

Kern County Administrative Office



County Administrative Center

1115 Truxtun Avenue, Fifth Floor • Bakersfield, CA 93301-4639

Telephone 661-868-3198 • FAX 661-868-3190 • TTY Relay 800-735-2929

RYAN ALSOP

County Administrative Officer

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Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

REPORT ON EAST KERN ECONOMIC DIVERSIFICATION STUDY

Fiscal Impact: None

This letter is written to report the findings of the Economic Diversification Study for eastern Kern County, encompassing the communities of Boron, California City, Mojave, Ridgecrest, Rosamond, and Tehachapi.

In February 2015, your Board approved the County Administrative Office's request to apply for grant funding from the Department of Defense (DoD), Office of Economic Adjustment (OEA), for a diversification study in eastern Kern County. Diversification projects sanctioned by the OEA typically focus on communities that are reliant upon military base expenditures for regional economic stability. The study is aimed at helping the six communities in east Kern plan for, and adjust to, potential defense industry cutbacks, base closures, force structure realignments, base expansion and incompatibilities between military operations and local development.

The County applied for and was awarded a \$450,000 federal grant from the DoD and was required to provide a \$50,000 in-kind match. A subsequent request for proposals (RFP) was issued and in January 2016 your Board approved the selection of TIP Strategies, Inc. (TIP) from Austin, Texas as the successful vendor. The economic diversification strategy proposed by TIP hinged on comprehensive stakeholder engagement from the six individual communities in the east Kern region. The plan focused on leveraging the region's most promising opportunities for long-term prosperity and addressing the most significant challenges. Chabin Concepts, a California-based economic development consulting firm, also assisted TIP and Kern County throughout the project.

Ultimately, TIP provided a thorough work plan and delivered services from March 2016 to approximately June 2017. TIP worked with regional leaders to gain a deep qualitative and quantitative understanding of east Kern's challenges and opportunities, which yielded a strategic foundation focused on growing the regional economy. Throughout 2016 and early 2017, the team of consultants worked with regional and local community leaders to conduct multiple site tours in each of the six communities, held 16 community meetings, and met separately with more than 55 employers and regional stakeholders. The process also included analyses of dozens of demographic and economic variables for east Kern and each of the six communities.

ASSETS & OPPORTUNITIES

East Kern has an abundance of assets, competitive advantages, and opportunities, which can be leveraged for economic development.

- World-class employers, industries, and innovative workers.
- Naval Air Weapons Station (NAWS)-China Lake and Edwards Air Force Base (including the NASA Armstrong Flight Research Center).
- The R-2508 Complex of restricted air space centered on NAWS-China Lake, Edwards AFB, and Fort Irwin.
- The Mojave Air & Space Port, which anchors the region's strong aerospace sector.

- Large mining sector led by Rio Tinto and also including two cement plants, Golden Queen Mine, and upcoming road machinery construction and mining equipment dealer in Mojave.
- Health care sector with growth potential, especially with development of the new Tehachapi Hospital.
- Large clean energy sector with major new wind and solar energy production facilities.
- Wide range of outdoor recreation assets (e.g., Off-Highway Vehicle (OHV) areas in California City, Pacific Crest Trail) and other tourist attractions, including the planned new casino/entertainment complex in Ridgecrest and the potential major expansion of the Edwards Flight Test Museum in Rosamond.
- Numerous events and festivals that draw thousands of visitors into the region including the Petroglyph Festival in Ridgecrest, Wasteland Weekend in California City, the Tehachapi Gran Fondo, and Plane Crazy Saturdays at the Mojave Air & Space Port.
- Other major employers (e.g., prisons in California City and Tehachapi).
- Numerous motor vehicle R&D and testing facilities (e.g., Honda, Hyundai/Kia, Willow Springs Raceway).
- Untapped potential for startups and entrepreneurship, supported by nascent “maker space” efforts in Mojave and Ridgecrest, the upcoming CSU-Bakersfield SBDC (Small Business Development Center) in Ridgecrest, and regional schools providing extensive science, technology, engineering, and mathematics (STEM) education programs.
- Existing regional collaboration efforts through East Kern Economic Alliance (EKEA) and other partnerships between individual communities.
- Strong regional partner organizations (Kern County, KEDC (Kern Economic Development Corporation), GAVEA (Greater Antelope Valley Economic Alliance), Cerro Coso Community College).
- Proximity to the greater Los Angeles region, including strong economic linkages to Lancaster and Palmdale.
- Potential to capitalize on Northrop Grumman B-21 long-range bomber expansion in Palmdale.
- Available land for development and relatively low-cost communities.
- A uniquely pro-business and development-friendly business climate at the local and county levels in a state known for its strict environmental regulations and development restrictions.

CHALLENGES & RISKS

East Kern also has significant barriers to growth that could limit the area’s growth potential. The region’s greatest strength—the existing world-class employers—is also its biggest challenge. The east Kern economy depends almost entirely on the military installations and a few other large employers whose long-term success is not guaranteed. Addressing this challenge and others (summarized below) will be important for the region’s future growth.

- A regional economy that is not diversified.
- The sheer physical size of Kern County, which creates challenges for coordination and deployment of resources to support economic development, workforce training, and other services. Kern County is larger than the land area of Delaware, Rhode Island, and Connecticut combined with more than 8,000 square miles of mountains, valleys, and desert.
- Limited development in unincorporated communities (Mojave, Boron, and Rosamond).
- Relatively low levels of educational attainment.
- Workforce shortages in key occupations.
- Loss of talent to larger urban areas and difficulties associated with recruiting talent.
- Relatively large share of low-income residents driven to the region by high housing costs in Southern California (negatively impacts poverty rates, educational outcomes, and other factors).
- Limited “deal ready” real estate options for business expansion projects.
- No existing commercial air service in the region (however, Inyokern Airport is working to re-instate flights to LAX).
- Water availability to accommodate current and future demands.

- Land use encroachment and incompatible uses adjacent to major employers.

VISION & GOALS

Based on the study's major finding, east Kern can emerge as a leading center for business development, innovation, and high-wage job growth by leveraging its globally recognized military and aerospace assets, as well as the region's existing businesses, entertainment and recreation assets, and its diverse communities.

East Kern's existing employers form the foundation of the region's economy. Supporting the growth and ongoing success of NAWS-China Lake, Edwards AFB and the NASA Armstrong Flight Research Center, Mojave Air & Space Port, Rio Tinto, and other existing employers is a "must do" baseline activity for the region's leadership. Beyond this, the diversification plan stretches regional leaders and lays the groundwork for a set of ambitious new strategies to expand and diversify the regional economy. The plan is structured around five core goals.

GOAL 1 - BUSINESS DEVELOPMENT: Grow the east Kern economy through the retention and expansion of existing employers and the recruitment of new businesses and high-wage jobs.

GOAL 2 - TALENT DEVELOPMENT & RECRUITMENT: Develop a strong pipeline of local talent and recruit skilled workers from outside of the region to support current and future employers.

GOAL 3 - INNOVATION & ENTREPRENEURSHIP: Cultivate a robust environment for innovation to fuel research and development (R&D), technology commercialization, and entrepreneurship.

GOAL 4 - TOURISM & VISITOR ATTRACTION: Enhance and connect east Kern's tourism assets to generate more spending in the regional economy and to raise the profile of the area for talent attraction.

GOAL 5 - REGIONAL COLLABORATION: Formalize the East Kern Economic Alliance as the primary vehicle to promote economic development in east Kern and to support economic opportunities related to NAWS-China Lake and Edwards AFB.

For the purposes of this plan, success is defined by accomplishing the following objectives:

- Increase the number of high-wage jobs
- Strengthen the tax base of local municipalities
- Raise income levels for area households
- Support the growth of existing employers
- Grow the region's population and housing stock
- Expand regional amenities and entertainment offerings
- Attract new business investment into the region
- Raise the educational attainment levels of the area workforce

IMPLEMENTATION & NEXT STEPS

TIP's study focuses on areas where leaders in east Kern have the greatest potential to affect positive change, beginning with the core functions of industry-specific business retention, expansion, and recruitment. The study also details new initiatives centered on talent development and recruitment; innovation and entrepreneurship; and tourism as priorities for east Kern. Lastly, the study lays a foundation for expanded regional collaboration led by the East Kern Economic Alliance and with involvement from partner organizations across the region. Specific strategies for each of the six communities are detailed in the reports prepared for each of the communities by TIP

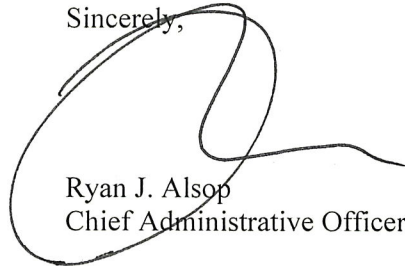
(see attachments). If the region embraces the opportunities presented in the regional plan, and works to capitalize on the individual strategies tailored for each community, east Kern can place itself on a path for long-term economic prosperity.

In summary, the strategic plan will guide the economic development efforts in east Kern County over the next several years and provides a roadmap for the region's long-term economic development. The ultimate success of the recommendations will depend on the level of commitment from the region's business and community leaders in executing the strategies laid out in the plan.

To help with the implementation phase of the project, the County Administrative Office is currently working on a funding package with the OEA to secure a full-time position that would be dedicated to working with the six communities in east Kern over the next two years. The goal is to help the region, particularly the unincorporated communities of Boron, Mojave, and Rosamond, accomplish the goals and objectives identified by TIP in the individual community plans (see attachments). Although the steps identified in the community summaries provided by TIP may seem like small initial steps at first glance, it is important to note that the strategies identified are the result of a collaborative and community-wide effort that stem from robust stakeholder participation and buy-in. The great John Wooden said it best: "It's the little details that are vital. Little things make big things happen." The County is firmly dedicated to the region and will continue pursuing all available resources to assist the economic diversification and overall success of the east Kern economy.

Therefore, IT IS RECOMMENDED that your Board receive and file this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan J. Alsop", is written over a large, loopy scribble. The signature is positioned above the printed name and title.

Ryan J. Alsop
Chief Administrative Officer

RJA:TB:ADM Report on east Kern economic diversification study.doc

Attachments

cc: Teresa Hitchcock, Employers' Training Resource
Richard Chapman, Kern Economic Development Corporation
Kimberly Maevers, Greater Antelope Valley Economic Alliance
Kelly Bearden, CSU, Bakersfield – Small Business Development Center
Karina Drees, Mojave Air & Space Port
Bill Deaver, Mojave Chamber of Commerce
Jennifer Wood, Mayor of California City
Tom Weil, City of California City
Peggy Breeden, Mayor of Ridgecrest
Gary Parsons, City of Ridgecrest
Greg Garrett, City of Tehachapi
Michelle Vance, Tehachapi Valley Recreation & Park District
Tom Stellman, TIP Strategies, Inc.
John Karras, TIP Strategies, Inc.