



**STRATEGIC ECONOMIC PLAN FOR SONOMA COUNTY**

**FINAL REPORT**

**January 2009**

**SONOMA COUNTY STRATEGIC ECONOMIC PLAN  
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## PREFACE

In September 2007, the Sonoma County Board of Supervisors created the Innovation Council to look ahead at the opportunities and challenges facing our regional economy. The Council included leaders from the public, nonprofit and private sectors, representing a broad cross-section of experience and viewpoints about what competitiveness means in the context of the 21<sup>st</sup> Century global economy. The goal of the group was to identify the factors driving regional competitiveness in Sonoma County and develop a set of recommendations for improving our standing against other regions in the U.S and abroad.

To help achieve that goal, the Sonoma County Economic Development Board (EDB) contracted with Collaborative Economics and Moody's Economy.com, noted experts in the fields of economic development strategic planning and regional forecasting. For nearly a year, these companies worked with Innovation Council members to explore various scenarios that could have a positive impact on our regional competitiveness, starting with a commitment to innovation that would result in improvements to the business climate, resource efficiency, and advancements in educational attainment. The group also identified key industry clusters that form the backbone of the region's competitive advantage, such as creative professional services, tourism, health and wellness, and construction and green industries. However, unlike other economic reports which may analyze in detail every industry; this report was created with the charge of developing an economic forecast and a plan of action.

This report is both the culmination of our efforts over the past year, as well as a call to action for the work that lies ahead of us. It describes many of the factors that are influencing our competitive position in the global economy and makes recommendations for what can be done to build on our past success. We included the modeling scenarios, not as a prediction of what will happen, but as a way begin a dialogue about what could happen if we came together as a region to stimulate innovation that will leverage our collective strengths and address our mutual challenges in a way that creates a better future for everybody.

Innovation is the act of making changes. While invention is the creation of new ideas, innovation is the process of converting ideas into productive uses that add economic and social value. Innovation can take the form of incremental improvements or breakthrough changes in thinking, products, processes, or organizations. Innovation is the driver of increased productivity, which in turn is the basis for rising real wages for workers, increasing returns to shareholders, and increasing per capita income for people. Over the long term, the only way for advanced economies like that of the United States to compete and raise living standards is by finding new and better ways through innovation to use natural, human, and capital resources to increase productivity. In the case of Sonoma County, innovation in the areas of workforce development, resource efficiency, and economic climate are the key to a prosperous future.

The recommendations contained in this report take aim at promoting innovation in all facets of the regional economy: multinational corporations, small businesses, city and county government, agriculture, community-based organizations, schools, and all other organizations with a stake in the future of Sonoma County. While many potential action items are described, everything in this report is

built around a set of key goals that guided the efforts of the Innovation Council over the past year. These goals include:

- Striving to build a world-class workforce based on educational achievement, career training and exploration, and lifelong learning.
- Leading in the creation of economic development opportunities resulting from early adoption of green technology especially in the areas of resource efficiency, green industries, and cutting-edge technology products.
- Building consensus among county, city, school district, and other officials about the necessity for a comprehensive review of what the public sector can do to help stimulate innovation.
- Encouraging the private sector to work with local governments, workforce organizations, schools, and other institutions to ensure that ideas can be transformed into commercialized products and services whenever possible right here in Sonoma County.

It is important to note that national economic standing has declined considerably from the beginning of this project. However, this shift makes the Innovation Council's economic forecast even more relevant: our hope with these recommendations is to keep Sonoma County globally competitive, and the recent economic strains provide further evidence of the need for innovation in the key areas of workforce development, resource efficiency and the economic climate. Sonoma County has been fortunate in avoiding the brunt of the economic crisis and an implementation of these recommendations will be an investment in our future, one that will provide additional sustenance for our economy.

This is indeed an important report—one that we hope is embraced for its call to action and the pursuit of new ideas and strategies that will foster innovation and raise living standards for all Sonoma County residents.

We look forward to your thoughts.



Randy DeCaminada  
Innovation Council Co-Chair  
Pacific Gas & Electric



Cynthia Murray  
Innovation Council Co-Chair  
North Bay Leadership Council

## INNOVATION COUNCIL ROSTER

### CO-CHAIRS:

Name	Company
Randy DeCaminada	Pacific Gas & Electric Company
Cynthia Murray	North Bay Leadership Council

### INNOVATION COUNCIL MEMBERS:

Name	Company
Bob Anderson	United Winegrowers for Sonoma County
Jane Bender	City of Santa Rosa
Bill Carson	Windsor Golf/Rooster Run Golf
Scott Kincaid	First Community Bank
Scott Kirk	Spaulding, McCullough, & Tansil
Bill Nordskog	Agilent Technologies (Retired)
Lisa Schaffner	Sonoma County Alliance
Robert Agrella	Santa Rosa Junior College
Steve Amend	Roofing Services Inc.
Ed Barr	P&L Specialties
Percy Brandon	Vintners Inn/John Ash & Co.
Oscar Chavez	Community Action Partnership
Don Chigazola	Medtronic Cardiovascular
Ann Hancock	Climate Protection Campaign
Mike Hauser	Santa Rosa Chamber of Commerce
Mark Inman	Taylor Maid Farms
Katie Kerns	Sheraton Sonoma County
Patrick Kilkenny	Kilkenny Advisors
Brian Ling	Redwood Reliance Sales Co.
John Lowry	Burbank Housing Development Corporation
Alexander Mallonee	North Bay Labor Council
Lex McCorvey	Sonoma County Farm Bureau
Juan Nieto	Frank Howard Allen Realtors
Onita Pellegrini	Petaluma Area Chamber of Commerce
Grant Raeside	Sonoma Valley Vintners and Growers Alliance
Saeid Rahimi	Sonoma State University
Teresa Ramondo	Sebastopol Area Chamber of Commerce
Marlene Soiland	Stony Point Rock Quarry
Carl Wong	Sonoma County Office of Education
Joan Woodard	Simons and Woodard
Jennifer Yankovich	Sonoma Valley Chamber of Commerce

The members of Innovation Council are also broadly engaged in the community in many other public and private organizations.

## EXECUTIVE SUMMARY

The Sonoma County Innovation Council, a group of 34 people representing a broad-cross section of the Sonoma County community, was asked by the Board of Supervisors to develop a strategic plan to improve the Sonoma County economy. The Council was asked to focus specifically on three areas perceived to be in need of solutions – the future availability of a qualified workforce, the possible future shortages of natural resources such as water and energy, and measures needed to help assure a strong economic climate in the future. The Council spent most of 2008 studying the problem with the assistance of Moody’s Economy.com (research) and Collaborative Economics (strategic planning), and have made the following general findings and recommendations:

### A. General Findings

- The Sonoma County economy faces serious challenges in the years ahead. “Business as usual” will not suffice.
- Necessary change requires action from a wide spectrum --- business, government, education and the community all finding ways to adapt to changing times
- Success will require collaborative effort, with a broad range of interests working together.

Innovative change will need champions to spearhead the substantial amount of planning and implementation yet to be done. These champions will come from the sectors that need to change but to achieve the desired outcomes will need to work collaboratively to reach the agreed upon goals. No change can occur alone – it will take all of us working together to stimulate innovation and gain the economic health Sonoma County deserves

### *Recommendations*

- Keep an Innovation Council oversight group to implement necessary measures.
- Divide this oversight group into three subgroups to address development of programs in the area of workforce, resources, and economic climate.
- Immediately develop programs to inform current and future partners of the need for adapting to new economic realities and to recruit champions and build partnerships.
- Seek funding sources for future efforts through grants and public/private partnerships.

### B. Workforce Development

#### *Findings*

- Sonoma County has an acute problem regarding the number of Hispanic students who do not complete high school; the education, business, and Hispanic communities, working alone, have not been able to resolve the problem.
- In a recent survey, 66% of major Sonoma County businesses had difficulty finding qualified job applicants.
- The current education system does not fully equip students with necessary real world job skills.
- Availability of career technical education courses offered in public schools is declining.

- Currently, only 31% of California high school students possess some form of career training by graduation, and only about 25% are expected to graduate with a Bachelor's degree.

### *Recommendations*

- Form a Task Force under the oversight of the ongoing Innovation Council to bring together educators, businesses, and Hispanic leaders to determine what needs to be done to provide students with the skills needed in the workplace, and to increase dramatically the percentage of students graduating from high school.
- The Task Force should explore programs such as mentoring, tutoring, internships, as well as offering more career technical education courses to more students.
- Seek grant funding and public-private partnerships to underwrite costs of new programs.

## C. Natural Resources: The Need for Usage Efficiency

### *Findings*

- In the decades ahead, we may not have enough water, energy, land, and transportation infrastructure to maintain a sustainable economy; business must take the lead in finding more efficient ways to utilize resources, so that future business growth can be accommodated with reduced resources, especially water and energy.
- Numerous incentive programs currently exist for water and energy efficiency, but many businesses are either unaware of them or have elected not to participate.
- Many exemplary programs are already happening, and "how to" tools are readily available for significant resource conservation.
- The need to address climate change, including implementing AB32 and the Sonoma County Climate Protection Action Campaign goals, provide great opportunities and challenges to businesses. The two major areas to be considered are energy consumption and transportation.

### *Recommendations*

Form a Task Force under the oversight of the Innovation Council to reach out to the business community, governmental community, and large institutional users of energy.

- Identify Champions to assume the leadership in natural resource reduction education and engagement.
- Business associations (e.g. Chambers, Associations, Trade Groups) and others concerned with economic well-being should take the lead in educating members of the challenges of limited resources.
- Cities in the County, plus County government, should form a working partnership to communicate the challenge of limited resources to the general public.
- Institutions – schools, higher education, medical facilities, etc. – should form a working partnership to devise means of using resources more efficiently.

- Hold an Innovation Showcase to encourage adoption of innovation by raising awareness of current and future innovative practices and organizations; create a message board and website to promote innovation widely across Sonoma County.
- Encourage Sonoma County to become a leader in clean/green technologies by encouraging initiation and expansion of “green collar” jobs and green/clean technology companies.
- Improve existing transportation modes by adding alternatives to Highway 101 and encouraging green transportation solutions that offer additional modes of transit and bicycle/pedestrian pathways.

#### D. Innovative Economic Climate

##### *Findings*

- Actively supporting the development of existing and emerging industries—including small, innovative companies that have the potential to expand—would pay off in terms of jobs, economic output, and public revenues.
- A vital economic climate involves both containing costs and retaining the value of doing business in Sonoma County.
- Inefficient regulatory activities (delays in permitting, etc.) add costs in terms of time and money to business.

##### *Recommendations*

- Foster the growth and development of second stage companies
- Study a model policy for economic innovation.
- Focus economic development efforts on innovation in Sonoma County’s key economic clusters.
- Study permitting process and seek ways to enhance regulatory efficiency.



## OVERVIEW

**This is a call to action.** We must act differently if we are to preserve and enhance the quality of life that drew us to and keeps us in Sonoma County. We must fundamentally **transform** how we prepare residents for skilled work, use resources, and nurture innovation in our current and emerging industries. This plan offers a framework for action, and specific strategies for moving forward. Transformations in three areas are necessary over the next decade:

- **Workforce development.** Major advances in educational attainment— especially among the growing Hispanic population, are needed to create larger numbers of skilled workers to meet industry needs and significantly improve the standard of living for residents.
- **Resource efficiency.** Enhanced resource efficiency, including energy, water, waste, land use, and infrastructure, is needed to lower business costs and create more investment in innovation. It would also benefit the environment by reduction of greenhouse gas emissions, through both improvements in energy efficiency and replacement with renewable sources. The net effect would be an increase in jobs, economic output, health, and environmental quality—as well as public revenues.
- **Economic climate.** Reviewing regulatory processes to identify opportunities for boosting efficiency is needed to create strategies that could lower business costs, enabling companies to invest more in innovation. Actively supporting the development of existing and emerging industries—including small, innovative companies who have the potential to expand—would also pay off in terms of jobs, economic output, and public revenues.

**Driving these transformations will require a renewed commitment to economic development and regional competitiveness from the public and private sectors in Sonoma County.** A Sonoma County Investment Initiative, for example, could identify and focus investments in the three priority areas of workforce development, resource efficiency, and economic climate. The Initiative could be comprised of new private funding from business, foundations, and others, as well as redirection or realignment of existing public funds. This balanced proposal recognizes the importance of private sector commitment, public-private collaboration, effective use of public funds, and the fact that California is in a budget shortfall, which has created hardship for local jurisdictions in Sonoma County and across the state.

**Why is this plan needed now? Clearly, there is much that is right about Sonoma County.** We enjoy an enviable quality of life and have strong assets—our people, our businesses, our educational institutions, and others—that together have helped create a prosperous economy, which in turn has enabled us to invest in public infrastructure and community services. Our per-capita income and educational attainment are higher than the California and national averages. The productivity of our workforce is well above the national average. Our agricultural, wine, and natural resource assets are world-class. In short, we have a strong foundation on which to build.

**But, there are also growing challenges facing Sonoma County. We will face new realities in the coming decade that include changing demographics, likely resource constraints, climate change and intensifying global competition and that need to be tracked carefully.**

- *Demographic changes:* Without improvements in educational levels, the impending wave of retirements of the baby boom generation coupled with a fast-growing Hispanic population and relatively higher costs in Sonoma County's communities will create skilled labor shortages.
- *Resource constraints:* Without increased resource efficiency and/or capacity, growing constraints on water, energy, and other resources will have serious effects on the county's industries and job base. Because of climate change, the need to reduce emissions significantly (i.e., AB32) will be a major challenge that requires new strategies and approaches.
- *Global competition:* Global competitors will continue to multiply in nearly all sectors of the economy—from wine to tourism to manufacturing to retail—requiring businesses to continuously innovate to keep pace.

**If we do not respond to these new realities, Sonoma County's ability to compete effectively in the innovation-based global economy will be undermined.**

**However, with a commitment to innovation, the future can be quite different for the people, the economy, and the environment of Sonoma County. We can deal with our challenges, while building a stronger economy and enhancing our quality of life. We must:**

- Improve educational attainment so local residents can meet the demands of jobs requiring higher-level skills, including replacement jobs resulting from retiring Baby Boomers.
- Meet the requirements of AB32 and the Climate Protection Action Campaign to reduce greenhouse gas emissions, but do so in a way that preserves our economy through greater energy efficiency, the use of clean energy alternatives and improved transportation alternatives.
- Adopt green building and green business practices that shrink the county's carbon footprint, increase sustainability, and create economic benefits.
- Build a stronger economy and preserve our environment through comprehensive planning and integrations of land use, transportation, resources and economic development.
- Prepare for increased global competition in our leading industries, while also encouraging new sectors to emerge to strengthen our economic diversity.
- Through these and other innovations, strengthen the economic vitality of Sonoma County, ensuring a sufficient flow of public revenues to pay for critical community services, environmental preservation, and other important public purposes.

**At the back of this document is a full list of potential goals and strategies.** We welcome your ideas and encourage you to join us in helping the region succeed in our rapidly changing world. In brief, the key goals and strategies are the following:

GOALS	STRATEGIES	IMMEDIATE ACTIONS
<p><b>WORKFORCE DEVELOPMENT</b>  <i>Raise the educational attainment of residents, especially Hispanics—that, is increase percentages with a high school diploma, some college (including career technical education), and college degrees. Ensure that residents are prepared to fill skilled jobs in the county.</i></p>	<p><b>Pursue a campaign to close the gap and raise the bar in education in Sonoma County,</b> which includes:</p> <ul style="list-style-type: none"> <li>--identify and scale up what is now working well</li> <li>--create new incentives for achievement</li> <li>--ensure mentoring/tutoring for all students in need of support</li> <li>--expand awareness of high-demand, high-skill jobs and careers in Sonoma County</li> <li>--encourage adults to improve their skills (GED, English)</li> </ul> <p><b>Encourage the Workforce Investment Board to build consortia around each industry cluster to prepare new workers and retrain existing workers for skilled jobs</b></p>	<p>Launch campaign with these initial actions:</p> <ul style="list-style-type: none"> <li>--explore ways to provide mentors/tutors to every child that needs one</li> <li>--Create countywide database and referral mechanism for employer engagement in education</li> <li>--Publicize Roseland Prep and other models of successful Hispanic educational achievement</li> <li>--explore the creation of a privately-funded Recognition Fund as new incentive for achievement</li> </ul>
<p><b>RESOURCE EFFICIENCY</b>  <i>Pursue a long-term, comprehensive, and integrated approach to improving resource efficiency—including energy, water, waste, land use, transportation and infrastructure. Sonoma County also becomes an early adopter of clean technology innovations.</i></p>	<p><b>Encourage innovation by showcasing specific projects and partnerships that improve resource efficiency—documenting their economic benefits.</b></p> <p><b>Change policies and remove obstacles to resource efficiency in all areas</b> (e.g., focus public resources, leverage private funding, explore “fast-track” approval process for innovative projects)</p>	<p>Host a Sonoma County Innovation Showcase, as signature display at the State of the County annual event in January to provide a venue for demonstrations of innovative projects and practices</p> <p>Launch a Sonoma County Sustainable Business Website to encourage adoption of environmental best practices and engage local employers.</p>

GOALS	STRATEGIES	IMMEDIATE ACTIONS
<p><b>ECONOMIC CLIMATE</b>  <i>Communicate the innovation imperative, explore ways to enhance regulatory efficiency, and build a sustainable, innovative, and vital economy</i></p>	<p><b>Foster the growth of second-stage companies, which have passed the start-up phase.</b></p> <p><b>Work with jurisdictions to study a policy on economic innovation, review/study regulatory efficiency, establish best practices, and explore establishing a “guidance counselor/mentor” function</b></p> <p><b>Focus economic development efforts on innovation, especially in key economic clusters (e.g., focus on expansion, start-up, and attraction of firms, pursue public-private partnerships supporting innovation, promote new areas such as green/clean technology)</b></p>	<p>Host a “Perspectives” Roundtable discussion group for local second-stage business.</p> <p>Form a partnership of jurisdictions, business groups, and others to study key challenges, develop database of best practices, and explore guidance counselor/mentor function</p>

## THE STATUS QUO: OUR CURRENT ECONOMIC TRAJECTORY

What will happen to Sonoma County if we do nothing? Moody's Economy.com developed a model that forecasts the future. Assuming that we do not alter current trends, here is what is likely to happen over the next decade if we do not change our current economic trajectory:

- THE ECONOMY WILL NOT KEEP PACE WITH POPULATION GROWTH:** The economy will slow down, with a gross product that increases at an annual rate of 2.2% from 2007-2017 compared to a 4% annual rate during the previous ten years. At the same time, the growth rate of the population will more than double, from 0.6% to 1.4% annually. In addition, per capita income will grow at a much slower rate than in the past decade, while personal bankruptcies will increase at 4.8% annually, compared to an annual decline of 11.5% in the last ten years.
- JOB CREATION WILL NOT KEEP PACE WITH LABOR FORCE GROWTH:** In the past decade, jobs (1.4%) grew faster than the workforce (1%) annually. In the early years of the coming decade, experienced workers will leave the labor force as the baby boom generation ages, while new entrants will be younger and less experienced with fewer job skills.
- THOSE LEAVING THE LABOR FORCE WILL BE MORE EDUCATED THAN THOSE JOINING THE LABOR FORCE, CREATING A GROWING SKILLED JOBS/LABOR MISMATCH:** The fastest growing segment of the labor force over the next decade will be Hispanics, who as a group have a below-average level of educational attainment compared to the rest of Sonoma County's labor force. If Hispanic educational attainment remains the same—and higher-educated baby boomers retire in increasing numbers—then labor shortages will likely grow for skilled occupations. Compounding this problem will be the fact that higher-wage, higher-skill industries are projected to grow faster than lower-wage, lower-skill industries over the next decade in Sonoma County.
- THE POPULATION WILL GROW YOUNGER AND OLDER AT THE SAME TIME, PUTTING PRESSURE ON PUBLIC SERVICES:** Sonoma County will experience two major shifts: the population aged 19 and younger will grow during the next ten years, reversing the past decade of decline. At the same time, the population over age 65 will increase 3.5% annually, compared to just 0.4% during the past decade. This growth at both ends of the lifespan will put pressure on public services at a time when the economy is slowing down.
- RETAIL SALES GROWTH WILL DROP SUBSTANTIALLY, IMPACTING SALES TAX RECEIPTS AND ULTIMATELY PUBLIC REVENUES:** The average annual increase in retail sales will drop over the next ten years. Since retail sales are a major source of sales tax revenues, and sales tax revenues are one of the major components of local government funding, the impact on future public financing is substantial.

Measure	Annual Change 1997-2007	Annual Change 2007-2017
Gross Metro Product	+4.0%	+2.2%
Total Employment	+1.4%	+1.0%
Labor Force	+1.0%	+1.6%
Personal Income	+5.4%	+3.7%
Population (overall)	+0.6%	+1.4%
Population (less than 5)	-0.1%	+1.5%
Population (5-19)	-0.2%	+0.2%
Population (25-44)	-1.4%	+0.9%
Population (65 and over)	+0.4%	+3.5%
Personal Bankruptcies	-11.5%	+4.8%
Retail Sales	+5.6%	+2.0%

- COMPOUNDING THE PROBLEM WILL BE NATURAL RESOURCE CONSTRAINTS THAT ADD TO BUSINESS COSTS AND THE NEED TO CUT JOBS.** Moody's Economy.com also used the model to estimate the impact of specific kinds of natural resource constraints on the Sonoma County economy in terms of jobs and output. These impacts are in addition to the economic and social impacts described in the last section. What happens if our current economic trajectory is further affected by natural resource constraints that add to business costs? The answer is that a 1% increase in business costs in Sonoma County produces a 0.2% loss of jobs.

## THE “INNOVATION” FUTURE

The good news is that we have a clear choice about our future. We can settle for our current economic trajectory or take action now to address these new realities. How? It will require new approaches—changing the way we use our resources, prepare our workforce, and develop our existing and emerging industries. It will require innovation, building on our strengths to grow quality jobs and generate public revenues that help maintain the enviable quality of life and essential community services of Sonoma County.

### RETURN ON INVESTMENT: THE INNOVATION DIVIDEND

This Strategic Economic Plan lays out an alternative future—an innovation future—for the next decade. The plan proposes innovative workforce development, resource efficiency, and economic climate strategies that would have a major impact on Sonoma County. In addition to creating more jobs, economic output, and public revenues, we would expect improvements in environmental quality and reductions in emissions.

Altogether, these positive impacts will be the “innovation dividend” from strategic investments, policy changes, and other actions taken over the next decade by the public, private, and non-profit sectors all working together in Sonoma County. Based on estimates provided by Moody’s Economy.com, ten-year impacts for the plan have been developed in each area and are summarized in the table below. Even assuming that the county achieves the low-end estimate, the total innovation dividend by 2020 could be:

- **Almost 14,000 additional jobs across the County economy, addressing the expected shortfall of jobs for our growing labor force in the coming decade**
- **More than \$1.4 billion in additional economic output (gross county product), the equivalent of \$2,613 more per resident**
- **More than \$85 million in additional public revenues for community services, infrastructure, and the like**

Sonoma County's Innovation Future Changes by 2020				
	Change	Jobs	Output (GCP)	Public Revenues
<b>Hispanic Education Attainment (mid-level scenario)</b>	<i>Narrow Gap</i> (58% to 29% with less than high school) ↑ 10% share with some college ↑ 10% share with college degree	+ 5,100	+ \$700 million	+ \$41.9 million
<b>Hispanic Education Attainment (best case scenario)</b>	<i>Close Gap</i> (58% to 4% with less than high school) ↑ 10% share with some college ↑ 10% share with college degree	+ 6,500	+ \$800 million	+ \$53.8 million
<b>Energy Costs</b>	↓ 10%	+ 2,900	+ \$274 million	+ \$16.1 million
<b>Waste Management/ Emissions Costs</b>	↓ 10%	+ 1,500	+ \$108 million	+ \$6.3 million
<b>Water Costs</b>	↓ 10%	+ 3,800	+ \$327 million	+ \$19.3 million
<b>Regulatory Efficiency</b>	↓ 100 hours	+ 600	+ \$28 million	+ \$2 million
<b>Total Innovation Dividend</b>	<b>With mid-level Hispanic education attainment scenario</b>	<b>+ 13,900</b>	<b>+ \$1.437 billion + \$2,613 per resident</b>	<b>+ \$85.6 million</b>
	<b>With best-case Hispanic education scenario</b>	<b>+ 15,300</b>	<b>+ \$1.537 billion + \$2,713 per resident</b>	<b>+ \$97.6 million</b>



If Sonoma County communities, through innovations in efficiency and economic climate, can reduce resource and other business costs a modest amount, the economic benefits can be substantial. An innovation future that reduces water, energy, and waste management/emissions costs by 10%, and regulatory inefficiencies by 100 hours, could produce 8,800 more jobs, \$737 million in additional gross county product, and \$43.7 million more in public revenues than that provided by our current economic trajectory.

If Sonoma County communities, through innovations in workforce development, can reduce the share of Hispanic residents with less than a high school equivalency, while also raising the proportion of Hispanics with some college level education or training and with college degrees, the economic benefits will be large as well.

- An innovation future that reduces by half the proportion of the Hispanic population with less than a high school equivalency from the current 58% to 29%, and grows the share of Hispanics with some college by 10% and those with college degrees by 10%, can produce 5,100 more jobs, \$700 million more in gross county product, and \$41.9 million in additional public revenues.
- Closing the gap between Hispanics and the rest of the population in terms of residents with less than a high school equivalency (from 58% to 4%), in addition to 10% increases in Hispanics with some college and with college degrees, can yield 6,500 more jobs, \$800 million more in gross county product, and \$53.8 million more in public revenues.

## STRENGTHENING THE INNOVATION CYCLE: THE TRIPLE BOTTOM LINE

We envision an innovation future—one with a thriving economy, a sustainable environment, and prosperous people in Sonoma County. This means:

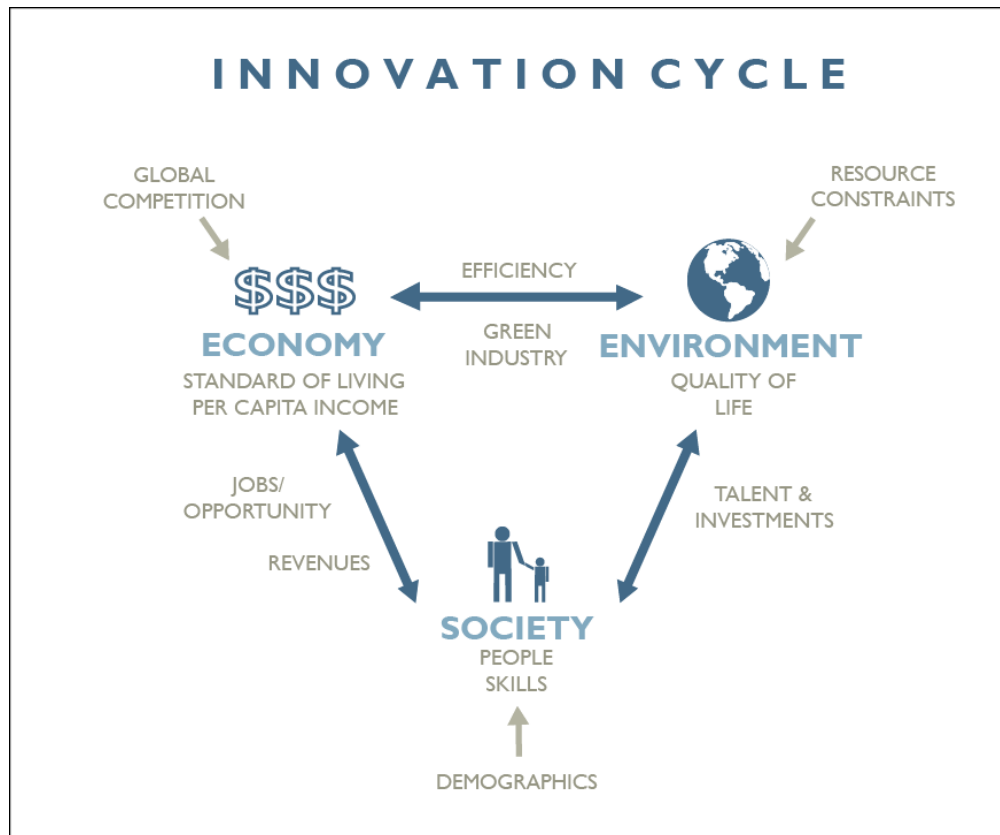
- *Social gains*—e.g., better health, stronger communities, less crime.
- *Environmental gains*—e.g., improving air and water quality, reductions in greenhouse gas emissions, self-sufficiency in resource use.
- *Economic gains*—e.g., more competitive, innovative businesses; higher productivity; cost-savings; more vital industry sectors, job creation and retention, rising wages.

A future based on innovation can deliver a “triple bottom line” of economic prosperity, environmental quality and social opportunity. Responding to external forces including global competition, as well as internal forces such as resource constraints and changing demographics, innovation can create a better

future beyond the continuation of current trends. In fact, by strengthening Sonoma County’s innovation cycle, a mutually-reinforcing set of actions can deliver a triple return on investment.

How an innovation cycle can drive this better future is outlined in the following chart.

- Talent requires investment in people. Without a vital economy, it is not possible to pay for essential investments in people, infrastructure and quality of life.
- An environment with a high quality of life is essential not only for attracting and retaining talent but also requires investing in infrastructure and quality of life amenities.
- A vital economy based on rising per capita income and increasing jobs depends on talent and investments in infrastructure as well as a quality of life that attracts and retains talent.



Innovation is the key to this vital cycle. More innovative and efficient use of resources that reduces business costs and generates new jobs is a critical link between the economy and environment. Innovative workforce investments are required to prepare people for jobs, especially closing the achievement gap between the growing Hispanic population and other residents. Innovative business

climate strategies that reduce regulatory cycle times will reduce costs and promote a vital economy, as will targeted efforts to develop existing and emerging industries.

#### HOW INNOVATION CAN HELP ADDRESS SOME CHALLENGES DESCRIBED IN THE COUNTY OF SONOMA'S STRATEGIC PLAN

For the first time, the County of Sonoma government has drawn up a strategic plan. The plan and associated documents number hundreds of pages and are the result of a massive coordinated effort. The County's Strategic Plan describes a future of different demographics and resource constraints that, if not addressed, could usher in an era of declining economic vitality and quality of life. The Strategic Plan notes that the Hispanic population and older age group will grow—both of which the County estimates will put additional pressure on public services. At the same time, the Strategic Plan observes that the County's critical infrastructure, such as roadways, has reached a point where the cost to maintain and replace it exceeds revenues from current funding strategies. The County does not have a comprehensive, long-range funding strategy for critical infrastructure.

The County's Strategic Plan calls for (1) making the most efficient and effective use of resources, (2) enhancing the County's fiscal soundness through the expansion and increased diversification of General Fund and other revenue sources, (3) enhancing the capacity of County programs and community systems to more effectively meet the changing needs of individuals, families, and communities in Sonoma County, (4) Plan/procure/operate/maintain/manage Sonoma County's facilities and real estate assets at their highest and best use, (5) proactively address unmet needs in the County's waste management and water and wastewater treatment infrastructure as well as the failing transportation infrastructure, and (6) engage the public and other jurisdictions to mutually define and build support for policies, programs, and services that benefit the entire community. *How can the County achieve these goals?*

The County government has recently adopted 11 initiatives to begin Strategic Plan implementation. Three of these initiatives in particular, "performance measurement phase 1", "upstream investments..." and "changing demographics..." contain elements that align with the objectives described in this plan. The goal of "Changing Demographics" is to "enhance effectiveness of interaction/engagement with growing populations and improve community-based assets and systems" and the goal of "Upstream Investments" is to "reduce long-range demand for County criminal justice". Through innovations in education and workforce development, the County can benefit from people moving to higher incomes and easing the burden on public services, and reduce the long-term need for some social/criminal justice services. These education and workforce development initiatives can also help the County deal with changing demographics. The goal of "Performance Measurement, Phase 1" is to "create a feedback loop which supports continuous improvement in outcomes" and to "hold ourselves accountable for meeting performance expectations". The County's Permit and Resource Management Department is beginning a performance measurement of selected core services. The improvements

identified through this process can help improve the economic climate by enhancing regulatory efficiency and strengthening the climate for economic innovation.

In addition to the County government, other community stakeholders—including Cities, business, education, non-profits, special districts, etc.—stand to benefit by rising economic output, increasing savings and environmental improvements from resource efficiency, higher incomes, and reduction of social costs that come with poverty.

Altogether, an innovation future can produce millions of dollars in added economic output and public revenues, while providing the people of Sonoma County with greater access to economic opportunity through higher educational attainment. But, as the final goal of the County Strategic Plan suggests, it will require an unprecedented level of collaboration across sectors and jurisdictions to build support for an approach that will benefit the entire community—in this case, an innovation agenda that can deliver economic vitality and opportunity, and help preserve the quality of life in Sonoma County communities.

## **INVESTING IN INNOVATION: A PLAN OF ACTION FOR SONOMA COUNTY**

To choose the innovation future will require a long-term plan of action. It will also require:

- A broad recognition of the new realities shaping the future of Sonoma County’s communities, such as discussed on page 6 of this report; the importance of a strong innovation cycle that connects jobs, economic output, and public revenues; and the opportunity to choose innovation over business as usual.
- A new level of collaboration among governments at all levels (city, county, education, special districts), as well as the business and non-profit sectors, and research institutions such as Sonoma State University, the Buck Institute, and the like.
- A strong commitment to ensure that innovation is a top priority in both the public and private sectors—with the expectation of a triple return on investment.
- A transformation in how resources are used, how people are prepared for work, and how the region develops its existing and emerging industry sectors.

### **A COMMITMENT TO THE FUTURE: SONOMA COUNTY INNOVATION INVESTMENT INITIATIVE**

We are proposing an investment in innovation in Sonoma County. This commitment should be shared by the public, private, and non-profit sectors. We expect that new and/or redirected funds, if

strategically invested, will leverage additional investments and move Sonoma County communities toward a future of innovation, altering our current economic trajectory. The Initiative would identify and prioritize investments in economic growth, workforce development, and resource efficiency.

The Innovation Council also identified four long-term strategies to be pursued over the next decade. In each strategic area, the Council identified immediate actions to be taken, with implementation to coincide with the public release of the Sonoma County Strategic Economic Plan. The four areas are described in the sections that follow.

## 1. MAKE THE CASE FOR CHANGE AND PROMOTE PUBLIC-PRIVATE PARTNERSHIPS TO ACHIEVE RESULTS

**Goals:** To move from the current trajectory toward a new commitment to innovation, the Council recommends a strategy to build a long-term consensus in support of a shared vision of innovation for all of Sonoma County, including broader understanding of the triple return on investment in terms of the economic, social, and environmental benefits of taking action. It means helping people understand the innovation cycle and how economic innovation is inextricably linked to jobs, public revenues, and quality of life in Sonoma County.

**Strategies:** These would include:

- **Articulating and advocating a shared vision for Sonoma County** (i.e., the triple return on investment through innovation)
- **Effectively communicating the consequences of not taking action (i.e., the current trajectory).** All sectors and the general public need to be aware of current economic realities, potential futures, and the connection between the economy and quality of life of Sonoma County. Specifically, this means wide recognition of:
  - **The consequences of current trajectory on our economy, quality of life, and public revenues.** The potential of a diminished future if steps are not taken to change our current economic trajectory.
  - **The different meanings of growth.** The importance of innovation to qualitative growth (productivity, quality jobs, rising wages), as distinct from quantitative growth (overall population and employment growth).
  - **The importance of economic vitality to Sonoma County's quality of life.** The innovation cycle that occurs when a vital economy creates wealth, which improves individual prosperity and provides public revenues for needed services, community amenities, and environmental preservation—all of which, in turn, helps sustain a vital economy.

To move forward, an innovation-based Strategic Plan will require an unprecedented level of public-private partnership in Sonoma County. Through examples inside and outside the county, we will be demonstrating the value of public-private partnerships as a means for making strategic investments, leveraging existing public and private funding, and promoting action. Implementing this Strategic Plan will require defining roles for business, civic and government sectors in achieving innovation goals.

**Immediate Action:** Deliver a “Call to Action” through an intensive series of outreach efforts to broadly inform and discuss the Strategic Economic Plan with a diverse array of groups in the region.

## 2. PROMOTE INNOVATIVE WORKFORCE DEVELOPMENT

**Goals:** Raise educational attainment rates in Sonoma County, especially among Hispanics, including higher proportions with a high school diploma, career and technical education, some college, and college degrees. Help ensure that residents are prepared to fill skilled jobs in the county, including career and technical education.

**Strategies:** The region should focus on improving the educational attainment of youth and adults and help connect residents to high-demand occupations.

- **Pursue a Campaign to Close the Gap and Raise the Bar in Sonoma County.** Mobilize businesses to collaborate with education, government, community organizations, and residents of the county to raise educational attainment levels. Specifically:
  - **Educate** all parties on what is already working to help close the gap and raise the bar in educational attainment in Sonoma County. Show people how to get involved and how important educational improvement is to the economic future of the county.
  - **Encourage** students and adults to directly pursue higher achievement.
    - Encourage mentoring and tutoring where it’s needed. In particular, tap into the growing population of retirees as mentors/tutors and teachers at all levels.
    - Expand youth awareness of high-demand skilled occupations in Sonoma County through techniques such as increasing the number of student internships, on-the-job training, job shadowing, youth career symposia, job fairs, and other ways to experience careers in these high-demand areas, e.g., “green collar” jobs.
    - Consider establishing a private “Recognition for Success” incentive fund that rewards to students/families for high achievement.
    - Actively encourage adults, especially at their workplaces, to improve their English proficiency and attain their high school equivalency, and help them connect to existing local programs.

- **Promote consortia between industry clusters and education and training providers to prepare new workers and retool existing workers for high-demand occupations with career potential at all levels in Sonoma County.** Target existing public funding (e.g. from education and workforce development agencies) to high-priority occupations and clusters, and seek additional funding (e.g., Employment Training Panel) to scale up education and training efforts. These efforts should:
  - Increase the number of county residents who participate in postsecondary education and training in high-demand occupations, including career and technical education. These residents would include not only new labor force entrants, but also current workers who engage in lifelong learning to refresh their skills for a changing economy.
  - Increase the number of county residents who become employed in high-demand skilled occupations in Sonoma County, especially in cluster industries.

**Immediate Action:** Launch campaign with initial steps to (1) explore ways to provide mentors/tutors to every child in Sonoma County who needs support. (2) Create a county-wide database and referral mechanism for employer engagement in education. (3) Publicize Roseland Prep and other models. (4) Explore the creation of a privately-funded Recognition Fund.

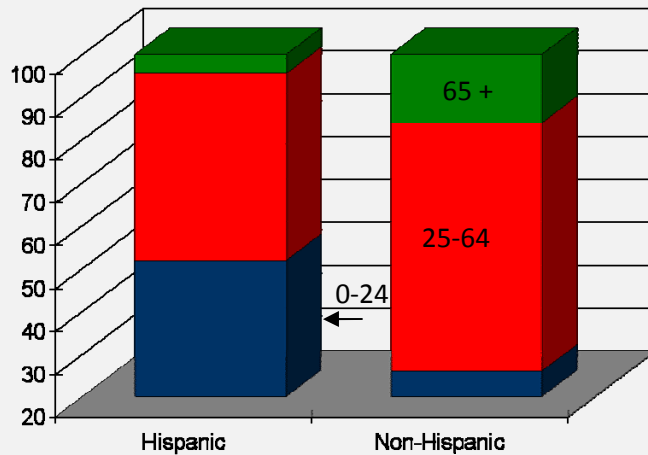
**CONTEXT: THE CHALLENGE AND OPPORTUNITY OF DEMOGRAPHIC CHANGE**

**The demographics of Sonoma County are changing rapidly. Innovation will be required to ensure that these changes improve both the County’s economic vitality and quality of life in the future.**

Moody’s Economy.com baseline forecast projects that Sonoma County’s population will increase by about 30% between 2007 and 2030, rising to just over 615,000 in 2030. Growth in the Hispanic population will be the main driver behind the county’s growth. Hispanics accounted for about 22% of the county’s population in 2006; this share is expected to rise to just shy of 40% by 2030. By 2050, Hispanics will be in the majority.

The makeup of the Hispanic population in Sonoma County is much younger than the non-Hispanic population (see chart below). In the early years of the coming decade, not only will labor force growth slow considerably (i.e., experienced workers will leave the labor force as the baby boom generation ages), but it will be younger and less experienced with fewer skills. And yet these two factors—measured by labor force participation rates and educational attainment of the population and labor force—ultimately determine the economy’s long-run growth potential.

**Younger Age Structure among Hispanics**  
*Age groups as share of population, %, 2010Q4*



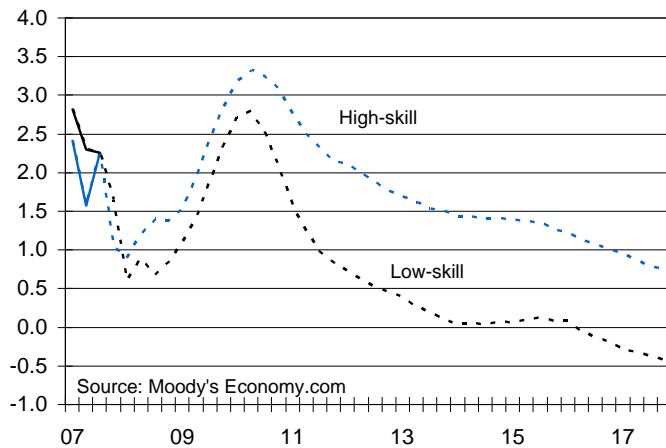
SOURCE: Moody’s Economy.com

As the County of Sonoma’s Strategic Plan points out: “our Hispanic population is disproportionately affected by challenges including economic pressure (including poverty), gang activity, and low educational achievement (including unacceptably high rates of school dropouts). Should our growing Hispanic population continue to be disproportionately poor, it will place increased demands on the healthcare safety net and the human services system . . . and create further challenges for the public safety system.” (p. 2-3).



While this demographic shift is underway, an economic shift will also be taking place: high-wage, high-skill industries will outpace the growth of lower-wage, lower-skill industries in the long-run forecast (see chart below). Given historic trends, unless action is taken to raise educational attainment levels (high school graduation rates, career and technical education, college degrees, etc) among Hispanics, Sonoma County will have difficulty meeting the skill needs of its economy at the same time that there is a growing need for revenue to pay for public services.

Chart 31: Mix of Job Growth Will Require More Education  
Employment, % change year ago



The challenge is to change historic trends in Hispanic educational attainment, preparing the fastest growing segment of the Sonoma County population for higher-wage, higher-skill jobs. The opportunity, if Sonoma County communities can successfully raise Hispanic educational attainment over the next decade, is enormous: a positive economic impact of millions of dollars in economic output and public revenues, as well as social benefits of higher incomes and lower public costs for health and social services.

### 3. PROMOTE INNOVATIVE RESOURCE EFFICIENCY

**Goals:** To achieve major benefits in this area, Sonoma County will need to pursue a long-term, comprehensive, and integrated approach to improving resource efficiency. This would include energy, water, waste, land use (e.g., re-use and multiuse to encourage more efficient city-centered development), and infrastructure (e.g., less congestion/gas consumption, better connected transportation system, more transportation options, more telecommuting). Sonoma County communities will also need to become early adopters of clean technology innovations to help achieve their climate protection goals.

**Strategies:** Sonoma County communities should focus on the following long-term strategies:

- **Showcase specific projects and partnerships that improve resource efficiency through innovation** (e.g., Water Agency/PG&E Project, Santa Rosa Junior College geothermal project, public procurement policies for alternative fuel vehicles, city-centered development projects, transportation and communications infrastructure investments that improve efficiency and connectivity, while reducing congestion).
- **Publicize widely the benefits of resource efficiency** (e.g., an ad campaign to reach the general public). Also, tell the Sonoma County resource efficiency story to those outside the region to attract investors and other partners willing to help Sonoma County reach its goals.
- **Identify and change specific policies and obstacles to improving resource efficiency through innovation.**
  - Continue to seek and expand public funding (including new funding mechanisms, focus on long-term maintenance/sustainability of funding) to promote efficient use of natural resources.
  - Make strategic public-private investments to advance resource efficiency efforts (including resources to upgrade roads and other infrastructure).
  - Explore a fast-track approval process for innovative projects that advance resource efficiency goals (e.g., companies/projects that improve resource efficiency receive priority permitting, such as those agreeing to LEED certification).
  - Identify specific metrics and measure progress in comprehensive resource efficiency (including “what if” scenarios assuming improvements in resource efficiency)

**Immediate Action:** Host a Sonoma County Innovation Showcase, a signature display—perhaps in conjunction with the State of the County annual event in January—which raises the visibility of current innovations, providing a venue for demonstrations and encouraging wider adoption of new products and practices. Create a logo and build on the existing Business/Environmental Alliance awards and other models to recognize local innovators. Create a Sonoma County Innovation message board to document and share best practice innovations in key industries and fields.

**CONTEXT: THE OPPORTUNITY TO CHANGE HOW WE LIVE AND WORK**

There are growing pressures on Sonoma County—climate change, water constraints, growth patterns—that require innovation to be effectively addressed. In fact, these pressures will require innovation in how we manage a whole range of physical resources—including energy, water, transportation, and land use. In short, they will require changing how we live and work. The opportunity is to meet this need in ways that improve the County’s economic vitality and quality of life in the future.

One of the most important drivers of change—and opportunities for innovation—is global climate change. While the implications of state legislation (e.g., AB32—The California Global Warming Solutions Act of 2006) are not fully known—and will undoubtedly evolve over time—the need for innovation will only continue to grow in the years ahead. In fact, innovation will be the only way to reduce emissions while preserving (and growing) the economy.

Climate change creates new pressures not only on government activities but also on business and personal behavior. Both the public and private sectors are being asked to examine energy use, transportation modes, and lifestyle choices to identify ways to reduce greenhouse gas emissions. In 2005, all nine Sonoma cities and the County set one of the boldest greenhouse gas emission reduction targets in the nation - 25% below the 1990 level by 2015. Moreover, with the passage of AB32, the State has made a resounding statement that reducing emissions to 1990 levels is necessary and that we all play a part in making that happen. While formal regulations directly linked to AB32 are not yet in place, it is reasonable to believe that business and the greater community will be expected to modify their practices - be it incentivizing carpools, turning down the thermostat, retrofitting office buildings with solar, and the like – or adopting new technologies in their products and processes. These changes pose challenges as well as opportunities for Sonoma County businesses. There is no question that complying with new regulatory requirements will initially add to business costs. However, how businesses adapt will determine if they experience a net long-term economic benefit or not.

Those that adopt new practices or technologies that reduce energy consumption (or improve energy productivity—the amount of energy used to produce a unit of economic output) will save money that can be invested in more productive ways (e.g., product development, marketing, etc.). According to McKinsey and Company’s Global Institute (2008), there is a large potential return on investment of taking steps to improve energy productivity globally: annual investments in energy productivity of \$170 billion between 2007 and 2020 could cut global energy demand by at least one-half, while generating a return of 17 percent. Such investments would achieve significant energy savings, freeing up funds for more productive business activities, while also cutting greenhouse gas emissions.

Some firms will turn the challenge of climate change into an opportunity to develop and sell new green products (e.g., construction materials) or offer new green services (e.g., energy efficiency consulting), which will improve their bottom line. According to Next 10’s California Green Innovation Index

([www.nextten.org](http://www.nextten.org)), the number of green establishments in the State has nearly doubled since 1990 to over 1,800, while jobs have more than doubled, topping 20,000. A 2006 economic analysis by researchers at the University of California found that AB32 and related recommendations of the California Climate Action Team would produce a \$74 billion increase in gross state product as well as 89,000 jobs across all industries by 2020. With the rapid rise in gas prices and rapid growth of venture capital investments in green innovation—along with the actual growth in firms and jobs thus far—California is already experiencing tangible economic benefits.

In addition to innovations in energy efficiency, Sonoma County can shift to more renewable energy sources—such as geothermal, solar, wind, and biogas. Moreover, procuring renewable power from local sources could keep more energy dollars in the County and provide more economic stimulus. Shifting as rapidly as possible to renewable energy sources would not only help address the challenge of climate change and stimulate local development, but could also establish Sonoma County as one of the leading innovators in the application of green technology, which could attract and grow green product and services companies locally.

Water is another critical resource. The Sonoma County Water Agency's 2005 Urban Water Management Plan projects that water demand will exceed existing water supply by the year 2016. Sonoma County has no readily-accessible alternative water supply—and no connection to the state water project or any other infrastructure for agricultural water transfers. Ground water is of limited volume and quality. Conservation and resource efficiency are likely the most realistic alternatives—so major innovations in how Sonoma County uses water will be required. Without innovation, water shortages could trigger building limitations or moratoria, which would compromise Sonoma County's clusters ability to adapt to changing economic realities. However, effective conservation can not only reduce the risk of water shortages, but also reduce water costs, enabling companies and households to divert those dollars to more productive uses.

There may be growing opportunities to connect energy generation with water conservation—furthering both resource efficiency goals. The joint efforts by the Sonoma County Water Agency and Pacific Gas and Electric Company focused on distributed renewable power production using recycled water for business parks, districts, and communities is the kind of innovation that can have multiple benefits for the County. For example, as part of the broader "Regional GeoExchange Energy Efficiency Project," the Water Agency is pursuing a project at the airport business complex in Santa Rosa that would combine recycled water, ground source heat pumps, and renewable power sources in a system that could become a model for use across the country—an example of utilizing "off the shelf" technologies. (See Appendix for more detail on this effort).

Sonoma County has transportation challenges that need to be addressed to improve the economic vitality of the county. Currently, the county's main artery, Highway 101, is the fourth most congested corridor in the Bay Area. It is also the 10<sup>th</sup> most impacted in terms of goods movement. The single north/south route limits the transportation choices of the county's residents, workers and businesses.

While there has been great success in adding continuous car pool lanes in much of the county, there are still gaps that remain unfunded with no clear funding source in sight. Even with the completion of the freeway widening, it is expected that there will be congestion at peak commute periods.

There is increasing need to consider how to remedy having no alternative to the freeway with the pending implementation of the Global Warming Solutions Act of 2006, AB 32. This law requires reducing greenhouse gas emissions back to 1990 levels by 2020. That means about a 30% reduction in emissions to reach that 1990 target. In Sonoma County, 60% of the greenhouse gas emissions come from vehicles. Therefore, it will be important to reduce the number of vehicle miles traveled to achieve the goals of AB 32.

One way to reduce the vehicle miles traveled is by moving commuters into transit. With no freeway alternative, the commuter who wants to avoid driving alone can either take the bus or carpool. Both of these choices are not optimum as they still leave the commuter wrestling with traffic congestion. The Sonoma-Marín Area Rail Transit (SMART) District proposes to restore passenger train service to the existing publicly-owned 70 mile railway from Cloverdale to Larkspur and to add a companion bicycle-pedestrian pathway, giving people two alternatives to the freeway. These additions will enhance the transportation system in the county and provide better connections to all modes, reduce carbon emissions, and help commuters looking for more economical alternatives to driving.

The existing railway is also available for use by freight operators. The freight service would also remove trucks from the freeway, helping to ease congestion. Freight service will also be important in achieving the goals of AB 32, as the miles traveled to deliver goods will be tracked and need to be offset. It will be good for the local economy to have a choice about how to ship in needed goods and ship out products created locally that may provide savings in money and time.

The establishment of passenger air service at the Sonoma County Airport is also helping with the economic vitality of the region. Many companies are benefiting from having local air service for their employees' work-related travel as well as for their customers' ease in reaching their business. The airport is helping to increase tourism, a major economic engine of Sonoma County, providing revenue to the hospitality sector.

A proposal to consider new ferry service out of Pt. Sonoma has been put forward. The existing ferry service in Marin County is at capacity. There is also a movement to expand ferry service in preparation for a natural disaster that would require ferries to evacuate San Francisco and provide emergency responders and equipment to help in such a case. Having new ferry service would give Sonoma County another way to link to the Bay Area and provide backup for disaster response for the region.

Innovation will be required in how we live, work, and travel to preserve Sonoma County's economy and quality of life. Automobiles as a whole are the biggest source of greenhouse gas emissions in Sonoma County. Most people travel to work alone in their cars. There are limited public transit alternatives.

Land use patterns are typically suburban, with residential, commercial, and industrial uses separated. Strategic investments in infrastructure and public transit are needed to improve transportation efficiency and reduce emissions. Seamless connections between systems and investment in new modes (e.g., rail, air) would help transform how people and goods move into, out of, and around the region.

In terms of land use, commitments to compact, city-centered development, mixed-use projects that enable people to live closer to their workplaces (e.g., Sonoma Mountain Village), telework centers that enable people to work from remote locations, flexible working hours and pre-tax benefits for transit costs, and other innovative approaches could not only reduce emissions, but reduce traffic congestion. This would increase the productivity of workers and movement of freight, creating tangible economic benefits—while also improving the quality of life for residents of Sonoma County.

#### 4. PROMOTE INNOVATIVE ECONOMIC CLIMATE

**Goals:** Increase awareness about economic opportunities and challenges, identify regulatory processes in our cities that impede innovation, and proactively build a sustainable, innovative, and vital economy.

**Strategies:** The economic climate of Sonoma County involves many factors—some relate to the costs borne by business (e.g., regulations), while others relate to the value of doing business in Sonoma (e.g., access to financing, talent, natural resources, customers). Thus, we recommend that Sonoma County communities focus both on innovative “cost-reducing” and “value-adding” strategies to create an innovative economic climate in the years ahead.

- **Create a model policy for economic innovation, including a policy statement; study the current permit processing procedures in the county and in each of our cities, find opportunities to enhance efficiency, and recommend a set of process improvements.** As part of the adoption process, the County and local jurisdictions would identify specific metrics to assess progress. To assist jurisdictions—and to build on promising or effective efforts already underway (for example, the County Permit and Resource Management Department’s focus on performance measurement)—we recommend that the following information be compiled for review sessions involving employers, elected officials, and government staff:
  - Explore development of a “guidance counselor/mentor” function to help businesses understand in advance what’s required to move through permit processes; as well as performance metrics, based on best practices nationwide.
  - Form a partnership to study current permit processes in all jurisdictions to identify any opportunities for improvement in terms of time certainty, clarity of requirements, hands-on customer assistance, compare with “best practices” in other counties, etc. Develop a list of practical steps toward becoming more “innovation friendly”.

- A model policy statement on economic innovation for consideration by the County and cities (including potential performance metrics). Jurisdictions would be encouraged to put economic innovation among their top goals.

In terms of “value-adding” strategies to improve Sonoma County’s economic climate, we recommend a collaborative approach to economic development and innovation, focusing on creating quality jobs and innovative businesses in existing and emerging industry sectors. The Sonoma County Tourism Bureau is a good model for consideration, as it has been very successful marketing the county as a tourist destination. A similar effort to enhance awareness of the county as a place for innovative business is critical. Such a partnership could:

- **Focus economic development efforts on innovation, especially in key economic clusters.** This would include collaboration on attraction/retention of innovative firms, creative public-private partnerships to support innovation, supporting the growth of local second stage companies through a “Perspectives” Roundtable, encouragement of new industry sectors based on the county’s strengths, and adoption of metrics to measure progress over time.

Encourage exploration of new initiatives to foster the start-up, retention, expansion, and/or attraction of businesses. While the area does extensive tourism marketing, it does little to promote itself as a business location. The County, interested cities, and private and community organizations should collaborate on facilitating the start-up, retention, expansion and attraction of innovative firms in growing clusters.

- Explore the appropriateness of a flexible incentive package to be used for innovative companies committed to high-wage job creation.
- Expand creative public-private partnerships to support innovation (e.g., Healdsburg uses matching dollars for marketing for recruiting firms/industries that create significant sales tax revenues for the city; a low or no-interest loan pool could be created to help smaller innovative companies, such as “green businesses” that have become established and are trying to grow beyond the start-up stage; the Sonoma Mountain Business Cluster Incubator, which is supporting the development of more than 20 small, innovative companies involves both public and private resources in its operations.

Jurisdictions and other private and community organizations should also work together to encourage new areas of economic innovation based on the County’s distinctive assets (e.g., green practices and clean technology, biotech, digital media arts, etc.). For instance, the *North Bay Business Journal* recently profiled another business incubator, privately operated through Synecor in Santa Rosa, that works to find unmet needs in the medical-device area where there is market demand and develops products accordingly, taking the devices through proof of concept and preclinical testing in its East Coast lab. A business plan and a comprehensive intellectual-property portfolio are developed for each potential spin-off.

According to the *North Bay Business Journal*, Synecor then looks for venture-capital or institutional funding, puts a management team in place and spins off the new company, taking an equity position and offering continued technical and business support.

So far the Santa Rosa Synecor team has developed and spun off four new technologies, raising a total of close to \$170 million to fund them as well as its own activity. Currently it's close to launching a fifth and has a sixth already in the pipeline. Each of these paradigm-shifting medical technologies was developed in Santa Rosa.

**Immediate Action:** Assist the development and growth of second stage companies; create model policy statement on economic innovation; explore a "guidance counselor"/mentor function in the County and interested cities; offer economic development education sessions to better inform employers, government staff, and elected officials about economic development; form a partnership to study regulatory efficiency.



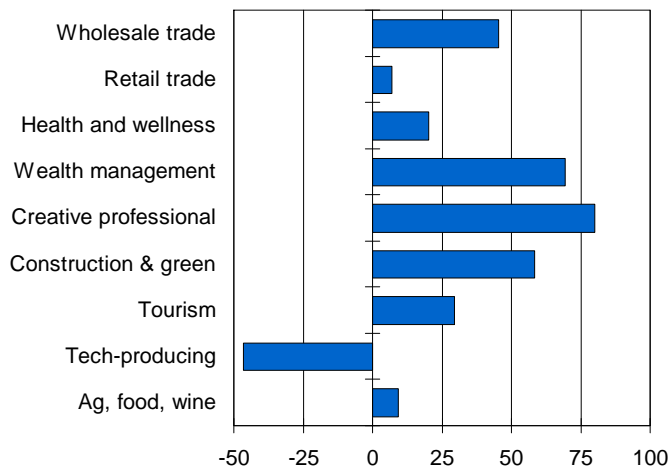
**CONTEXT: THE NEED AND OPPORTUNITY TO STRENGTHEN SONOMA’S ECONOMIC CLUSTERS**

Moody’s Economy.com has identified nine clusters that drive the economy of Sonoma County. These nine clusters provide a natural focus for innovation-based economic development—strategies that will help companies within key industries adapt to challenging and changing global competition. In practical terms, this means improving the economic climate facing existing firms—and new firms and entrepreneurs. It means enhancing process efficiencies (reducing costs) and providing support (adding value) that is appropriate to companies at different stages of development and in different industries.

All of these sectors (except the Technology-Producing cluster) have grown over the last decade. Some like creative professional services, wealth management, and construction/green services have expanded by more than 50%.

Chart 16: Employment Growth, 1997-2007

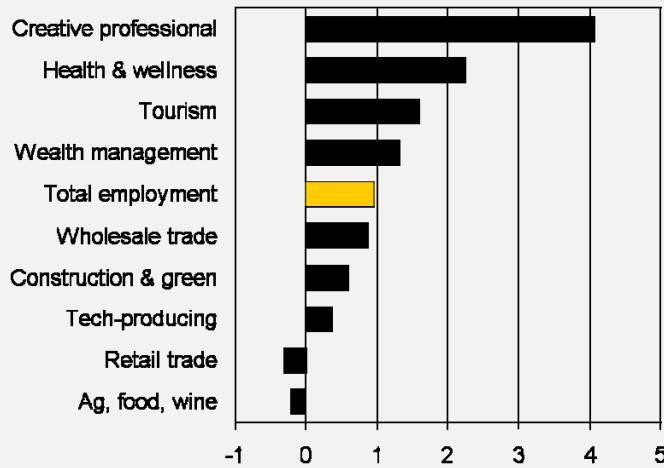
*Ten-year % change*



Moody’s Economy.com forecasts for each of Sonoma County’s nine clusters are shown in the chart below. The fastest growing industry and the industry that will add the most net jobs over the next ten years is the Creative Professional Services cluster. Health & Wellness, Tourism and Wealth Management will all grow faster than average over the next ten years. By the end of the forecast horizon, the Construction & Green, Health & Wellness, Retail, and Tourism industries will be roughly the same size, employing between 22,000 and 24,000 workers each. The Wholesale, Tech-Producing and Wealth Management industries will all see small but positive growth throughout the forecast.

Industry Cluster Forecast Performance

Employment, average annualized growth, 2007Q4-2017Q4, %



SOURCE: Moody's Economy.com

**Much of Sonoma County's future economic growth will come from its service sectors. Creative professional services** is a diverse cluster of small enterprises, many focused on helping other firms innovate. Their activities range from industrial design services; computer systems design; management, scientific and technical consulting services; scientific research; and architectural and engineering services. It also includes professional services that provide “outsourced” functions to other companies, such as legal services; accounting, tax preparation and payroll services. Creative professional services (such as digital media)—as well as **wealth management services**—have great potential in Sonoma County because of the area’s highly educated population and attractive quality of life.

**Health and wellness** will also be another key source of prosperity for Sonoma County. With an aging population, there will be growing opportunities for a diverse range of health care services—from hospitals to ambulatory care, nursing and residential and home health care. But, as indicated by the rapid growth of personal care, the cluster includes diet, weight loss and other personal care facilities; wellness programs also are in increasing demand. And, there will be growing opportunities for connection to the Tourism cluster in terms of wellness (e.g., spas that are a part of a hotel).

**Agriculture, Food, Wine, and Tourism** clusters will continue to be key drivers of the Sonoma economy. While Agriculture, Food, and Wine will not be a source of net new jobs, tourism will be—and the inter-relationships among these industries provides an distinctive ambiance and set of amenities important to the County’s quality of life—including a particular attractiveness to talented innovators and entrepreneurs who are critical to the economic vitality of Sonoma County. By linking to food and wine, and health and wellness, the tourism cluster can keep moving to higher value-added jobs, providing tourists and residents alike with richer and more diverse “experiences” during their stay in Sonoma County.

**Construction and Green Services** is a cluster that combines a variety of industries that hold potential for developing green technology and for using green technology in the production of goods and services. The largest component of the industry is construction. It is an industry that already is putting into practice energy-saving and other resource-saving devices. The opportunity for green materials and construction will grow. There will likely be productive connections with other clusters as well. The Creative Professional services cluster includes research and development services that could support the application of green technologies; innovations will be needed to support increasingly efficient use of water and power, management of pests and disposal of waste by the Agriculture, Food and Wine cluster; the Tech-Producing cluster could include green products and technology.

**Across all the clusters, there is a specific opportunity for Sonoma County to focus on the growth of “second-stage companies.”** Recent research by the Edward Lowe Foundation shows that privately-held companies with 10-99 employees and revenue of \$1 million to \$50 million represent about 11% of the businesses, but 44% of the jobs in Sonoma County—exceeding both the national and state averages (38% and 40%, respectively). Second-stage firms have passed the uncertainty of the start-up stage—and the size of the very small local business enterprises—and have potential to grow. These companies can adopt innovations and expand their reach to global markets—and could be the source of much of Sonoma County’s future economic vitality.

## NEXT STEPS: IDENTIFYING ROLES AND TAKING ACTION

To advance each of the three priorities in this plan—economic climate, workforce development, and resource efficiency—will require an unprecedented level of collaboration among the public, private, and non-profit sectors. It will require roles to be played by the County, cities, chambers of commerce, businesses, community organizations, educators, and others. The next step is to share the framework of this plan, and secure specific commitments from these stakeholders for implementation.

We also recommend the formation of an ongoing leadership group—such as an **Innovation Action Council**—to spearhead the development of a Sonoma County Innovation Investment Initiative that will deliver lasting results. The leadership group would determine a resource development and allocation plan, one that identifies key sources of funding and priority investments in the three major areas of innovation: workforce development, resource efficiency, and economic climate.

The leadership group can be a continuing catalyst for the implementation of the plan, ensuring follow-through on specific commitments and directing investments to best leverage change. The group could be a source of support and accountability—ensuring that Sonoma County reaches its innovation future and enjoys the economic, social, and environmental benefits that will provide.

The group can also develop specific action steps for each of the strategies. It can serve as a liaison to each of the County's communities, helping them develop their own approaches to innovation in keeping with the goals of the plan. Working together, we can make Sonoma County a model for others to follow as we face the challenges of tomorrow

## PHASE II: IMPLEMENTATION PLAN

The following pages provide a summary of the projects and programs, which will be implemented to reach the goals of the Innovation Council. The programs and projected outcomes below are an overview of the efforts being undertaken by the Innovation Action Council, which is described at the end of this section. Many other complementary efforts and programs are also being implemented by other organizations outside of the Innovation Council’s Implementation Plan.

PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p><b>INNOVATIVE WORKFORCE DEVELOPMENT INITIATIVE</b></p> <p><b>CHAMPIONS:</b> Carl Wong (Sonoma County Office of Education), Scott Kincaid (First Community Bank/Youth Council), Oscar Chavez (Community Action Partnership), Cynthia Murray (North Bay Leadership Council)</p>			
<p><b>Mentor Program Development and Coordination</b></p> <p><b>Project Leaders:</b>                      Carl Wong, Sonoma County Office of Education                      Scott Kincaid, First Community Bank/ Youth Council</p> <p><b>Staff:</b>                      Sonoma County Office of Education                      Sonoma County Workforce Investment Board</p>	<p>Currently Sonoma County youth programs under the Workforce Investment Act are divided into six regions within which work several service providers. With no centralized communication or coordination among those regions, the burden is on the providers to</p> <ul style="list-style-type: none"> <li>○ market and recruit mentors</li> <li>○ match mentors with mentees</li> <li>○ provide training and counseling</li> </ul>	<p>The Youth Council will hire a part-time Mentor Coordinator to serve as a link among county service providers, working actively to:</p> <ul style="list-style-type: none"> <li>○ promote four types of mentoring: academic mentoring, life skills workshops, traditional one-on-one mentoring and career mentoring</li> <li>○ recruit mentors within the county</li> <li>○ establish and maintain a database with mentor/ student information.</li> <li>○ act as liaison between mentors and service providers, helping to match mentors with students</li> </ul>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Develop county-wide program to match mentors with new mentees</li> <li>○ Hire new mentor coordinator</li> <li>○ Match at least 25 mentees with mentors</li> <li>○ Recruit at least 25new mentors</li> <li>○ Create new links between existing mentor programs</li> <li>○ Develop a database of current programs</li> <li>○ Develop a sustainable infrastructure for the mentor program</li> </ul>

PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p><b>Green Collar Jobs / Youthbuild Santa Rosa</b></p> <p><b>Project Leaders:</b> Oscar Chavez, Community Action Partnership</p> <p><b>Staff:</b> Community Action Partnership</p>	<p>Supported by the Department of Labor and the California Employment Development Department, Wal-mart, and the Gates Foundation, this program seeks to re-engage youth who have dropped out of school to complete their diplomas and get college degrees.</p>	<p>The program engages youth locally with the goal of reducing drop-out rate and increasing educational attainment.</p> <p>The program further implements work-ready strategies to prepare students to enter the workforce and learn comprehensive green construction skills.</p>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Work with a minimum of 25 youth and young adults ages 16-24 with barriers to enroll in High School Credential Program.</li> <li>○ Work with a minimum of 20 of the target participants in a pre-apprenticeship program.</li> <li>○ Work with a minimum of 20 of the targeted participants in service based learning.</li> <li>○ Work with a minimum of 15 of the targeted participants with introduction to green building techniques, including solar power.</li> </ul>
<p><b>North Bay Business Education Roundtable</b></p> <p><b>Project Leaders:</b> Cynthia Murray, North Bay Leadership Council</p> <p><b>Staff:</b> North Bay Leadership Council</p>	<p>A need has been defined to develop new partnerships amongst businesses and employers with educators to ensure employers are able to locally draw from a workforce that has the necessary skills for the jobs being created today and tomorrow.</p>	<p>The Roundtable Education Sessions will:</p> <ul style="list-style-type: none"> <li>○ Bring employers together with educators and community leaders to help better understand and serve the needs of employers, educators, and communities, explore opportunities, and develop public/private partnerships to achieve common goals.</li> <li>○ Provide a rapid feedback loop of changing needs for skills and abilities so that there can be a better match of skill development with job generation.</li> </ul>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Form Roundtable with 35 participants from business, education, and other community-based organizations</li> <li>○ Set priorities and begin implementing strategic goals as decided by the group.</li> <li>○ Develop a report on key problems &amp; opportunities for improvements</li> </ul>

PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p><b>Mathematics Engineering Science Achievement (MESA) Program</b></p> <p><b>Project Leaders:</b> Saeid Rahimi, Sonoma State University</p> <p><b>Staff:</b> Sonoma State University</p>	<p>MESA is an academic program that supports educationally disadvantaged students to attain four-year degrees in science fields. Sonoma State University (SSU) aims to recruit, retain, and graduate more students in science, technology, engineering, and mathematics (STEM) to meet the science and technology challenges faced by California and the nation.</p> <p>Excelencia in Education recently named MESA as a semifinalist winner in its 2008 <i>Examples of Excelencia</i>. Excelencia in Education is a national program that identifies programs and departments that boost Latino enrollment, performance and graduation in higher education.</p>	<p>The MESA Program at Sonoma State will help underrepresented minority students succeed in STEM disciplines by:</p> <ul style="list-style-type: none"> <li>○ Creating a Student Study Center for study and special workshops</li> <li>○ Offering Academic Excellence Workshops— where students are clustered in the same core math and science classes, and then taught how to deepen their understanding of complex key concepts through group study.</li> <li>○ Offering career advising resources, including professional development workshops</li> <li>○ Linking students with professional organizations like Society of Hispanic Professional Engineers</li> </ul>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Develop and produce Sonoma State University MESA recruitment materials including brochure for distribution at College Fairs, Transfer Orientations, New Student Orientations, SSU Seawolf Day, SSU MESA outreach events at Sonoma County High Schools and Santa Rosa Junior College.</li> <li>○ Increase SSU MESA enrollment by 10 students majoring in science-related disciplines.</li> <li>○ Host a SSU School of Science and Technology MESA Shadow Day for Santa Rosa Junior College MESA students.</li> <li>○ Take SSU MESA students on at least two fieldtrips; destinations to expose students to opportunities in the sciences, develop knowledge of professional and career pathways, and broaden leadership skills.</li> </ul>

PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p><b>Work-Ready Certificate/ Online Career Planning</b></p> <p><b>Project Leaders:</b>                      Carl Wong, Sonoma County Office of Education                      Scott Kincaid, First Community Bank/ Youth Council</p> <p><b>Staff:</b>                      Sonoma County Workforce Investment Board</p> <p>Sonoma County Office of Education</p>	<p>Sonoma County Office of Education (SCOE) has established an online career planning website, targeted towards middle school students in order to help them prepare their academic paths for a future career. SCOE also offers students an opportunity to earn a work ready certificate, verifying that upon graduation, the student has skills that qualify him/her for an entry-level position.</p>	<p>SCOE is looking to expand career exploration services, including an online career planning tool, to ELL (English Language Learners) in order to promote career planning for that student population and to emphasize work readiness through the Work-Ready Certificate program.</p>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Translate 3 career planning resource materials into Spanish</li> <li>○ Translate website resources into Spanish to be more accessible to the Spanish-speaking population</li> <li>○ Increase outreach efforts to reach English language learners and their families</li> </ul>
<p><b>Math/Science Academy</b></p> <p><b>Champion:</b>                      Mike Hauser, Santa Rosa Chamber of Commerce</p> <p><b>Staff:</b>                      Santa Rosa Chamber of Commerce</p>	<p>The Santa Rosa Chamber of Commerce initiated the Algebra Academy with partnership from local technology firms of Agilent Technologies, JDS Uniphase and Medtronic. The 3 week summer program enrolled 30 graduating eighth graders in 2008 to increase interest in mathematics and specifically targets English language learners to increase college enrollment rates.</p>	<p>Fund efforts to expand the Algebra Academy to have a county-wide reach. Provide funds to expand student enrollment in academy.</p>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Seed funding for a new Math/Science Academy</li> </ul>



PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p><b>INNOVATIVE RESOURCE EFFICIENCY</b></p> <p><b>CHAMPIONS:</b> Randy DeCaminada (Pacific Gas &amp; Electric), Scott Kirk (Spaulding, McCullough, &amp; Tansil), and Marlene Soiland (Stony Point Rock Quarry)</p>			
<p><b>Sustainable Business Website</b></p> <p><b>Project Leaders:</b> Randy DeCaminada, PG&amp;E Scott Kirk, Spaulding, McCullough, &amp; Tansil Marlene Soiland, Stony Point Rock Quarry</p> <p><b>Staff:</b> Business Environmental Alliance</p>	<p>Most environmental information geared at small business is still being delivered in older, passive formats. Small business (14 employees or smaller) account for 85% of Sonoma County’s workforce. These small businesses don’t have the same resources to dedicate to research and implement environmental practices. Websites are the most efficient and effective way to distribute environmental information to small businesses.</p>	<p>The Business Environmental Alliance website will be modernized with online tutorials, RSS feed, and other new website technologies to better reach small businesses. Additionally, the BEA email newsletter will be upgraded.</p> <p>The website will:</p> <ul style="list-style-type: none"> <li>○ Engage local employers and employees about environmental best practices</li> <li>○ Encourage employers to adapt environmental best practices</li> <li>○ Offer resources for adjusting to upcoming environmental legislation (AB 32, AB 811, etc.)</li> </ul>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Increase number of daily visits to the BEA website by 100% (from 150 to 300)</li> <li>○ Increase number of Partners by 50% (from 100 to 150)</li> <li>○ Increase email newsletter circulation by 50% (from 500 to 750)</li> </ul>
<p><b>Innovation Showcase</b></p> <p><b>Project Leaders:</b> Randy DeCaminada, PG&amp;E Cynthia Murray, North Bay Leadership Council</p> <p><b>Staff:</b> Economic Development Board</p>	<p>Currently Sonoma County has no place to showcase innovative ideas and practices, particularly pertaining to environmental and sustainable practices.</p>	<p>The Innovation Showcase will:</p> <ul style="list-style-type: none"> <li>○ Raise visibility of current innovations in sustainability and innovative organizations</li> <li>○ Provide a venue for demonstrations</li> <li>○ Encourage wider adoption of new and innovative products and practices</li> </ul>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ Highlight 15 innovative companies at Innovation Showcase during State of the County</li> </ul>

PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p><b>INNOVATIVE ECONOMIC CLIMATE</b>  <b>CHAMPIONS:</b> Jane Bender (City of Santa Rosa), Lisa Schaffner (Sonoma County Alliance), Mike Hauser (Santa Rosa Chamber of Commerce), Cynthia Murray (North Bay Leadership Council)</p>			
<p><b>Foster Second-Stage Company Growth</b></p> <p><b>Project Leaders:</b>                      Scott Kincaid, First Community Bank</p> <p><b>Staff:</b>                      Economic Development Board</p>	<p>A recent study by the Edward Lowe Foundation shows that privately-held companies with 10-99 employees and revenue of \$1 million to \$50 million represent about 11% of the businesses, but 44% of the jobs in Sonoma County—exceeding both the national and state averages (38% and 40%, respectively). Local second-stage companies have passed the start-up stage and are larger than very small local business enterprises. These companies have great growth potential and could also be leaders in adopting innovations. However, they have unique challenges to their success which are not presently addressed.</p>	<p>A one-year pilot program will be developed to assist the second stage companies’ development and growth, in accordance with the Edward Lowe Foundation. This program will be the one of the first of its kind in California. The program will:</p> <ul style="list-style-type: none"> <li>○ Target local ‘second-stage’ companies that have been operating successfully for several years and have an established labor force.</li> <li>○ Address the learning needs of growth-oriented entrepreneurs by providing real-life situations and examples.</li> <li>○ Help business owners keep local companies successful and growing.</li> <li>○ Offer entrepreneurs a unique opportunity to network with their peers and share ideas and best practices.</li> </ul> <p>Aid executives in making crucial decisions at critical times.</p>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ 10 local second-stage businesses participate in a “Perspectives” Roundtable discussion groups</li> <li>○ Evaluate the program to gauge success after first year</li> <li>○ Develop format for ongoing discussion groups</li> </ul>

PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p align="center"><b>Regulatory Efficiency Enhancement Program</b></p> <p><b>Project Leaders:</b> Jane Bender, City of Santa Rosa Mike Hauser, Santa Rosa Chamber of Commerce Cynthia Murray, North Bay Leadership Council Lisa Schaffner, Sonoma County Alliance</p> <p><b>Staff:</b> From the partnership of interested jurisdictions, business groups, etc.</p>	<p>Various areas have developed performance metrics, standards, and best practices to help ensure that their permitting process is efficient. Currently, the County Permit and Resource Management Department has begun to develop performance metrics. A review of the regulatory and permitting processes in Sonoma County can help define areas of improvement and help ensure the permitting process is as efficient as possible. Once the challenges and opportunities facing the permitting processes have been identified, then they can be addressed by the partnership. Additionally, various provisions to prioritize permits for innovative and sustainable projects (e.g. USGBC Leadership in Energy and Environmental Design “LEED”) exist, and jurisdictions may benefit from further efforts to advocate resource efficient projects through an accelerated approval process.</p>	<p>Form a partnership among interested jurisdictions, business groups, and other groups to enhance the regulatory process. The partnership will:</p> <ul style="list-style-type: none"> <li>○ Establish a database of best practices for the regulatory process and use to</li> <li>○ Study key challenges facing the permitting process in Sonoma County</li> <li>○ Study ways to enhance customer services to help businesses navigate the complexities of going through the multi-jurisdictional and multi-agency permitting process</li> <li>○ Develop a report on performance metrics, standards, and best practices for the permitting processes including the performance metrics developed at the Permit and Resource Management Department of Sonoma County</li> <li>○ Study ways to encourage jurisdictions to adopt innovative and sustainable projects which advance resource efficiency goals (e.g. USGBC Leadership in Energy and Environmental Design)</li> </ul>	<p>Projected Outcomes:</p> <ul style="list-style-type: none"> <li>○ A partnership with interested jurisdictions, chambers, trade groups, and others to help enhance the regulatory climate</li> <li>○ The partnership will develop reports on the following: <ul style="list-style-type: none"> <li>○ Database on best practices for the regulatory process</li> <li>○ Performance metrics and best practices</li> <li>○ Key challenges facing the regulatory process</li> <li>○ Ways to enhance customer service and help businesses navigate regulatory process</li> <li>○ Ways to encourage innovate and resource efficient projects</li> </ul> </li> </ul>

PROGRAMS / PROJECT LEADERS	BACKGROUND	STRATEGIES	PROJECTED MILESTONES / OUTCOMES
<p><b>Innovation Policy Statement</b></p> <p><b>Project Leaders:</b>  Jane Bender, City of Santa Rosa  Mike Hauser, Santa Rosa Chamber of Commerce  Cynthia Murray, North Bay Leadership Council  Lisa Schaffner, Sonoma County Alliance</p> <p><b>Staff:</b>  From the partnership of interested jurisdictions, business groups, etc.</p>	<p>Currently, no jurisdiction in Sonoma County is known to have an official statement of commitment to foster Innovation, and it may be useful to have such a statement.</p>	<ul style="list-style-type: none"> <li>○ Study model policy statements of Innovation</li> <li>○ Study the utility of a model policy of Innovation for jurisdictions to consider adopting</li> </ul>	<ul style="list-style-type: none"> <li>○ The partnership will develop reports on the following: <ul style="list-style-type: none"> <li>○ Definition of Innovation Policy Statement</li> <li>○ Utility of Innovation Policy Statement</li> </ul> </li> </ul>

## INNOVATION ACTION COUNCIL

The Implementation Plan represents Phase II of the Innovation Council Project. In Phase II, organizations will act more independently to achieve the separate stated outcomes with a broad inclusive approach. Phase II includes the formation of an Innovation Action Council, comprised of a subset of current Innovation Council members. The EDB will provide limited staff support for the Innovation Action Council. A one year progress report on the Innovation Action Council projects stated above will be given to the Board of Supervisors and the Morgan Family Foundation.

## APPENDIX: VARIOUS PERTINENT REPORTS AND REPRESENTATIVE ASSORTMENT OF INNOVATIVE PROJECTS IN SONOMA COUNTY.

Many innovative programs and projects are underway in Sonoma County. Additionally, a number of recent reports have been developed on topics that pertain to the Innovation Council report. While it's impossible to know and then list all the innovative projects, or to know and include all the reports that are topical, it is possible to list a number of them. The list below, while not comprehensive, is designed to be illustrative of the spirit of innovation and anticipatory thinking that transpires in Sonoma County.

The following list of reports, programs, and projects are either available online at the websites listed below or by contacting the respective organization.

### A. Reports/Projections

Airport Master Plan: <http://www.sonomacountyairport.org/masterplan/index.html>

City of Cloverdale Impact 2010: <http://www.cloverdale.net/>

City of Petaluma Economic Health and Sustainability: <http://www.cityofpetaluma.net/>

City of Rohnert Park Economic Development Action Plan: <http://www.ci.rohnert-park.ca.us/>

City of Santa Rosa Economic Development Strategy: <http://ci.santa-rosa.ca.us/>

City of Santa Rosa Economic Sustainability Strategy: <http://ci.santa-rosa.ca.us/>

City of Sebastopol Strategic Plan: <http://www.ci.sebastopol.ca.us/>

Climate Protection Campaign: Community Climate Action Plan: <http://www.coolplan.org/>

Human Services Commission Needs Assessment Report: <http://www.sonoma-county.org/health/>

Moody's Economy.com Sonoma County Economic Forecast: <http://www.sonoma-county.org/>

Sonoma County Department of Health Action Plan: <http://www.sonomahealthaction.org/>

Sonoma County Strategic Plan: <http://www.sonoma-county.org/strategic/index.htm>

Sonoma County Transportation Authority Transportation Plan: <http://www.sctainfo.org/>

Sonoma County Water Agency Urban Water Management Plan: <http://www.sonomacountywater.org>

Town of Windsor Economic Development Strategic Plan: <http://www.ci.windsor.ca.us/>

**B. Programs/Projects:**

Edward Lowe Foundation Second Stage Companies: <http://edwardlowe.org/>

North Bay Graduate Institute: attached

Sonoma County Water Agency Geothermal Project: <http://www.sonomacountywater.org>

Sonoma Mountain Business Cluster: <http://www.sonomamountainbusinesscluster.com/>

## North Bay Graduate Institute of Science, Technology, and Business

The San Francisco North Bay region has witnessed a significant change in the volume and type of high tech industries during the last decade. This fluctuation has been partially accompanied by a transition from manufacturing to research & development (R&D) in the high tech sector. This void created by the reduction in volume of the telecommunication business has been to some extent compensated for by the emergence of certain components of a biotechnology sector in the areas of biomedical engineering and pharmaceuticals. At the same time a significant growth in the agricultural and hospitality industries has fueled the economic engine of the North Bay which in turn has induced a growth in the business and banking industries. This technological and economic transformation and resilience is indicative of the attractiveness of the North Bay as a highly desirable region of choice for its existing and new residents. A steady improvement in the quality of the K-12, Community Colleges, and Sonoma State University programs and infrastructure has been in step with the progress in these other sectors.

Over the past several months, the Sonoma County Innovation Council has been discussing ways to improve the overall quality of life in the North Bay by considering the current economic, health, environment, demographic, and educational needs of the community. The Council is trying to create a qualitative plan as a blueprint for the next ten years with continuing discussions. Many challenges have been identified and possible solutions have been suggested. The following addresses a specific challenge in the area of higher education.

It is clear that by attracting a talented workforce, the North Bay region has been successful in creating an R&D core in certain fields of technology, including biotechnology, telecommunications, software engineering, and electronics. The region has held many conferences on these topics during the last decade. One point has been repeatedly raised by many business and high tech executives: The R&D centers of the North Bay are in need of a research oriented institution of higher education. Sonoma State University has been quite successful in establishing a relatively small engineering program as a response to the workforce needs of the region. Likewise Santa Rosa Junior College and Empire College have been effective in responding to the workforce needs of the County and the region through initiating and expanding the needed programs. At the same time the K-12 system has focused on reforms to improve high school graduation rates and thus is providing SRJC and SSU with students, as well as providing the community with the necessary skilled workforce. The Sonoma County Innovation Council believes that an important void exists in the region's higher education at the level of graduate research and education in the fields that are critical to the economy of the North Bay region.

We'd like to suggest the creation of a small and focused Masters and Ph.D.-granting institute whose main charge is to address the R&D needs of the local industries and businesses. The institute would be a complement to the region's existing educational institutions that would also act as a feeder mechanism to the institute. We believe that success of this graduate research institute will be insured through forging a hybrid relationship with the California State University (CSU) system and the University of California (UC) system on one hand, and the private sector on the other. The proximity of UC Berkeley and UC Davis may be employed as a factor to attract interested faculty for short-term research assignments and consultations. In order to attract talented faculty and post doctoral research associates and qualified students, a strong connection to the relevant units of the UC system is essential. The range of the institute's partner institutions should go beyond the immediate geographical area. The primary goal of the institute, however,

should be to respond to the needs of the North Bay community. Moreover, the institute can also provide collaboration opportunities to the CSU faculty who are interested in engaging graduate students in their research efforts. The Oregon Graduate Institute of Science and Technology is a good model of the proposed concept.

The infrastructure of the proposed concept should be limited to the main goals and mission of the institute. Clearly some of the buildings and infrastructure necessary for a full-fledged undergraduate college or university are not essential for the proposed institute. A bilateral connection to other nearby research centers such as the Buck Institute (a non-degree granting research center) would provide an opportunity for sharing facilities and/or high level instruments. Conversations are taking place between local real estate developer Coddling Enterprises, a long-time community member, about locating the facility at their award-winning mixed-use community of Sonoma Mountain Village (SMV). SMV is located one mile south of Sonoma State University and is the first One Planet Community in North America.

The proposed institute would operate on a self-supporting basis through tuition revenues and grants and contracts with the local industries and businesses and the state and national foundations. In the beginning, the institute should start with some small and focused laboratories and projects. The institute would be allowed to expand as the need and demand for other programs become evident. The fields of study in the proposed institute would include applied sciences, engineering, technology and business as related to the North Bay interests. A focus on the science and technology of renewable energy may be of particular interest to the North Bay region.

In summary, the creation of the North Bay Graduate Institute of Science, Technology, and Business is expected to fuel the economic engine of the future North Bay region and provide an opportunity for education and training of Masters and Ph.D. students, and post-doctoral research associates. The existence of such an institute would ensure a research backbone for the R&D needs of the North Bay companies, businesses, and financial institutions. I am hopeful that the North Bay community will embrace this concept and plan to establish a rapid reaction business, science, and technology think tank to respond to the future needs of the community.

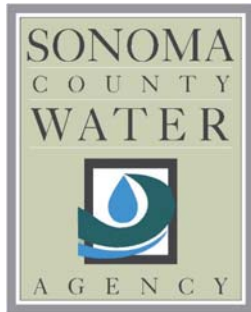
*By Saeid Rahimi, Dean, School of Science and Technology, Sonoma State University; Cynthia Murray, President and CEO of the North Bay Leadership Council and Co-Chair, Innovation Council; and Carl Wong, County Superintendent of Schools.*

*September 2008*





WITH ACKNOWLEDGEMENT AND APPRECIATION TO LOCAL KEY BUSINESSES SUPPORTING THE INNOVATION COUNCIL:



[www.innovationcouncil.org](http://www.innovationcouncil.org)