcome.”<sup>16</sup>

In public discussions for this project, more than one participant defined an inclusive economy as one with enough jobs that paid well enough that people could live in the community where they work.

That sensible expectation can only be realized as the product of a multitude of public policies and programs, private investments, business decisions and entrepreneurial ambitions – and another multitude of factors driving affordability.

To seriously pursue an inclusive economy – to accelerate progress in reducing disparities – Sonoma County’s private, public, and civic sectors will need to build new capacities and invent new ways of working together. And again, everyone must understand the extra degree of cooperation – and courage and persistence – required to prepare for, respond to, and recover from shocks and disruptions.

### As Much as Sonoma County is Doing, More is Required

The following recommendations provide a structure for projects and initiatives that are contributing to a more inclusive and resilient economy in Sonoma County by developing a collaborative structure. The recommendations are intended to **honor, support, and build** upon existing efforts while creating a coherent and comprehensive approach to pursuing the overarching goal.

#### Recommendation 1

**Sonoma County should connect and support the primary drivers of an inclusive and resilient economy: education and workforce development, jobs and business development, and housing and community development.**

A primary purpose for a new collaborative effort should be to help existing initiatives succeed and grow. Some individual projects struggle to gain and maintain momentum. Even successful projects have limited impact because of factors beyond

their control. A system-level response would support the implementation of existing initiatives and connect them to produce synergistic benefits. While Sonoma County should initiate and support this structure, it must be co-led by civic, business, and public sector partners, some specific activities include:

- **Convene and facilitate cross sectoral and multi-jurisdictional leaders.** Institutional leaders from the public, private and civic sectors can be a powerful force in aligning priorities, aggregate political and financial capital, and encouraging cooperation throughout the community. Engaging leaders can address the dysfunctions of fragmentation and forge individual and organizational relationships. But these models also have often lacked genuine and effective connection to communities that are essential to develop “community-up” responses. The membership of a collaborative governance structure should explicitly include community leaders. The activities of the collaborative governance structure should be explicitly designed to ensure community-centric discussions and decisions.
- **Develop shared goals and align objectives.** Sonoma’s leaders across the spectrum are goal oriented. Linking and aligning those goals respects the work that is being done and fortifies the community’s commitment to those goals. Shared goals also can inspire coordination among projects, continuous improvement among allies, and new partnerships to close gaps and respond to emerging needs.
- **Curate data capacity.** Many public agencies are developing data systems with the potential to track progress, identify disparities and evaluate opportunities and impact. The value of data increases significantly when linked across systems – revealing where programs are working and where they are not, where there are opportunities for investments and underused resources. A collaborative governance structure needs data to engage the public, inform decisions and track progress. It can also provide the political imperatives required to bring data together for shared analysis.
- **Communicate across the initiatives and with the community.** More progress is being made than is often realized. Opportunities are emerging that are not pursued. Lessons are being learned that are not shared. Working better together requires effective communications among leaders and organizations, as well as with communities, whose concerns, ideas, and feedback is essential for effective collective action.
- **Pursue strategic opportunities and respond to new disruptions.** Sonoma has learned from experience that relationships and networks enable public agencies, communities, and the region to proactively pursue ambitious goals and more effectively respond to disasters.

With proper support, an overarching structure could improve the impact of individual initiatives and enable deeper cooperation among the initiatives. Structured engagement also could sustain political will and direct resources to individual initiatives. These mutually reinforcing activities would build the respect and trust required to resolve inevitable conflicts and respond to difficult challenges.

## Recommendation 2

### EDB should be the backbone organization for the collective impact model.

EDB's evolving roles and capacities – instigated in part by disasters and the pandemic and reinforced by a growing number of relationships – now include that of convener, network moderator and coordinator for a range of services that go beyond helping individual businesses. Through this process, community leaders volunteered that the EDB has become a trusted source of information, a reliable partner, and a nimble public agency. The EDB could realistically expand its core capacities to provide the needed backbone support for a collaborative governance structure stewarding Sonoma County toward a more inclusive and resilient economy.

- **Support Convening and Facilitation.** This EDB could take the lead – in partnership with others – to support the leadership group and develop effective ways to engage communities. A network approach would connect existing community and neighborhood meetings and events to these explicit efforts to reduce disparities and increase prosperity.
- **Link Data and Analytics.** EDB is valued for the economic data it provides to private businesses, community organizations and public agencies. The department could build on that capacity to develop a network of data to support and track progress toward goals, monitor and evaluate projects and activities and inform discussions and decisions. As a hub rather than an owner, EDB can work with peer agencies and organizations to improve the quality of data, increase access to data, and encourage analysis that can provide actionable information and insights.
- **Provide Project Support.** EDB should provide or produce the project management and support that would be needed to advance the shared work of the collaborative governance structure. As with data management, EDB could work with partner organizations that are in the best position to take on these projects with the appropriate resources.
- **Increase Communications.** Communicating the work of the collaborative effort and its partners is essential to building unity and encouraging cooperation. As with data and project support, coordinating communications efforts among partner organizations provides low-cost and high value ways to reach a larger audience and increase public understanding of needs, opportunities, and progress.

## Recommendation 3

### The EDB should strengthen and broaden its business support network into communities.

The economic development staff across the cities and the county have developed productive relationships, and the relationships between the public agencies and the numerous and diverse chambers of commerce have also deepened. The EDB was encouraged by community leaders to double down on these efforts, and to use this stronger cooperative network to better understand and address the specific needs of businesses, workers, and families.

- **Refine Traditional Business Services.** The demands on EDB’s existing services – economic data, ability to access private and public funding, guidance with regulatory procedures and partnerships with workforce development agents – become more important as Sonoma seeks to support existing enterprises and grow new ones that will thrive in a future economy. Some of these refinements could come by supporting the work of cities on business attractions and entrepreneurship with local chambers.
- **Increase Community Engagement.** EDB and its partners should develop ways to make it easier for families and small businesses to share their concerns and needs and provide feedback on how public policies and programs could better meet those needs. Community leaders encouraged EDB to partner with schools, labor unions, and community organizations to meet residents where they are.
- **Develop Partnerships.** The pandemic response demonstrated the value of community partners to share information, provide technical assistance and distribute resources. Those experiences provided lessons on ways the EDB and its economic development partners can assess and meet the needs of businesses and their workers.

#### Recommendation 4

#### The EDB should elevate economic analysis and business perspective into county policies and projects.

Stakeholders strongly supported the concept of EDB using its analytical abilities, relationships with business leaders and program management skills to better inform the county’s policy decisions.

- **Economic Analysis.** Nearly all public policies have an impact on the cost of doing business and many policies influence the location, timing, and size of private investments. Of equal importance, many policies unrelated to “economic development” can be structured to increase economic opportunities and reduce disparities. EDB should expand its capacities and its partnerships to increase and improve its analysis of major county decisions.
- **Business Perspective.** Business leaders can provide valuable insights and feedback on county decisions. The EDB should develop a more systematic way of consulting with a diversity of business leaders and infusing that information into the decision-making process.
- **Worker and Family Perspective.** To help reduce disparities, the EDB should develop ways to provide insight and feedback from workers and their families on County policy proposals that will impact their household and long-term economic security.

## Recommendation 5

### The EDB should coordinate and support teams of cross-sector practitioners who can help to resolve conflicts, innovate solutions, and support continuous improvement

Ambitious initiatives often are slowed by a variety of barriers, from the inability to solve a problem to bureaucratic inertia. Historical and cultural conflicts prevent people from finding common ground or developing win-win solutions. Sonoma County should proactively identify and seek to resolve these issues by convening and deploying a group of public, civic, and business leaders who support the goals of an inclusive and resilient economy and coordinate efforts to provide targeted support.

- **Resolve Conflicts.** Small conflicts and misunderstanding can often slow projects. Legacy tensions and disagreements can prevent the cooperation needed to move forward. Proactively resolving these conflicts are in the interest of individual initiatives and the overarching goals of an inclusive and resilient economy.
- **Catalyze innovations.** One power of cross-sector collaboratives is to deploy the strengths of one sector to help partners resolve issues that reduce progress toward shared goals. Public agencies, for example, can often benefit from the process improvements that are common within successful businesses.
- **Support Learning.** Systems change requires continuous improvement – within projects and domains and across the domains. Skilled practitioners from all three sectors can help to develop the practices and capacities required for evaluating and improving projects and systems.

## 8 Time Horizon and Next Steps

### Long Term and Rapid Response

A primary benefit of system-scale approaches is the ability to keep the focus on long-term goals and to coordinate and align near-term projects, activities, and decisions to those goals. Effective system-scale efforts require steward leadership and are sustained by enduring relationships among organizations that provide continuity over time. Developing trust and demonstrating the value of working together are typically required to move up the continuum of engagement toward deep collaboration.

Effective system-scale efforts are designed to evolve and adapt to what works and what is learned, while also responding to and taking advantage of changing conditions. More recent history indicates that cross-sector structures need to be prepared to pivot from stewards of the long-term goals to rapidly responding to disruptive changes and aligning public, business, and civic capacities with urgent needs.

With those considerations in mind, and should the Board of Supervisors move forward with the recommendations, the EDB anticipates a development process that involves core partners co-creating organizational structures, strategies and work plans for the entities described in the recommendations.

To be effective over the long term, the cross-sector collaborative will need time to develop a shared vision and a plan for aligning initiatives and identifying opportunities to improve impact. The data network to support discussions, analysis and future actions will need to be developed simultaneously. Communications will be prioritized, as will supporting and connecting existing initiatives.

The Economic Development Board will align itself to the department's new mission. The cross-sector support team will define the needed capacities and solicit pilot projects to test, assess and refine how the team can be most valuable to individual initiatives and the overall effort.

The timeline on the following page outlines those expected next steps.

### Preliminary Timeline: From Concept to Operations

	Months 1-3	Months 3-6	Months 6-12	Months 12-18
<b>Organizational Elements</b>				
Design membership, structure of collaborative	X			
Develop and execute communication strategy	X	X	X	X
Evolve convening and facilitation capacities		X		
Determine data needs, design network		X	X	
Develop workplan with leaders of collaborative		X		
Identify ways to connect, support existing efforts			X	X
Identify gaps and new cooperative activities				X
Set Economic Advisory Board Member Expectations	X			
Develop workplan with EDB Staff		X		
Establish objectives and metrics			X	
Develop membership and operating plan for cross-sector practitioner support team		X	X	
Identify and pursue initial opportunities			X	X
<b>Capacity Assessment</b>				
Determine overall capacity requirements	X	X		
Realign existing capacities; assess net new needs	X	X	X	
Assess budgetary needs	X	X		
<b>Resource Augmentation</b>				
Hire new staff (as authorized)			X	X
Implement capacity building			X	X
Coordinate staff work among partners		X	X	X

## Appendix A: Charter

### Background

Since the Board of Supervisors adopted the 2011 Economic Development Strategy and Jobs Plan, the Economic Development Board (EDB) has provided services primarily to local businesses, to help them start and grow in Sonoma County. This has included direct interaction with local entrepreneurs, business owners and executives, to help them access capital, navigate regulatory requirements, find, and train staff, and access incentives.

Over the past decade, the practice of economic development has evolved to become more inclusive and reflective of community composition and needs. Statewide (and across the nation), innovative models that prioritize collaboration among a diverse set of stakeholders and partners have begun to address economic imperatives that reach beyond simple business development – housing, education, equity, connectivity, climate, and more.

County Supervisors now see an opportunity for the EDB to better connect a number of ambitious countywide efforts underway to make Sonoma County and the north coast region more prosperous, more equitable and better positioned to leverage opportunities. The Supervisors have directed EDB to engage community leaders to develop recommendations for how the county can better facilitate and support a more holistic and collaborative approach to simultaneously advance these goals.

### Scope of Work

Three “tracks” have been identified for this work:

An “external” track – will explore new and strengthened partnerships that increase cross-sector and multi-jurisdictional collaboration around issues related to, or which constrain economic development. Potential outcomes could include new collaborations that:

- Attract high-value jobs and employers that compliment countywide goals/needs
- Catalyze investment from the private sector in large projects (housing, redevelopment, education/training, health, and safety)
- Convene around significant issues, i.e.: housing, climate resiliency, childcare, emergency response and other areas with an economic development link

An “**internal**” track – will evaluate the EDB’s potential integration in County-led development projects (ex: County Center, Sonoma Developmental Center, Marina District, Fairgrounds, etc.). This could include:

- Project design – including the EDB at the table to ensure economic development concerns are addressed with respect to adaptive re-use and other County-led development projects
- Issue resolution – identification of problem areas and/or gaps, as well as appropriate avenues to create solutions.
- Policy input – engagement from the business community as new policy is

designed and created.

- Evaluation - imbedded capacity within the EDB to evaluate economic impacts of projects, proposals, fees, etc.

A “**communications**” track - will propose new and more effective methods of conveying the value of work done by and among involved organizations to 1) increase visibility and engagement, and 2) reinforce community confidence in the institutions and leadership involved.

### **Steering Committee Role**

As directed by the Board of Supervisors, a Steering Committee will be formed to serve an advisory role to the interim Executive Director and help to shape recommendations that will be brought to the Board of Supervisors. Leveraging its collective experience and knowledge of local economic development and available resources, the Steering Committee will provide input on key initiatives, help to direct the process through which additional public input will be sought, review draft recommendations, and be ambassadors for final deliverables to the Board of Supervisors and the community.

Steering Community members will commit to:

- Be “systems thinkers.” This process is not designed to identify specific new policies or practices. Rather, it is designed to create an effective and collaborative structure to better coordinate existing initiatives and strategically identify new ones.
- Personally attend each meeting. It is requested that no proxies participate. Your input is sought because of your historical partnership, knowledge and past contributions to issues related to economic development.
- Hear and be heard. Participate, and be sure to make space for others and potentially diverging views. This process and its recommendations can help develop a shared vision for the county and recommend ways that benefit all communities.
- Be champions of the plan you help to create. Support and communicate the value of collaborative efforts that strive relentlessly to make Sonoma County a better place to live and work.

## Endnotes

---

<sup>1</sup> [Competitive Assessment, Strategic Sonoma, Sonoma County Comprehensive Strategic Economic Development Plan](#), pages 57-58.

<sup>2</sup> [A Portrait of Sonoma County, Update 2021](#). Measure of America, page 29.

<sup>3</sup> UC Berkeley Labor Center, “Low Wage Work in California Data Explorer.” Accessed November 15, 2022.

<sup>4</sup> *Competitive Assessment*, page 51.

<sup>5</sup> [Trends in Income Inequality and its Impact on Growth](#). Organization for Economic Co-operation and Development, 2014.

<sup>6</sup> *Just Growth: Inclusion and Prosperity in America’s Metropolitan Regions*. Chris Benner and Manuel Pastor. Routledge, Taylor & Francis Group, 2012.

<sup>7</sup> *Equity Growth and Community: What the Nation can Learn from America’s Metro Areas*. Chris Benner and Manuel Pastor. UC Press, 2016.

<sup>8</sup> *Competitive Assessment*, pages 57-58.

<sup>9</sup> [Leading through Listening: Student and Community Voices in Sonoma County](#). YouthTruth, 2021.

<sup>10</sup> [Early Childhood Investment: The Bridge to a Stronger Future for Children and the California Economy](#). California Forward and the First 5 Association of California, 2018. See also [Quantifying the Life-cycle Benefits of a Prototypical Early Childhood Program](#). Jorge Luis Garcia, James Heckman et al. The University of Chicago, 2017.

<sup>11</sup> *Competitive Assessment*, pages 95-99.

<sup>12</sup> *A Portrait of Sonoma County*, page 27.

<sup>13</sup> ArcGIS Business Analyst, ESRI.

<sup>14</sup> *A Portrait of Sonoma County*, page 29.

<sup>15</sup> *A Portrait of Sonoma County*, page 32.

<sup>16</sup> [Sonoma County Five-Year Strategic Plan, 2021-26, Racial Equity and Social Justice Pillar](#), 2021.