

# BUILDING ON OUR ASSETS:

EAST CONTRA COSTA COUNTY IN A REGIONAL  
CONTEXT

## JANUARY 31, 2012



Stephen Baiter, Executive Director  
Workforce Development Board of Contra Costa County



*With appreciation & slide credit to Karen Engel, Executive Director, East Bay EDA*

# Agenda

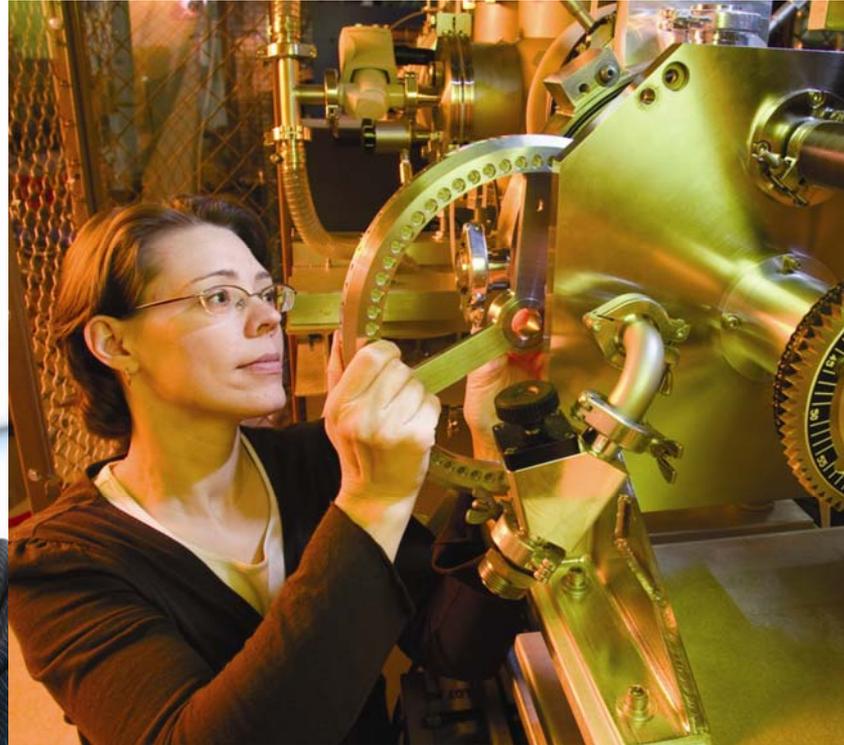
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- Purpose of the *Building on Our Assets* report
- What “drives” the economy?
- Business formation trends
- Labor market trends
- The built environment
- Recommendations & moving to action

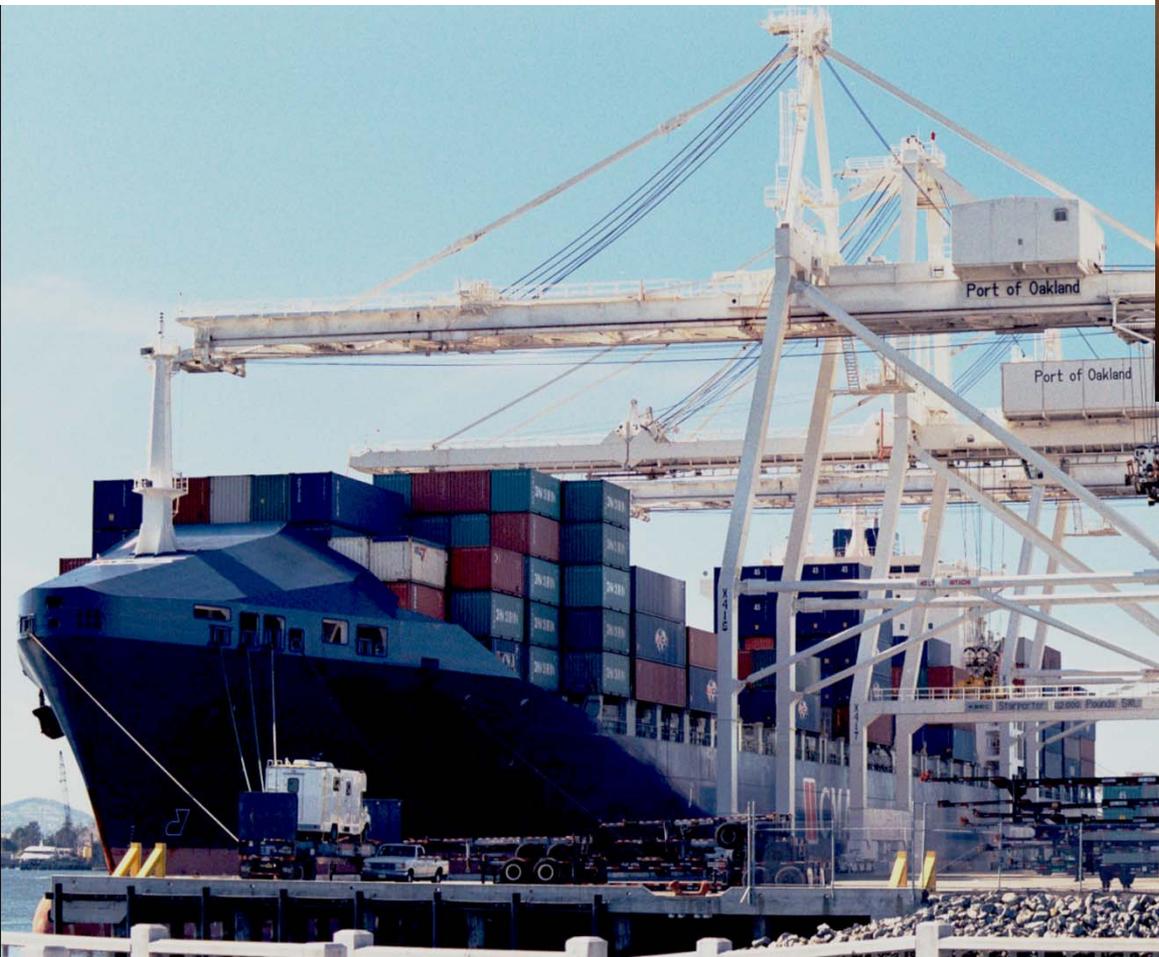
# Purpose of the report



The East Bay has tremendous assets...  
a highly educated workforce



# ...world-class infrastructure



# ...vibrant centers of innovation



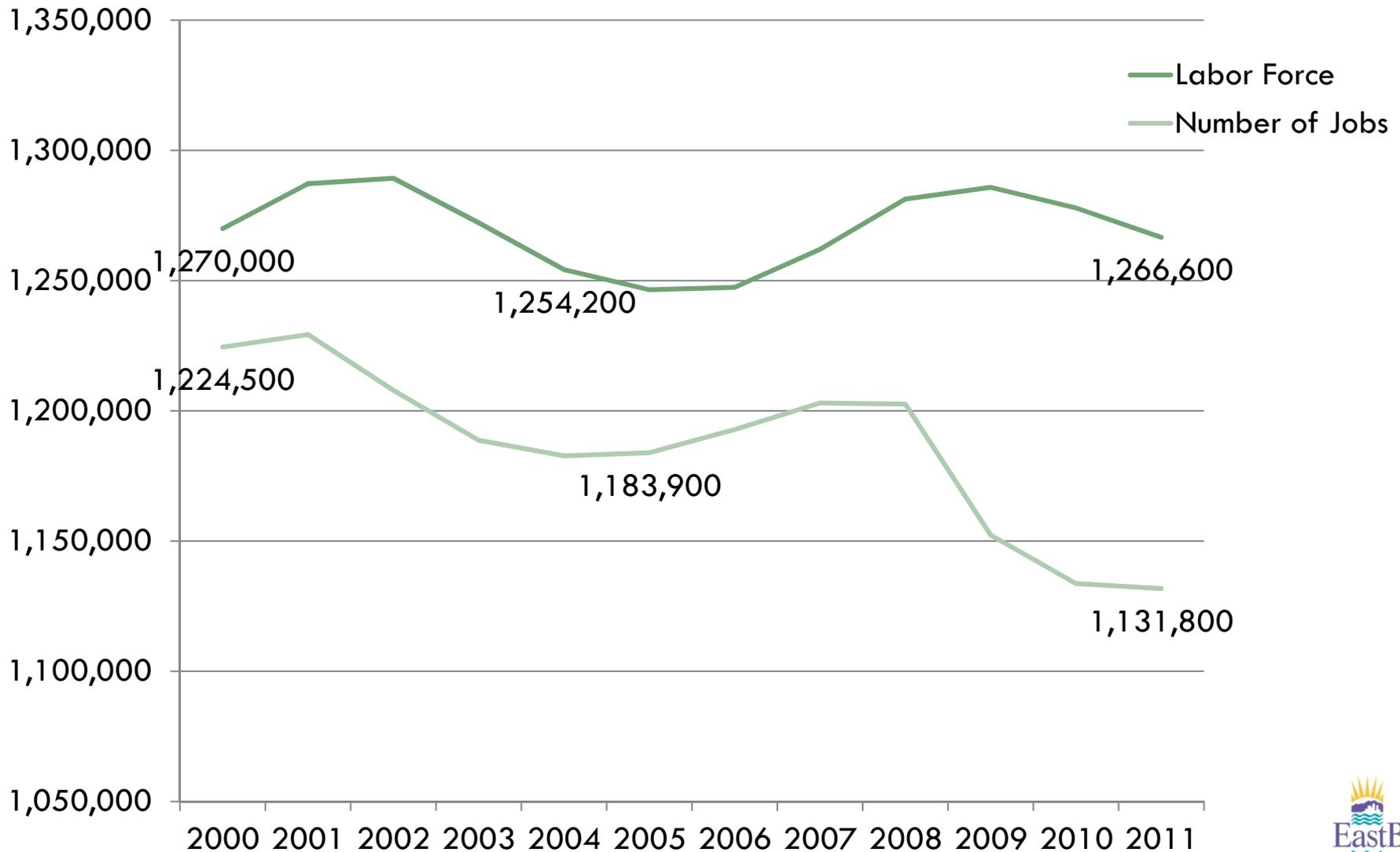
...an excellent quality of life



# East Bay assets threatened by...

- ❑ Worsening U.S. economic picture
- ❑ Federal funding for R&D in jeopardy
- ❑ State budget stalemates
- ❑ Funding cuts to education at every level
- ❑ Funding cuts to basic infrastructure
- ❑ Planning responses to climate change

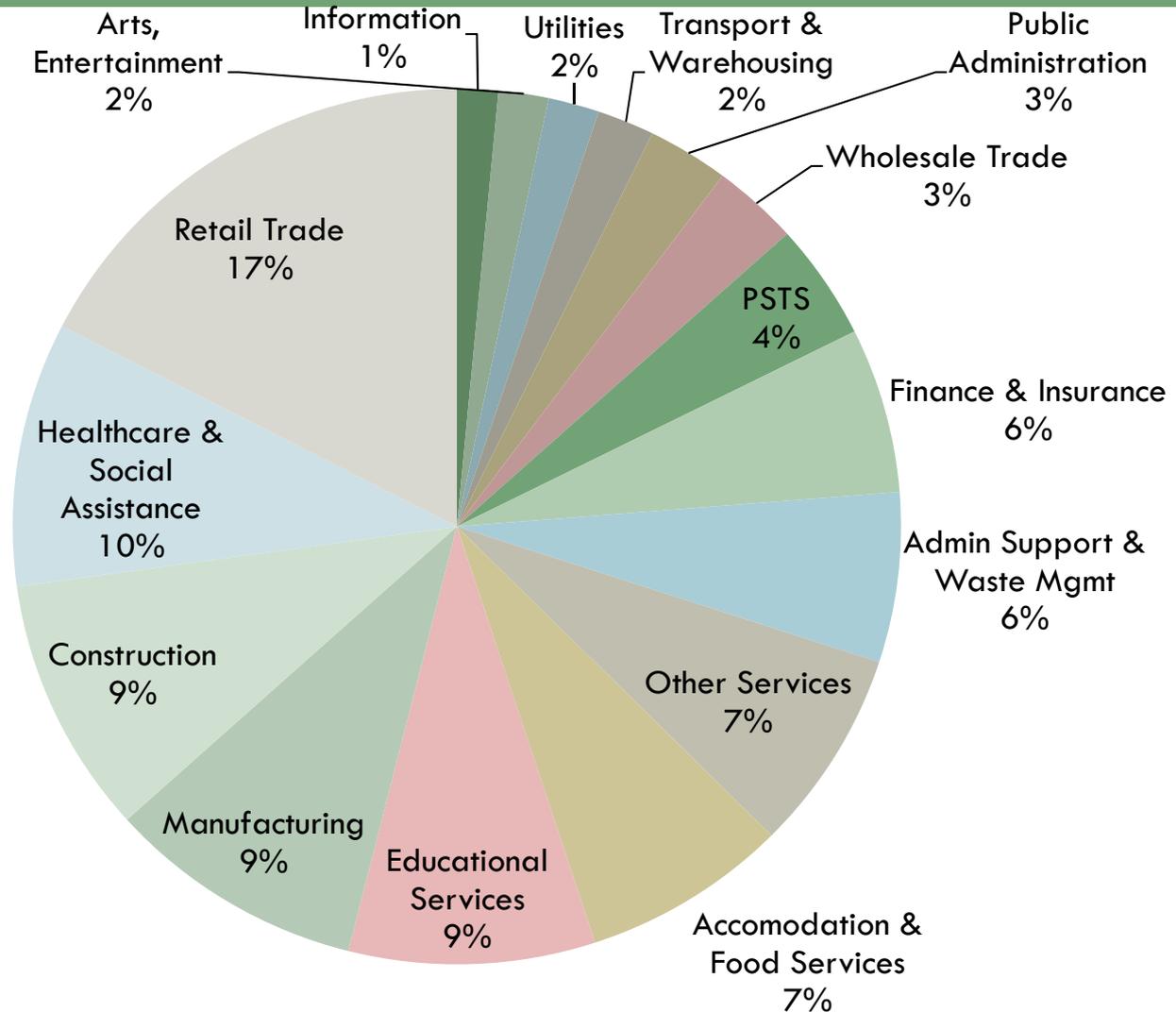
# East Bay lost 1 in 10 jobs



# East County Jobs Trends

- Near (steady) doubling of jobs over past 20 years (35,000 to nearly 60,000) jobs
- Overwhelmingly from companies starting and growing in the region (not moving in)

# East County Employment 2010

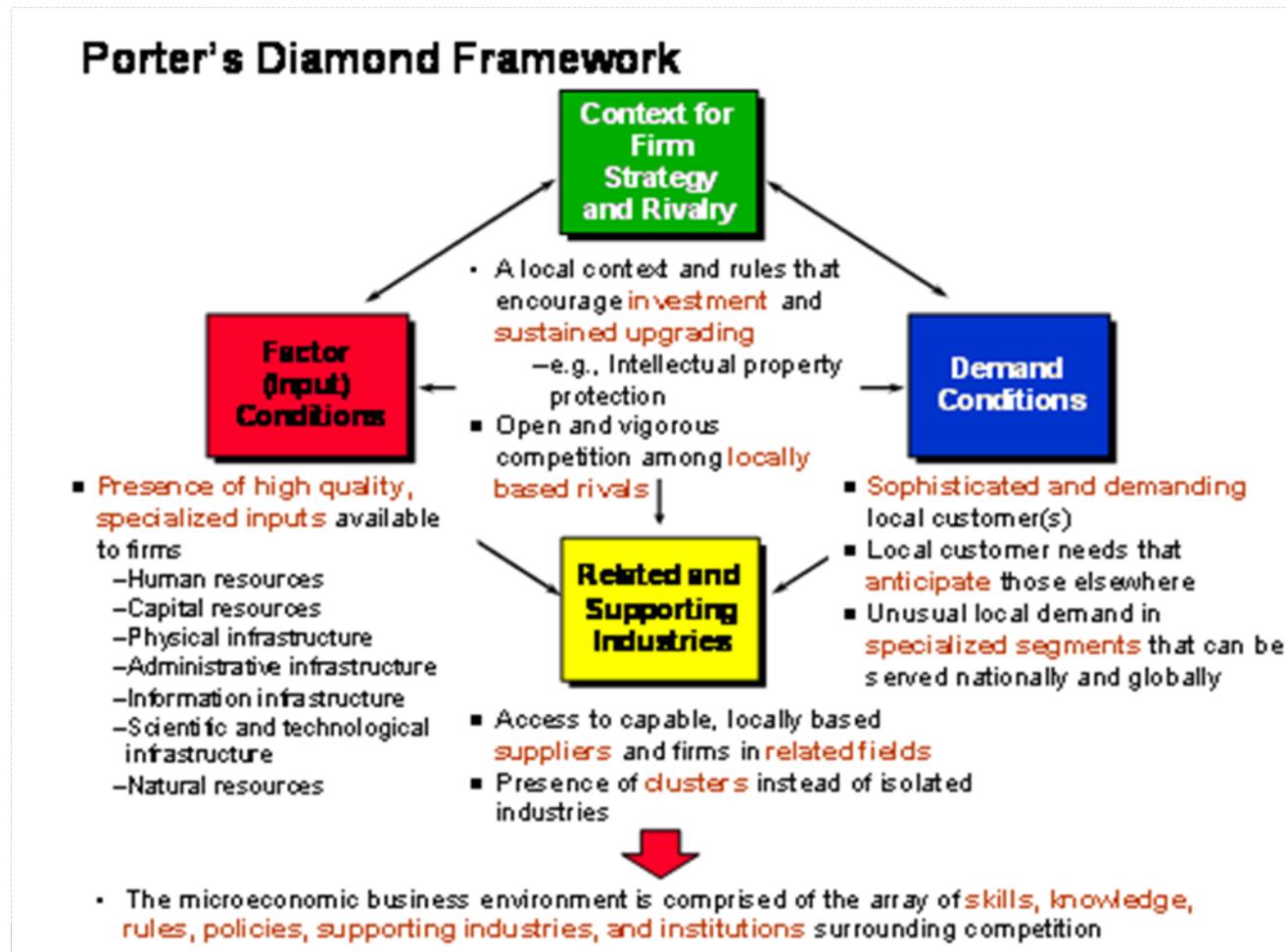


Source: NETS

# Strategic Understanding of the Workforce and the Economy

- Technology is driving dramatic change;
- Competition is global...American companies and workers competing with their global counterparts;
- Manufacturing is not a declining sector but rather one that is rapidly changing;
- There is a skill shortage now...there will be a growing worker shortage very soon;
- Career ladders and lattices...lifelong learning will drive human capital development;
- Skills not degrees.

# Industry Clusters 101



# Criteria for Priority Industries

(Lancaster County, PA approach)

- ❑ Sustained growth for the last five years;
- ❑ Sectors that have a higher than average location quotient (concentration of employment);
- ❑ Average pay at or above family-sustaining wage;
- ❑ Traded or infrastructure cluster.

# Developing an Industry Cluster Strategy

## Process for East County

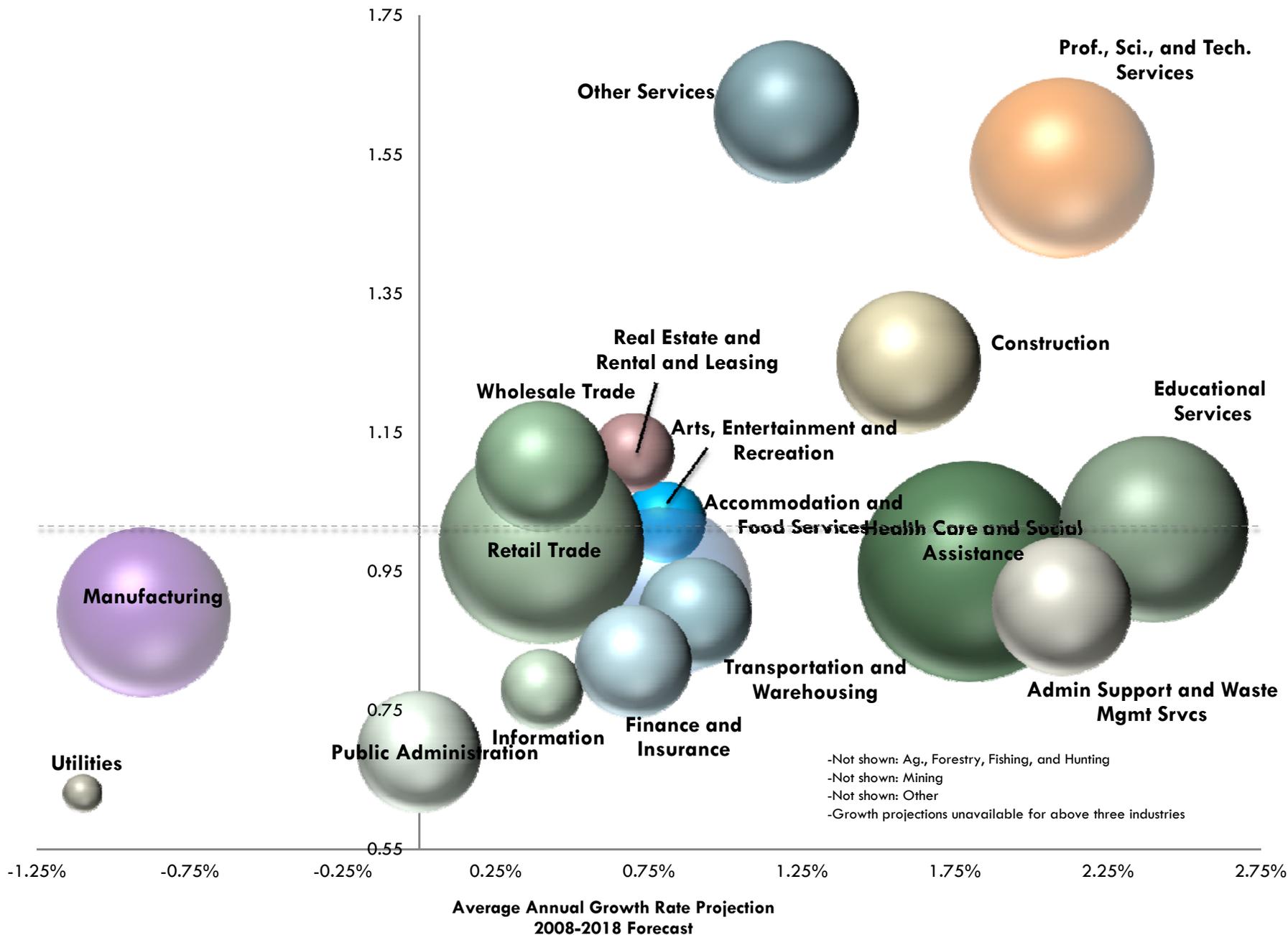
- Introduce relevance & prioritize clusters for development with context of regional environment
- Form leadership group(s)
- Identify driver industries
- Link, leverage, and align assets and resources
- Mobilize efforts & evaluate results

# Innovation “drives” the economy



# Industry Concentration, Size, and Projected Growth Rate

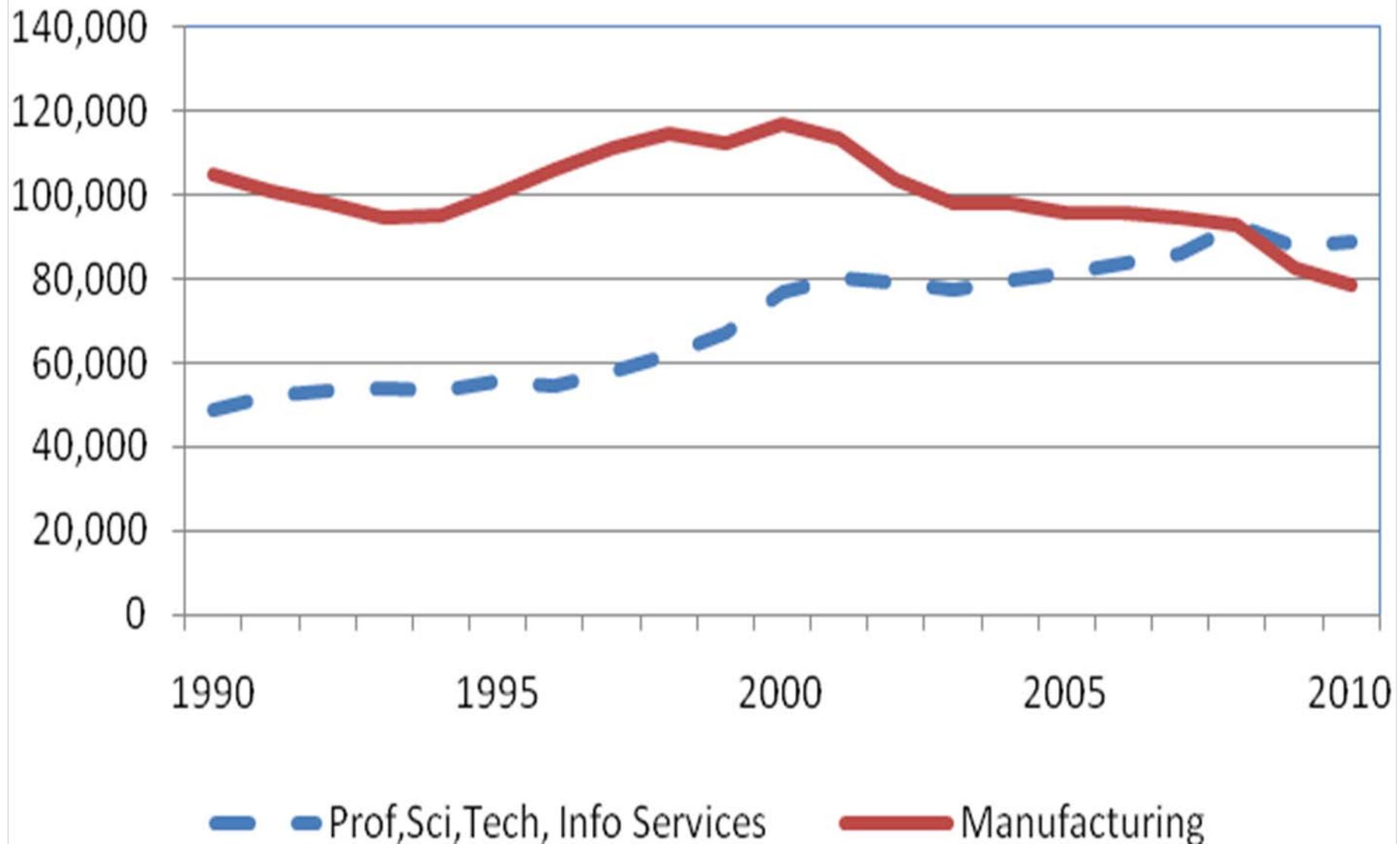
Location Quotient Versus the US



# PSTS are strongest drivers of growth

<b>PSTS Industries</b>	<b>Employment</b>	<b>Employment Concentration</b>
Computer Systems Design and Related Services	18,688	1.85
Scientific Research and Development Services	16,085	3.61
Architectural, Engineering, and Related Services	14,983	1.61
Management, Scientific, and Technical Consulting Services	11,774	1.67
Legal Services	6,566	0.85
Accounting, Tax Preparation, Bookkeeping, Payroll Services	4,710	0.76
Other Professional, Scientific, and Technical Services	4,016	0.99
Advertising, Public Relations, and Related Services	2,366	0.84
Specialized Design Services	1,051	1.34
<b>TOTAL EMPLOYMENT</b>	<b>80,239</b>	

# East Bay Job Trends



# Manufacturing Still Matters

<b>Manufacturing Sector</b>	<b>Employment</b>	<b>Concentration Ratio</b>	<b>Wage Index</b>
Petroleum and Coal Products Manufacturing	7,819	10.15	2.8
Industrial Machinery Manufacturing	2,745	4.04	7.3
Audio and Video Equipment Manufacturing	426	3.06	34.1
Semiconductor and Other Electronic Component Manufacturing	7,131	2.78	2.2
Sugar and Confectionery Product Manufacturing	1,198	2.6	4.8
Computer and Peripheral Equipment Manufacturing	2,735	2.48	5.4
Bakeries and Tortilla Manufacturing	4,095	2.13	1.9
Communications Equipment Manufacturing	1,690	2.1	11.9
Medical Equipment and Supplies Manufacturing	4,354	2.07	3.3
Glass and Glass Product Manufacturing	994	1.81	9.1
Beverage Manufacturing	2,039	1.76	4.7
Navigational, Measuring, Electromedical...Manufacturing	4,795	1.7	3.6
Electric Lighting Equipment Manufacturing	533	1.7	15.0
Pharmaceutical and Medicine Manufacturing	3,051	1.58	5.8
	43,605		8.0

# Venture funding reveals strength

Industry	Amount (millions)	Share of US	Rank East Bay	Rank Alameda County	Rank Contra Costa County
<b>Industrial Energy</b>	<b>\$409.6</b>	<b>12.6%</b>	<b>2</b>	<b>2</b>	<b>21</b>
<b>Semiconductors</b>	<b>\$110.0</b>	<b>11.1%</b>	<b>2</b>	<b>2</b>	<b>-</b>
<b>Electronics Instrumentation</b>	<b>\$60.0</b>	<b>14.6%</b>	<b>2</b>	<b>2</b>	<b>14</b>
<b>Computers and Peripherals</b>	<b>\$46.8</b>	<b>9.9%</b>	<b>3</b>	<b>3</b>	<b>-</b>
<b>Consumer Products and Services</b>	<b>\$32.7</b>	<b>7.1%</b>	<b>4</b>	<b>4</b>	<b>-</b>
<b>Business Products and Services</b>	<b>\$20.0</b>	<b>5.4%</b>	<b>5</b>	<b>5</b>	<b>-</b>
<b>Medical Devices and Equipment</b>	<b>\$116.5</b>	<b>5.2%</b>	<b>5</b>	<b>5</b>	<b>17</b>
<b>Networking and Equipment</b>	<b>\$15.6</b>	<b>3.1%</b>	<b>6</b>	<b>6</b>	<b>-</b>
<b>Biotechnology</b>	<b>\$108.0</b>	<b>2.9%</b>	<b>8</b>	<b>8</b>	<b>71</b>
<b>Healthcare Services</b>	<b>\$7.5</b>	<b>3.0%</b>	<b>11</b>	<b>11</b>	<b>-</b>
<b>Media and Entertainment</b>	<b>\$17.0</b>	<b>1.2%</b>	<b>12</b>	<b>12</b>	<b>-</b>
<b>Software</b>	<b>\$46.5</b>	<b>1.2%</b>	<b>16</b>	<b>16</b>	<b>45</b>
<b>Telecommunications</b>	<b>\$4.9</b>	<b>0.6%</b>	<b>21</b>	<b>21</b>	<b>-</b>
<b>IT Services</b>	<b>\$7.6</b>	<b>0.5%</b>	<b>29</b>	<b>29</b>	<b>-</b>



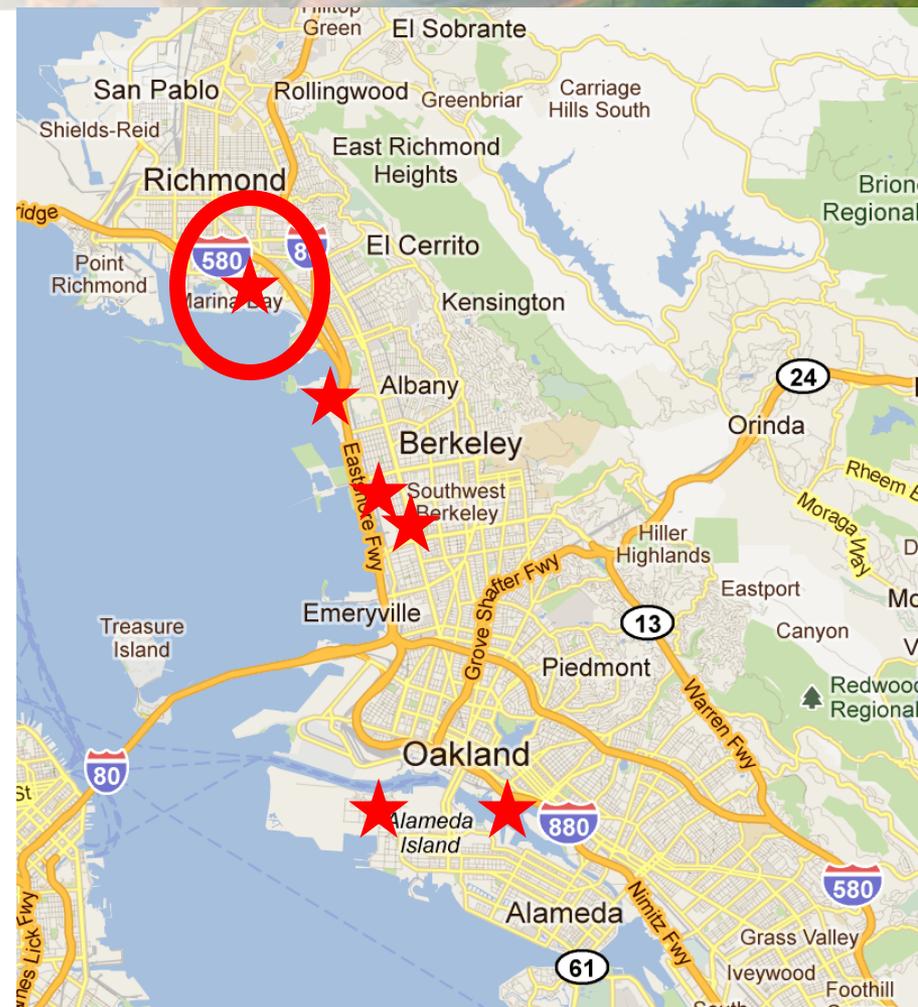
Map data ©2011 Google [Terms of Use](#)

# Berkeley Lab / Second Campus

January 2012:

RICHMOND selected as the site of the Second LBNL Campus! A big event for Contra Costa County.

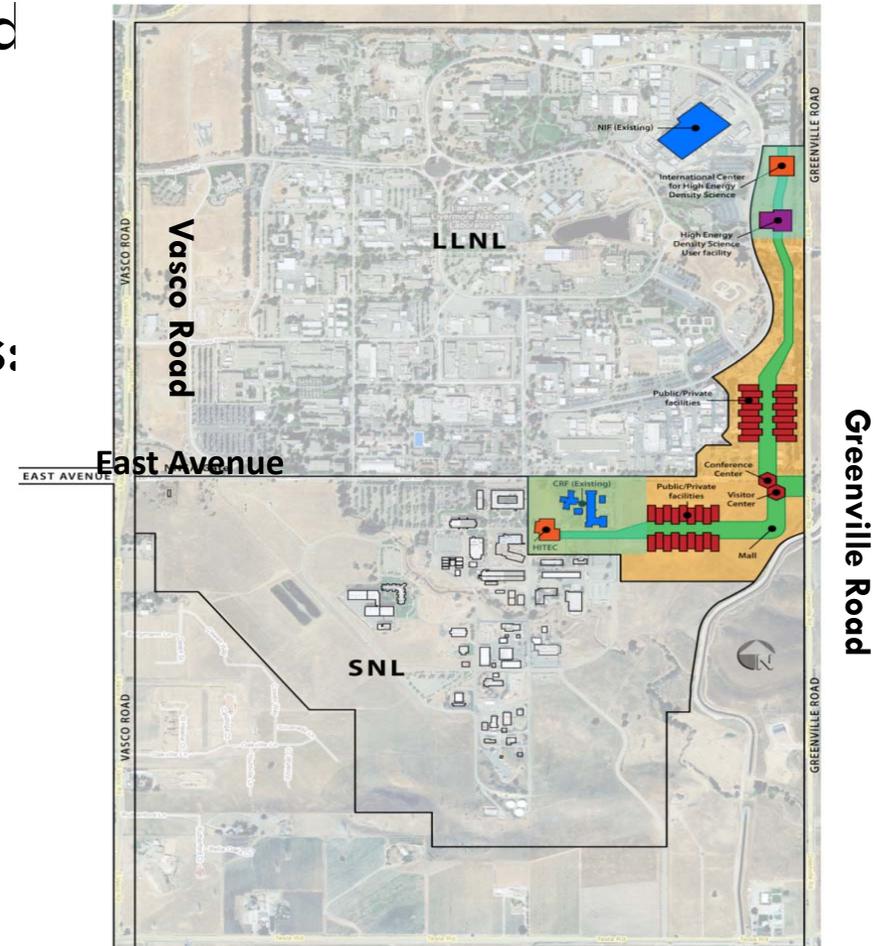
*Up to 2 million s.f. lab, office and R&D  
Move in 2016.*



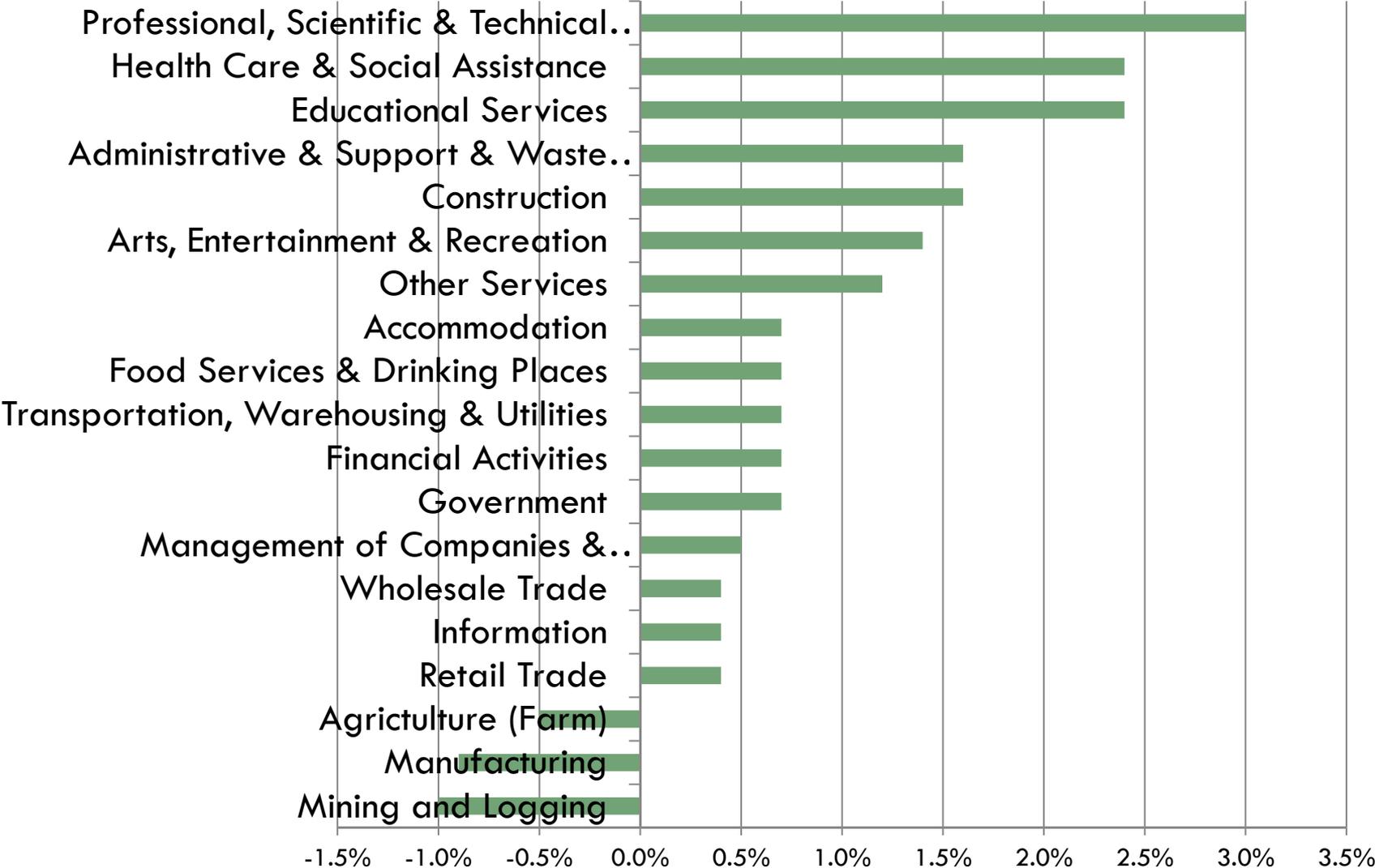
# Livermore Valley Open Campus

Lawrence Livermore and Sandia National Labs

- Over 120-acres acres of shared open collaborative research space
- Collaborative research facilities:
  - National Ignition Facility
  - Combustion Research Facility
  - High Speed Computing Facility
- 5,000 jobs projected



# Projected growth rates 2011-18



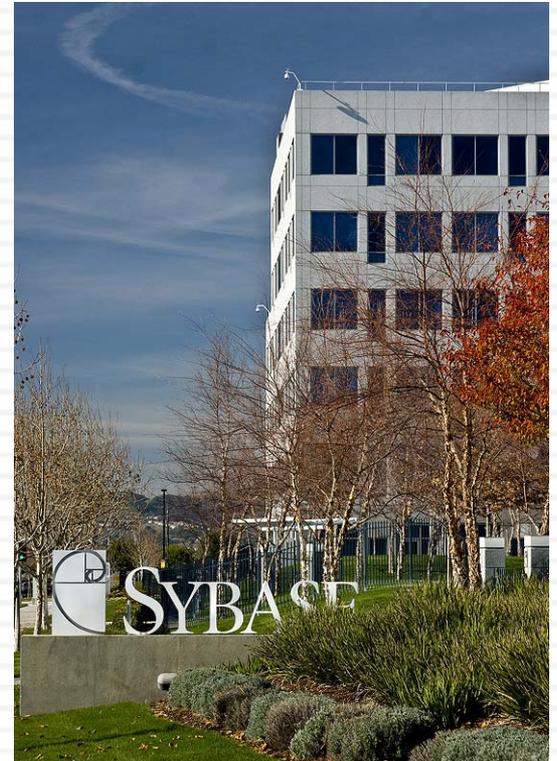
# Who else is creating jobs?



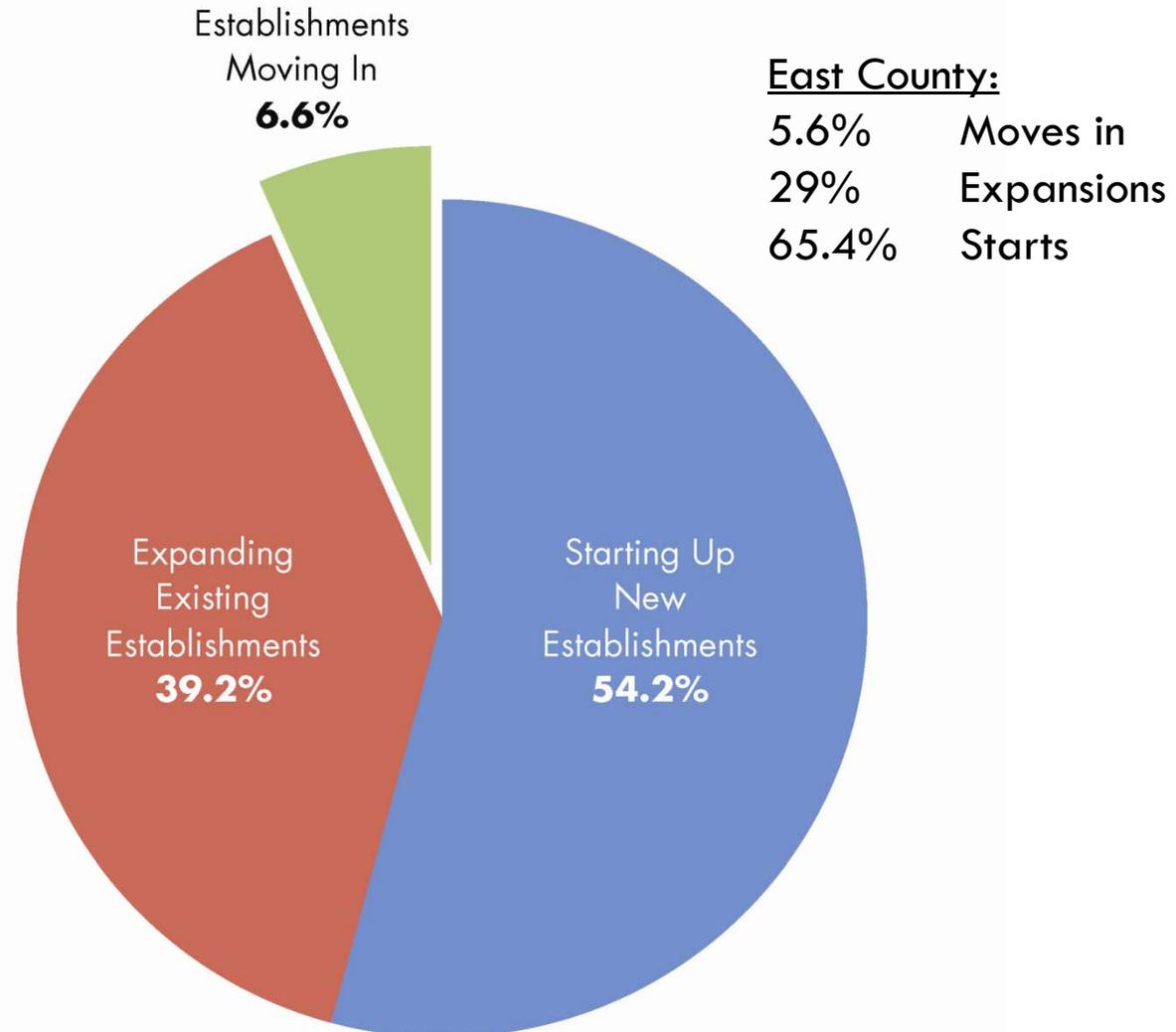
# Half of all jobs...

Industry	Share of East Bay Employment	Projected Avg Annual Growth Rate, 2008-2018
<b>Health Care and Social Assistance</b>	<b>14.6%</b>	<b>2.3%</b>
<b>Retail Trade</b>	<b>12.2%</b>	<b>0.4%</b>
<b>Educational Services</b>	<b>9.9%</b>	<b>2.4%</b>
<b>Accommodation and Food Services</b>	<b>8.2%</b>	<b>0.7%</b>

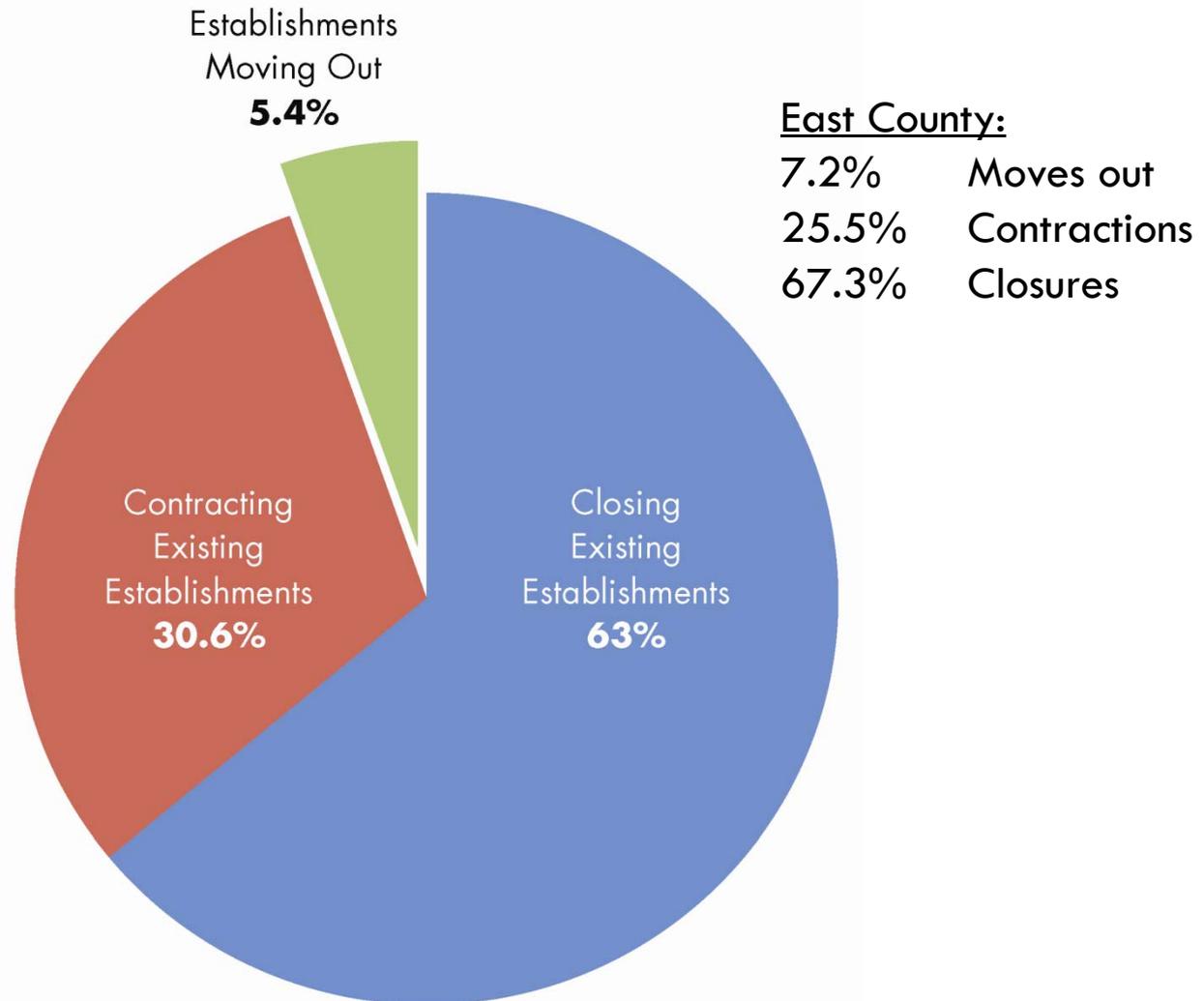
# Business formation trends



# Companies moving in contribute little



# Moving out even less



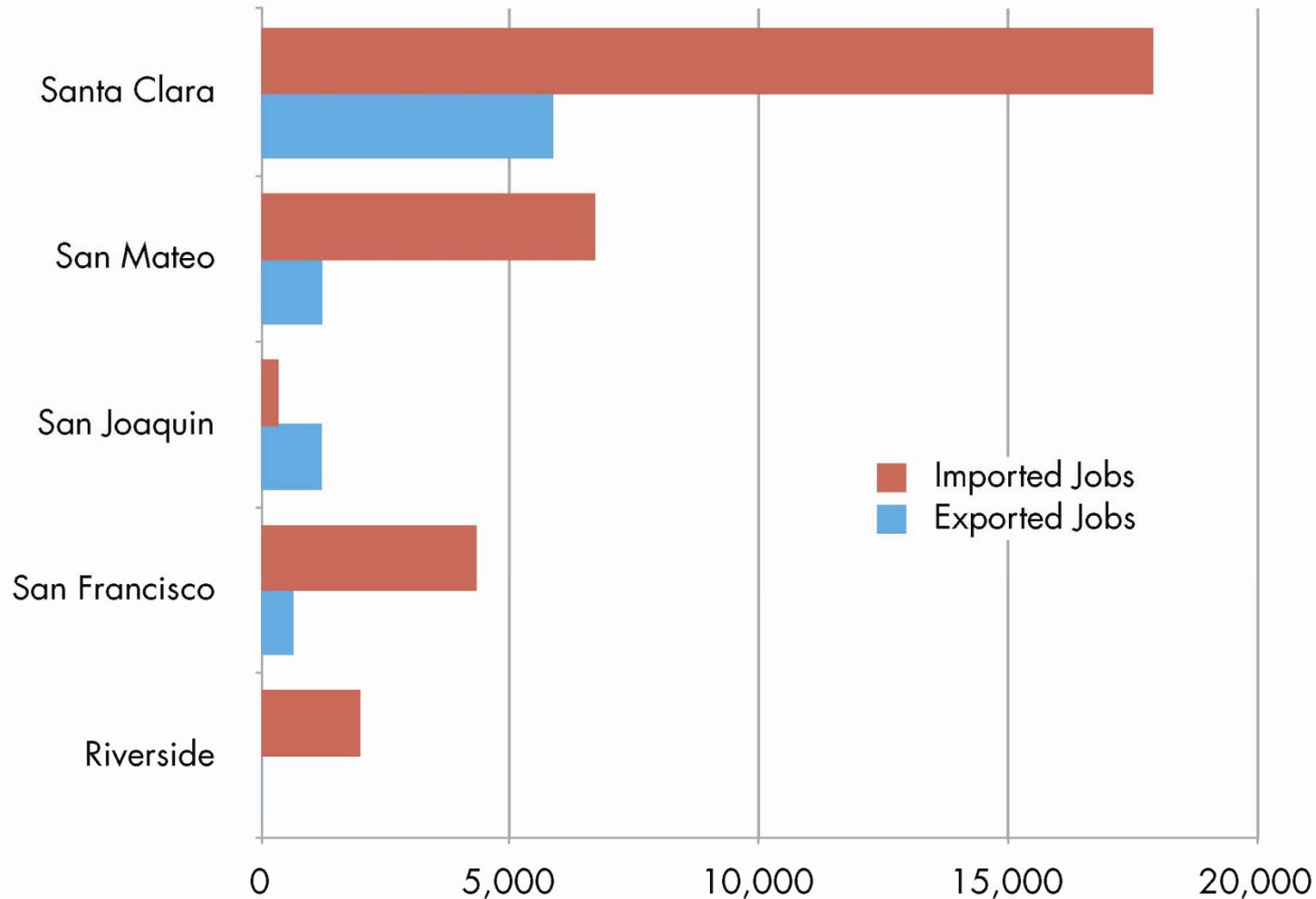
# Top Move-Ins

Year	Company	Industry	Employment	From (County)	To (City)
2004	Ecolab Pest Elimination	Admin Support & Waste	85	Contra Costa	Brentwood
2008	Big B Lumberteria	Retail	70	Contra Costa	Brentwood
2009	Long's Drugs	Retail	60	El Paso, CO	Antioch
2008	Hot Line Construction	Construction	60	Contra Costa	Brentwood
2009	Padilla Landscape Inc	Admin & Waste	52	Alameda	Brentwood
2003	Pulte Home Corp	Construction	52	Contra Costa	Brentwood
2008	Us Glass Inc	Retail	50	Placer	Pittsburg

# Top Move-outs

Year	Company	Industry	Employment	From (City)	To (County)
1997	Highland Framers	Construction	350	Brentwood	Alameda
2002	F Rodgers Specialty Contr	Construction	200	Antioch	Alameda
2001	F Rodgers Corp	Construction	150	Antioch	Alameda
2003	T&C Roofing	Construction	120	Brentwood	Contra Costa
1998	Contra Costa County	Public Admin	100	Antioch	Contra Costa
2009	Clyde Miles Constr	Construction	99	Pittsburg	Contra Costa

# Silicon Valley has biggest impact on East Bay jobs

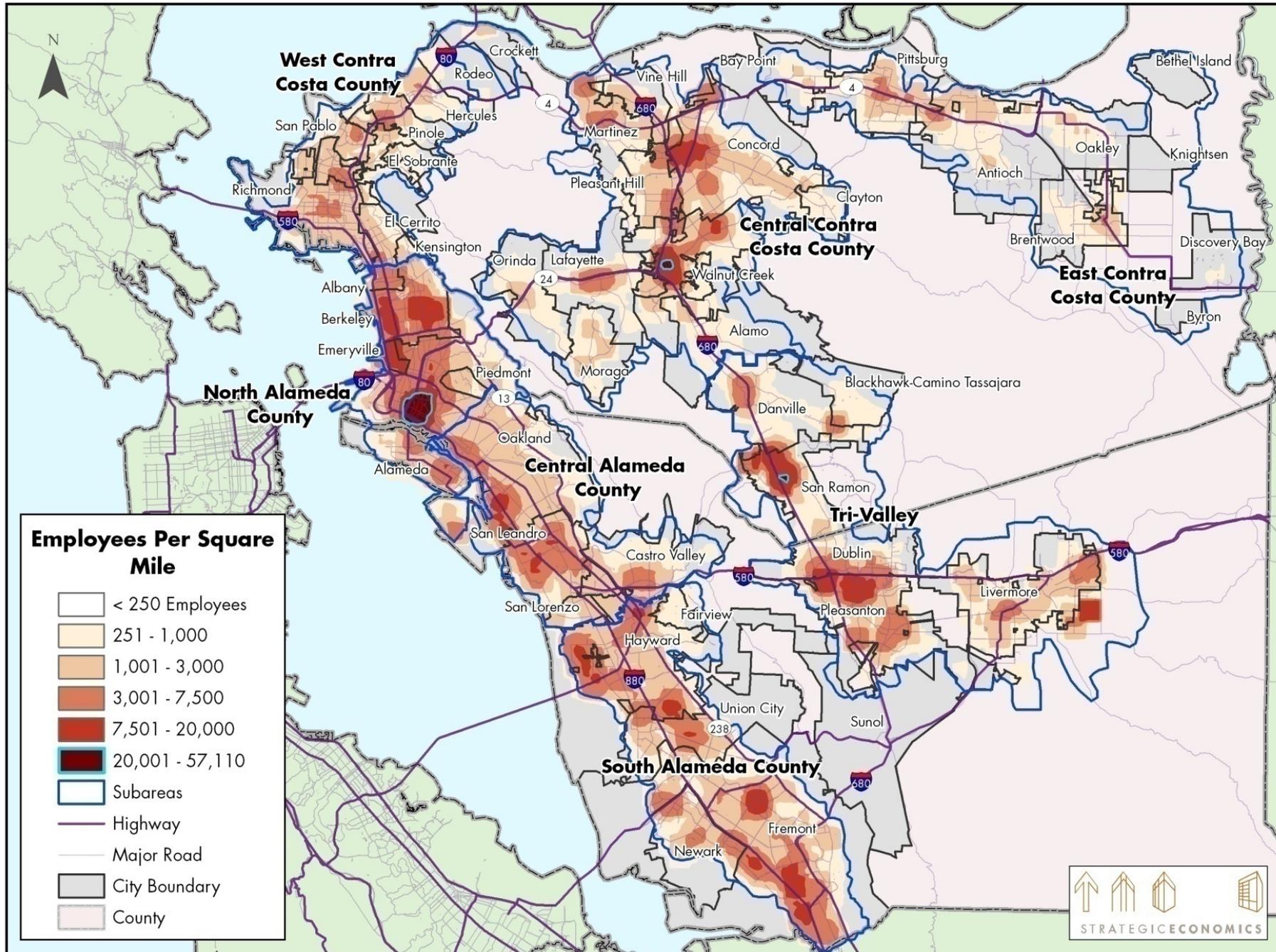


# East County's Top Employment Trading Partners

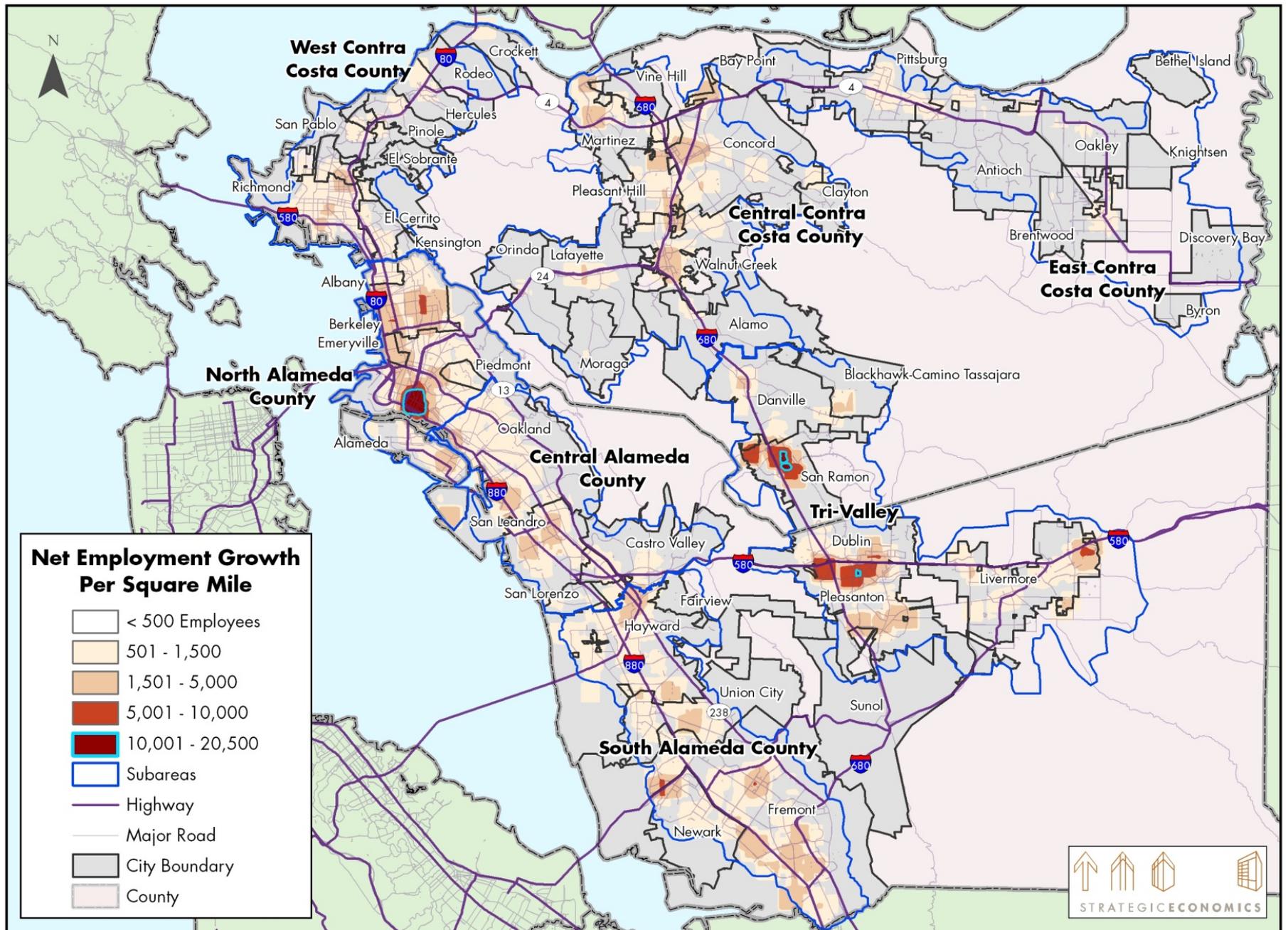
- Overwhelmingly Contra Costa County
- Alameda County strong second place
- IN: CoCoCo, Alameda, Solano, Santa Clara, SF
- OUT: CoCoCo, Alameda, San Joaquin, Solano, Sac

# The built environment



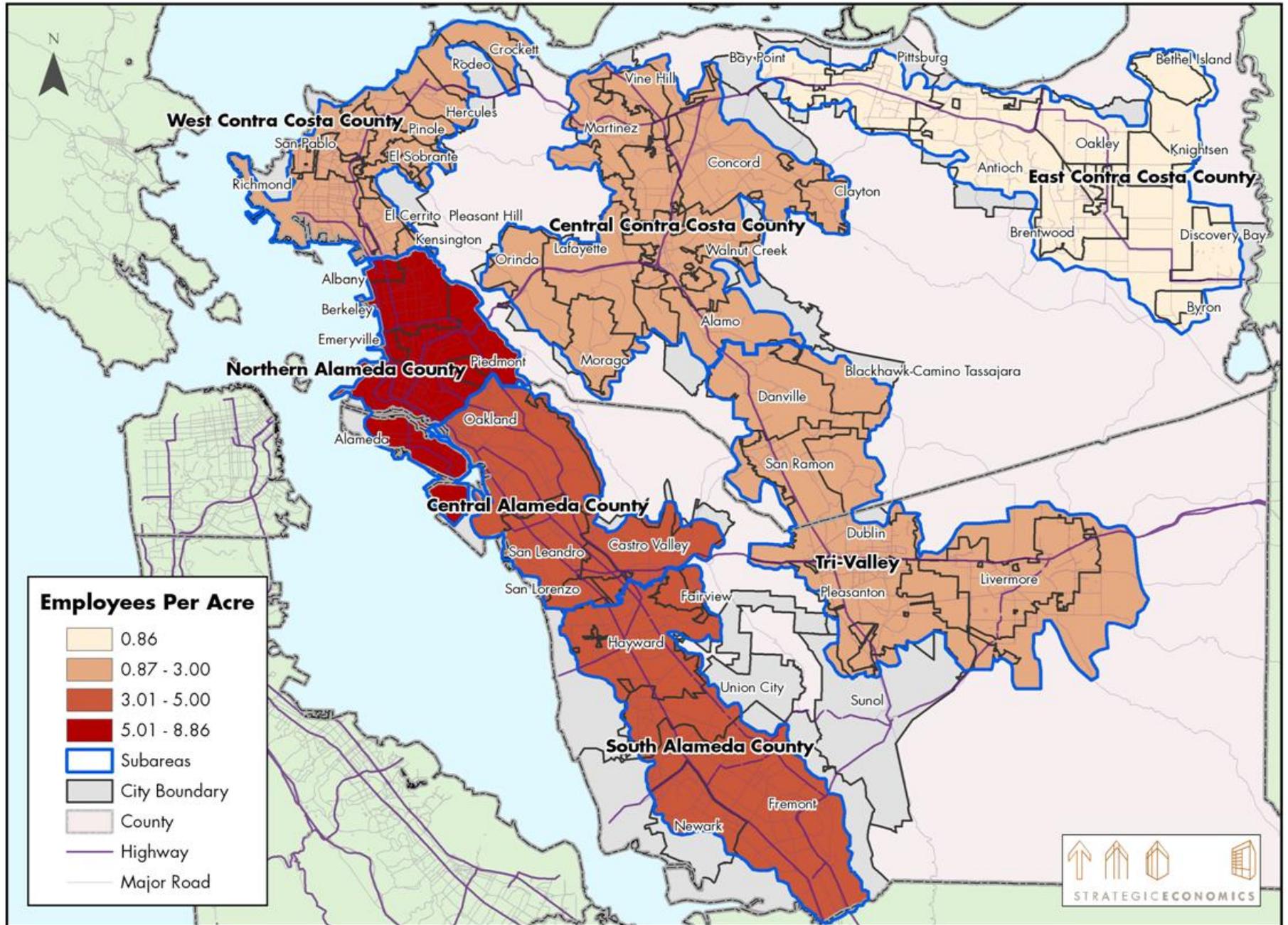


Source: Strategic Economics, 2011; Haveman Economic Consulting, 2011; National Establishment Time Series (NETS), 2009; US Census; ESRI; MTC.

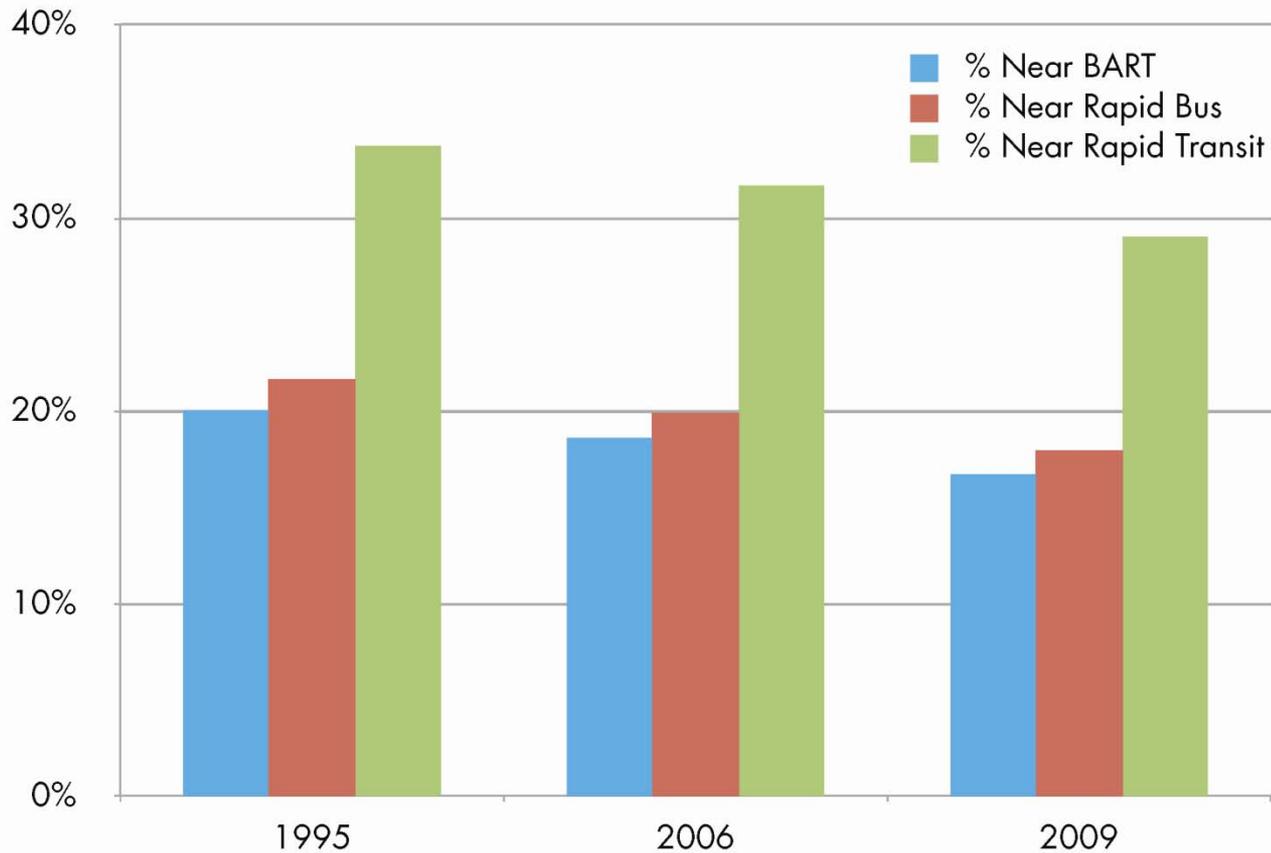


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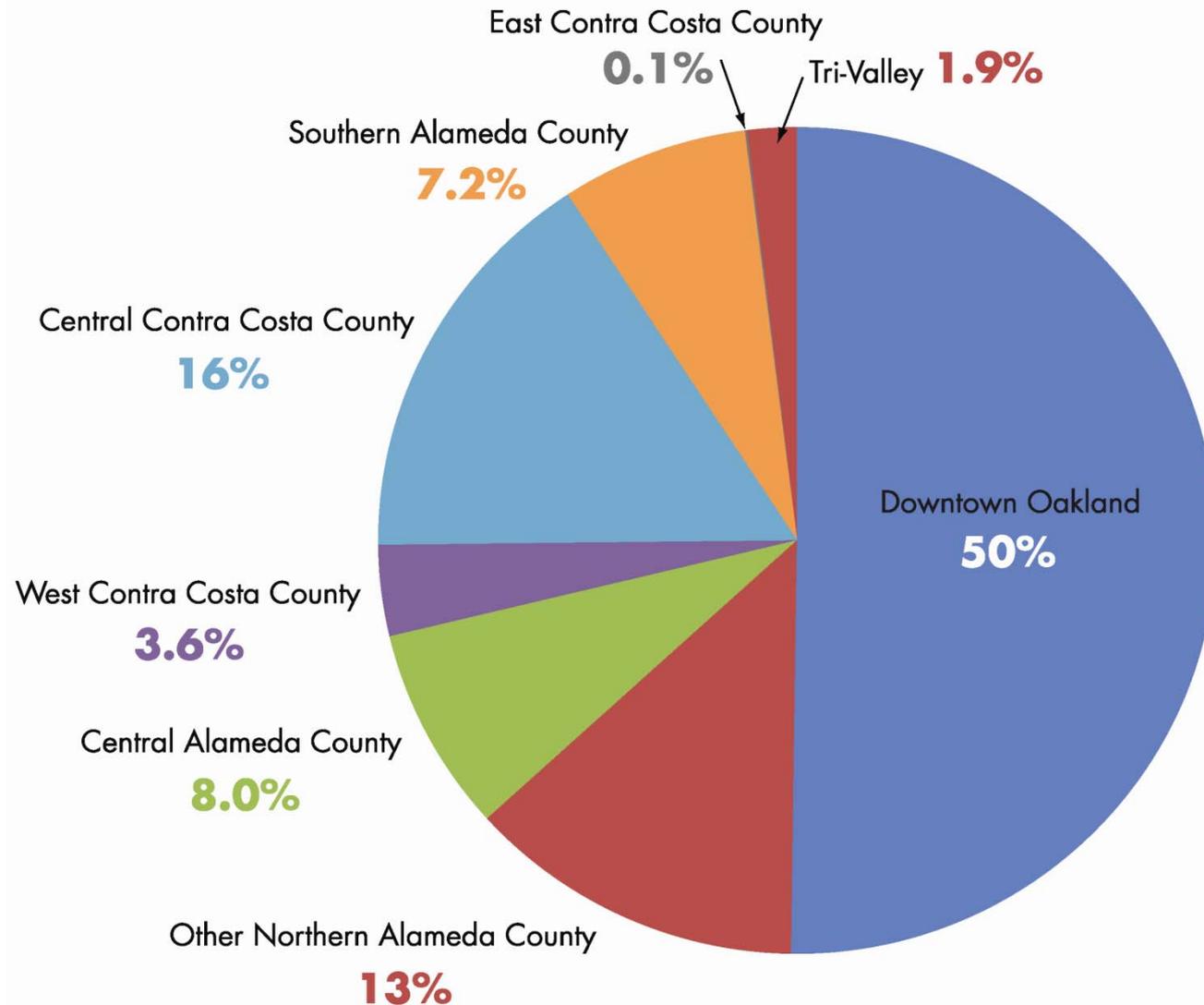
# Alameda and Contra Costa County Subarea Employment Density, 2009



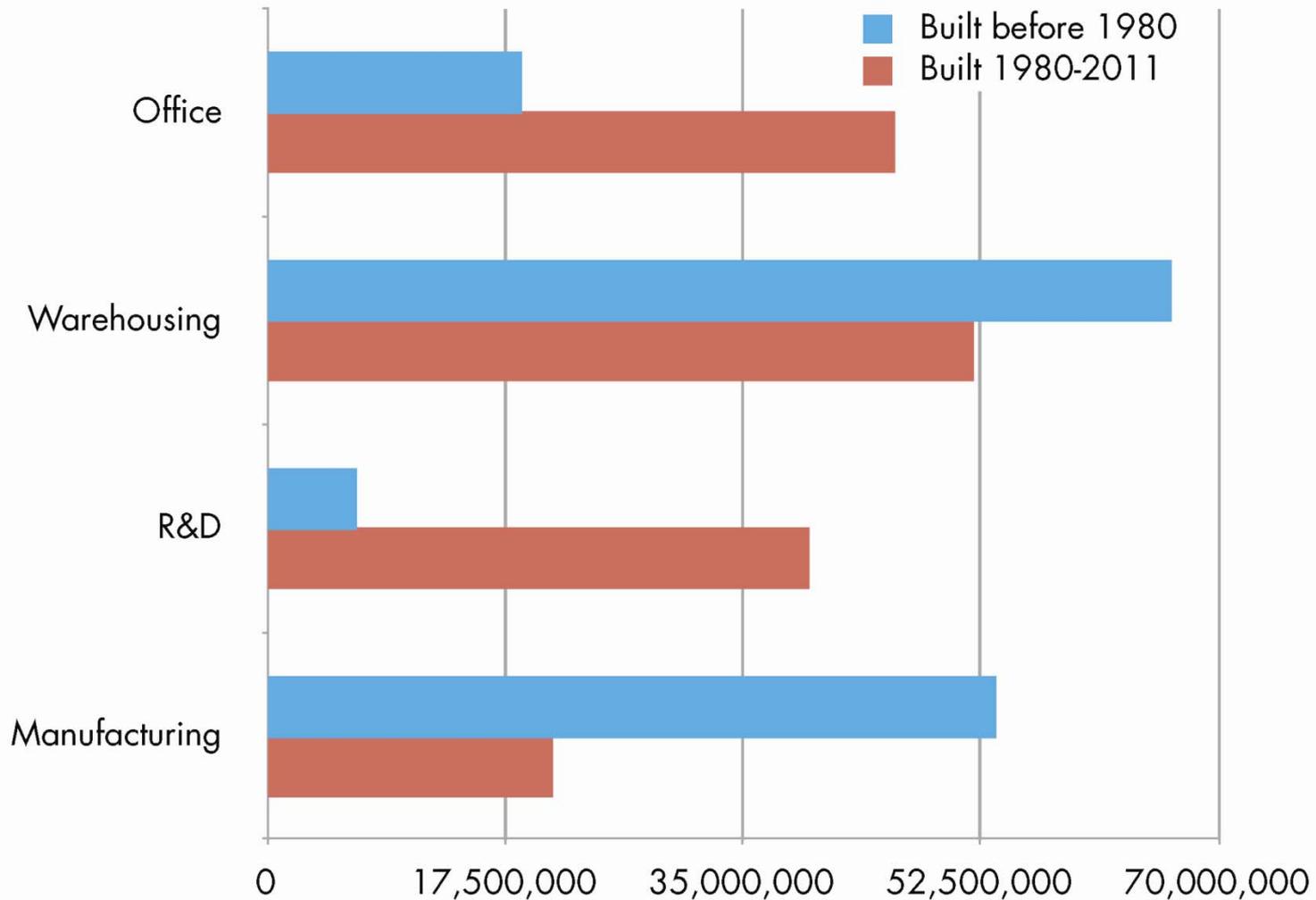
# Share of East Bay Jobs near Transit



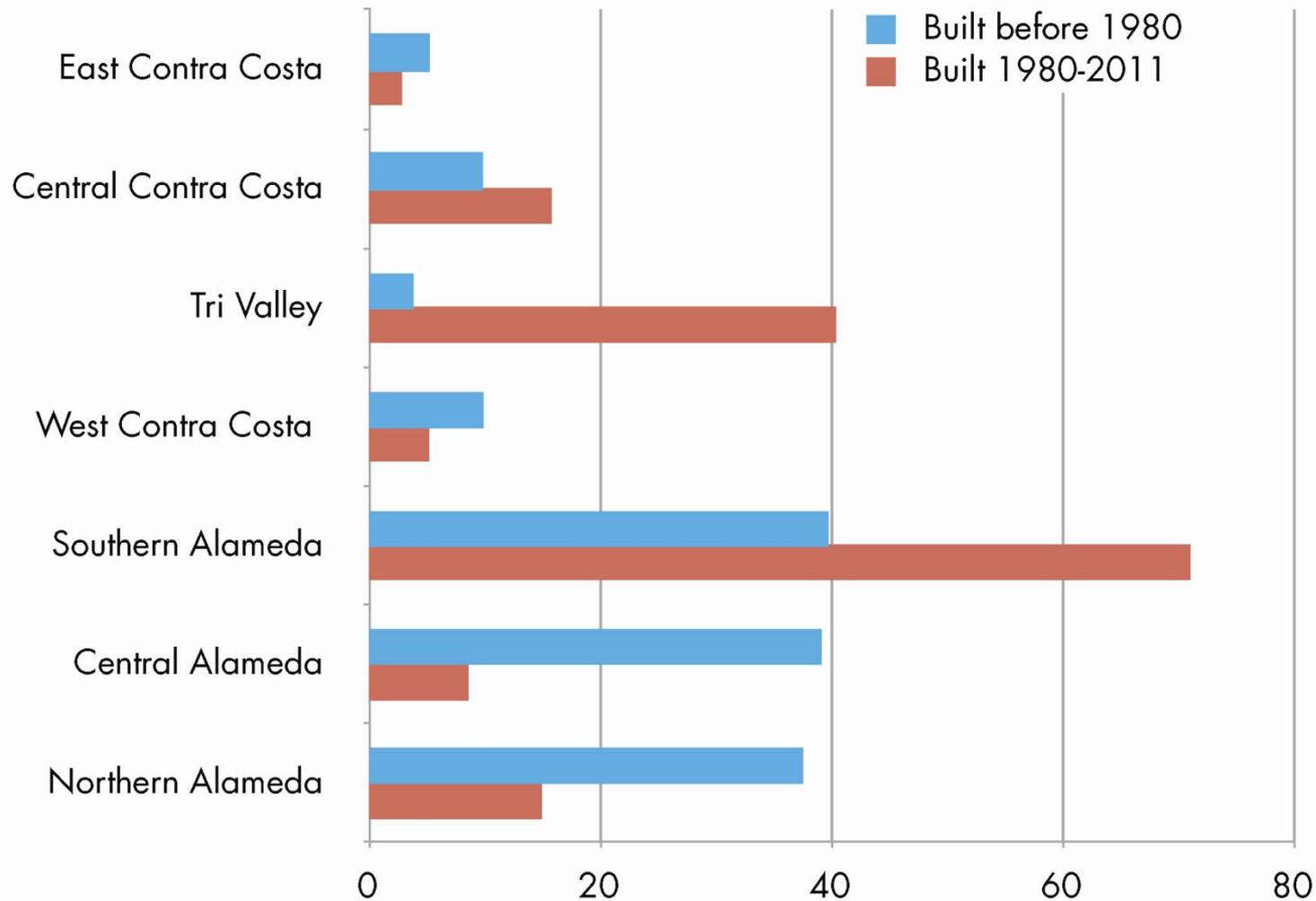
# Distribution of Jobs near BART, 2009



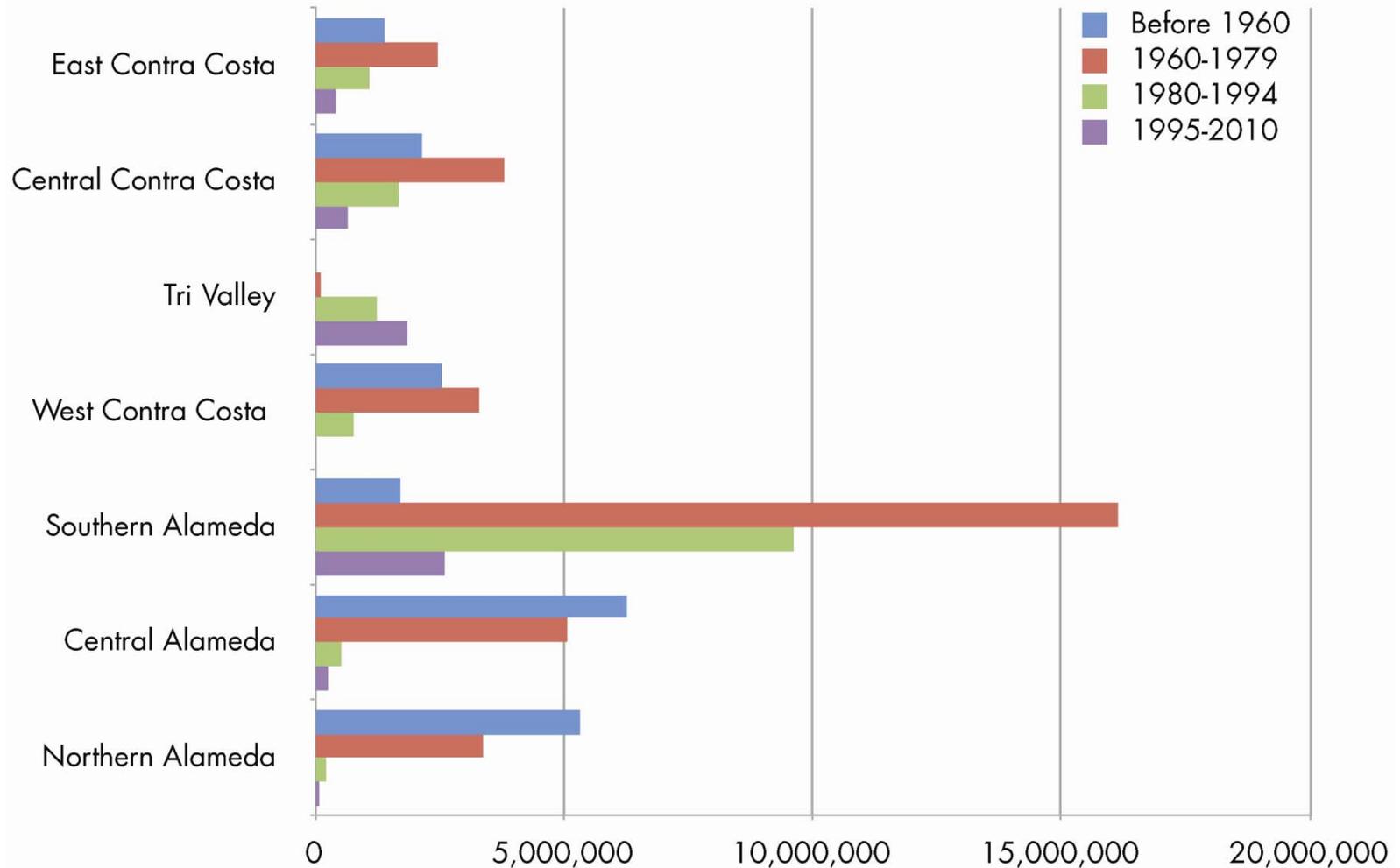
# Historical development patterns



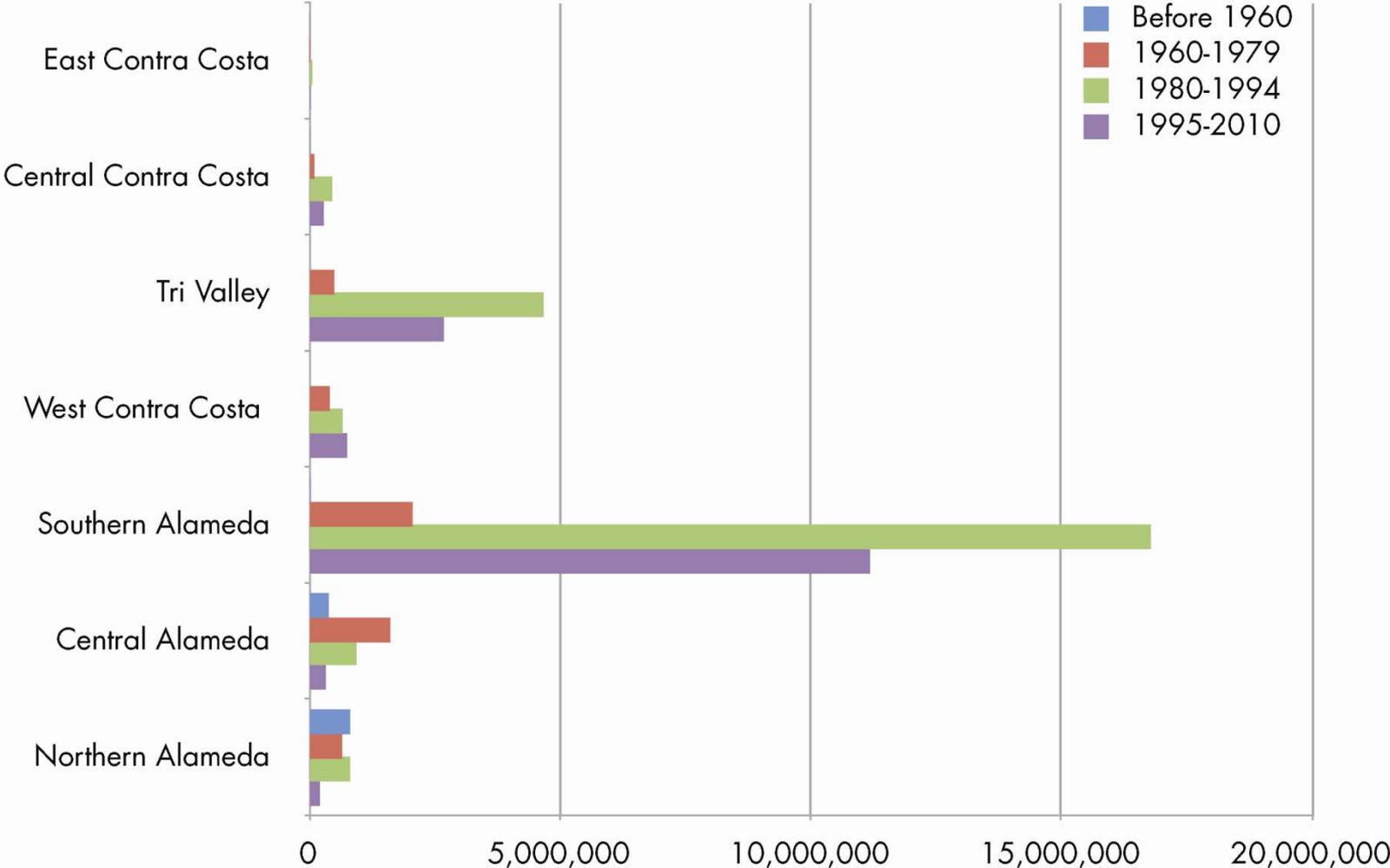
# Non-retail commercial development



# Manufacturing development



# R&D/Flex development



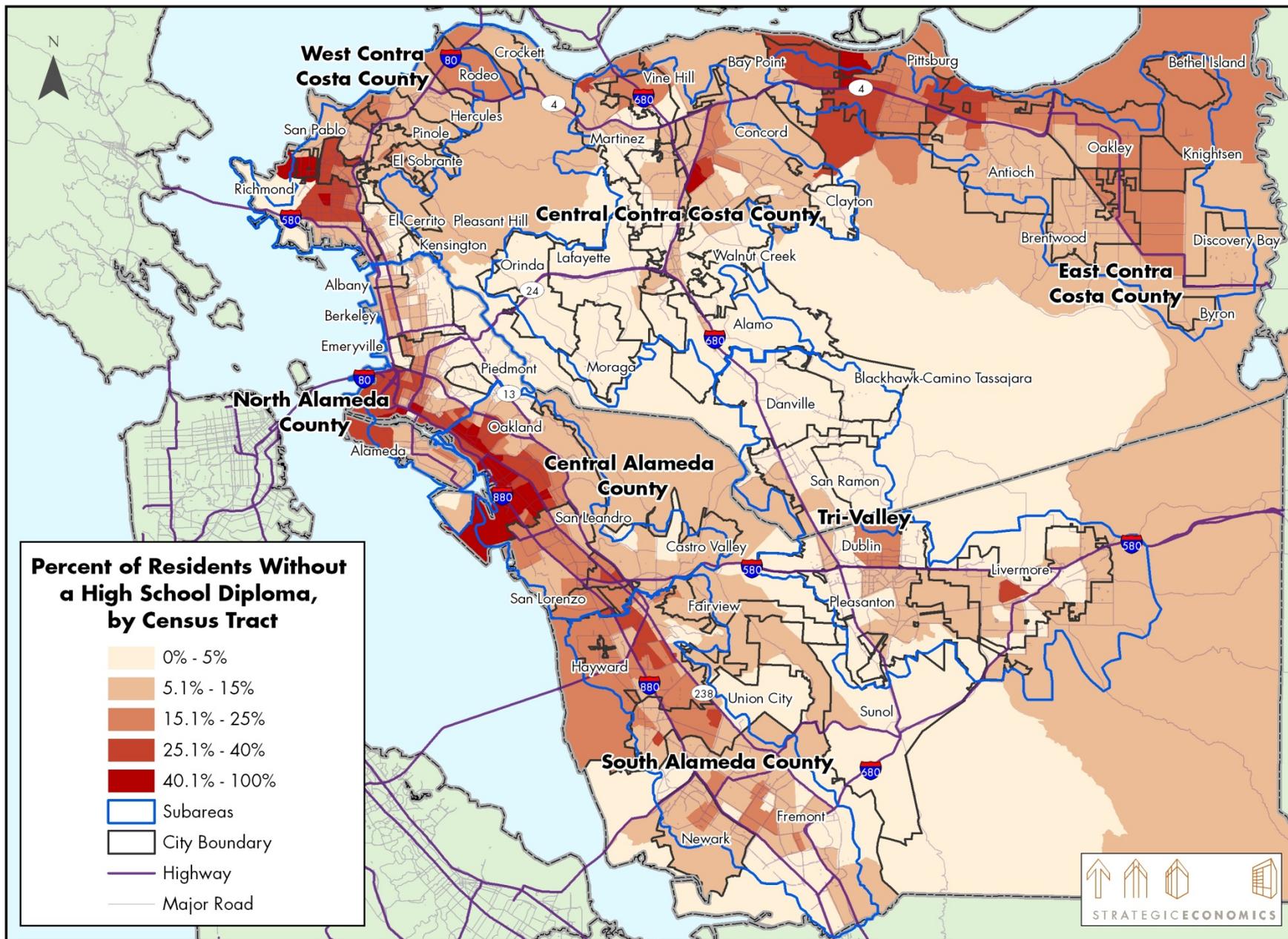
# Labor market trends



# East Bay workforce is comparably well-educated on average...

	East Bay	California	U.S.	Santa Clara
<b>Below 9th grade</b>	<b>7.00%</b>	<b>10.50%</b>	<b>6.30%</b>	<b>7.90%</b>
<b>9-12 no diploma</b>	<b>6.40%</b>	<b>9.00%</b>	<b>8.80%</b>	<b>6.30%</b>
<b>High school graduate</b>	<b>20.20%</b>	<b>21.50%</b>	<b>29.00%</b>	<b>16.90%</b>
<b>Some college</b>	<b>19.90%</b>	<b>21.50%</b>	<b>20.70%</b>	<b>17.50%</b>
<b>Associate degree</b>	<b>7.40%</b>	<b>7.60%</b>	<b>7.50%</b>	<b>7.40%</b>
<b>Bachelor's degree</b>	<b>24.20%</b>	<b>19.10%</b>	<b>17.60%</b>	<b>25.00%</b>
<b>Graduate degree</b>	<b>14.90%</b>	<b>10.70%</b>	<b>10.20%</b>	<b>19.00%</b>

# Low Educational Attainment in the East Bay, 2005-2009



Source: Strategic Economics, 2011; US Census American Community Survey Estimates, 2005-2009; ESRI; MTC.

# Baby boom retirements create job openings in every occupation...

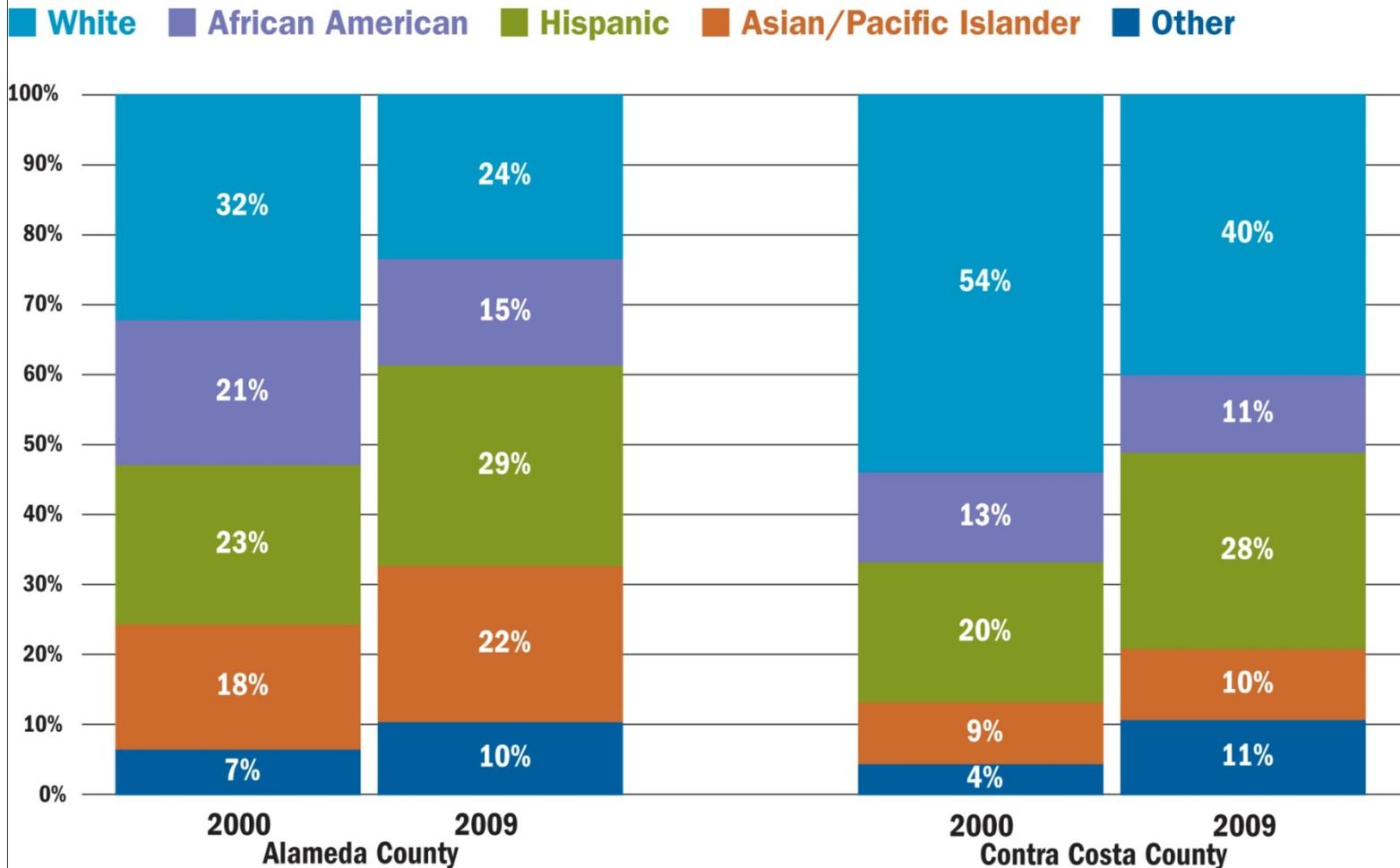
Occupational Category	Job Growth	Replacement	% Growth from Replacement
<b>Service occupations</b>	<b>3,512</b>	<b>6,199</b>	<b>63.8%</b>
<b>Professional and Related</b>	<b>2,073</b>	<b>4,520</b>	<b>68.6%</b>
<b>Management, Business and Financial</b>	<b>932</b>	<b>2,984</b>	<b>76.2%</b>
<b>Office and Administrative Support Occupations</b>	<b>728</b>	<b>3,640</b>	<b>83.3%</b>
<b>Sales and Related Occupations</b>	<b>515</b>	<b>3,320</b>	<b>86.6%</b>
<b>Construction and Extraction Occupations</b>	<b>354</b>	<b>1,112</b>	<b>75.9%</b>
<b>Installation, Maintenance, and Repair Occupations</b>	<b>131</b>	<b>755</b>	<b>85.2%</b>
<b>Transportation and Material Moving Occupations</b>	<b>95</b>	<b>1,692</b>	<b>94.7%</b>
<b>Farming, Fishing, and Forestry Occupations</b>	<b>15</b>	<b>45</b>	<b>75.0%</b>
<b>Production Occupations</b>	<b>-646</b>	<b>1,251</b>	<b>100.0%</b>
<b>Total Jobs</b>	<b>7,709</b>	<b>25,518</b>	<b>76.8%</b>

...but the incoming workforce not necessarily qualified to fill them



# Hispanic students increasing in #...

## Race/Ethnicity of East Bay Students - 2000 and 2009



Source: California Department of Education, Ed-Data

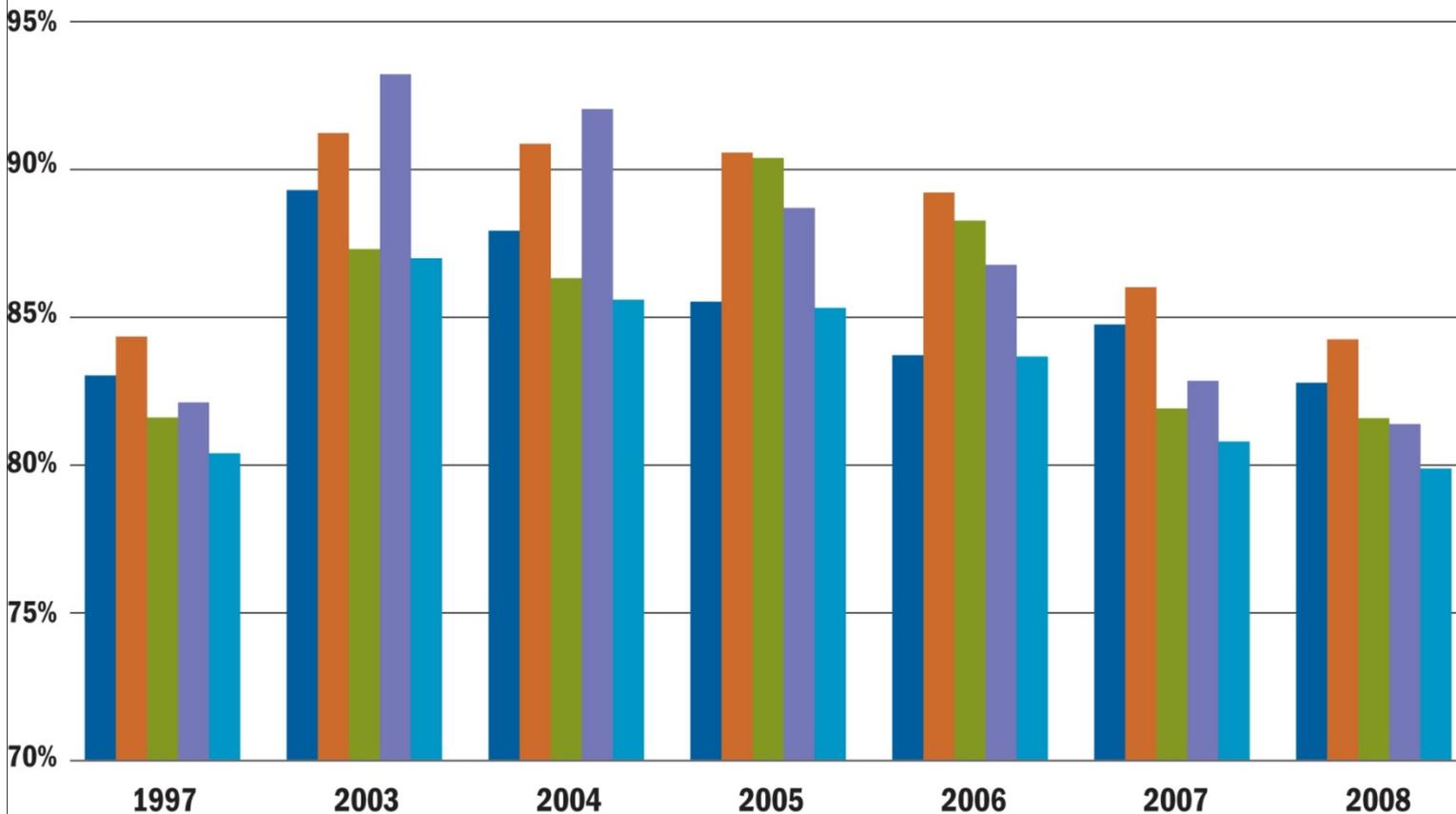
# ...60% with a high school diploma or less in the East Bay

Education	Total	White	Afr. Amer.	Hispanic	Other
<b>Less than High School</b>	<b>11.6</b>	<b>4.7</b>	<b>9.2</b>	<b>31.4</b>	<b>8.5</b>
<b>High school graduate</b>	<b>19.3</b>	<b>16.0</b>	<b>25.2</b>	<b>29.3</b>	<b>14.5</b>
<b>Some college, but less than 1 year</b>	<b>5.9</b>	<b>6.4</b>	<b>8.1</b>	<b>6.0</b>	<b>4.2</b>
<b>One or more years of college, no degree</b>	<b>17.0</b>	<b>17.5</b>	<b>24.9</b>	<b>14.4</b>	<b>15.1</b>
<b>Associate's degree</b>	<b>7.5</b>	<b>8.0</b>	<b>10.1</b>	<b>5.4</b>	<b>7.3</b>
<b>Bachelor's degree</b>	<b>24.3</b>	<b>28.5</b>	<b>15.4</b>	<b>9.7</b>	<b>32.8</b>
<b>Master's degree</b>	<b>9.8</b>	<b>12.5</b>	<b>5.3</b>	<b>2.7</b>	<b>12.7</b>
<b>Professional school degree</b>	<b>2.5</b>	<b>3.6</b>	<b>1.2</b>	<b>0.7</b>	<b>2.5</b>
<b>Doctorate degree</b>	<b>2.1</b>	<b>3.0</b>	<b>0.7</b>	<b>0.4</b>	<b>2.5</b>
<b>All Education Levels</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

# East Bay high school graduation rates are declining...

## Bay Area High School Graduation Rates

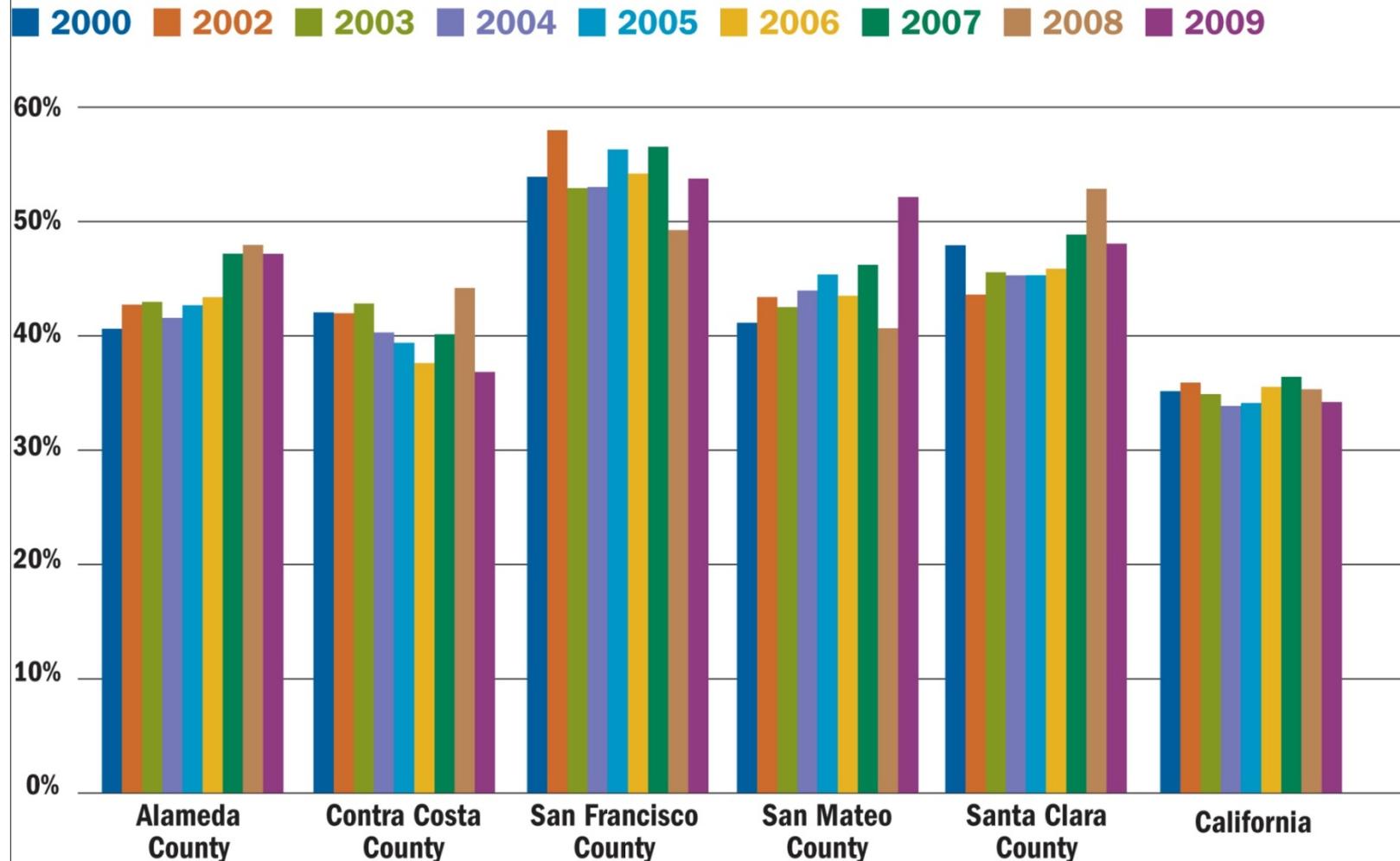
■ Alameda County   ■ Contra Costa County   ■ San Francisco County  
■ San Mateo County   ■ Santa Clara County



Source: California Department of Education

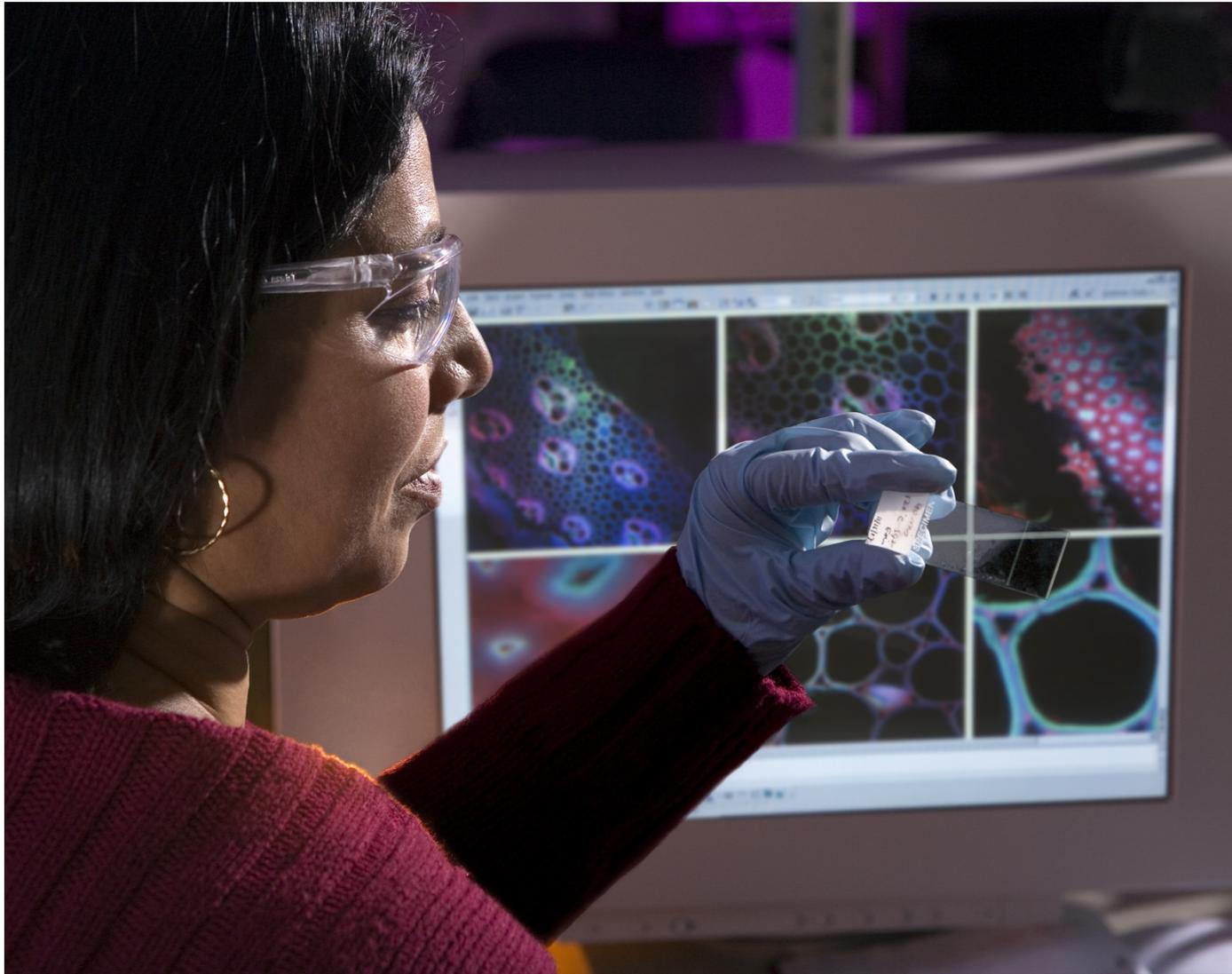
# ...and too few are ready for college

## Percentage of Graduates with UC/CSU Requirements



Source: California Department of Education

...at the same time that technical skill levels in all occupations are increasing

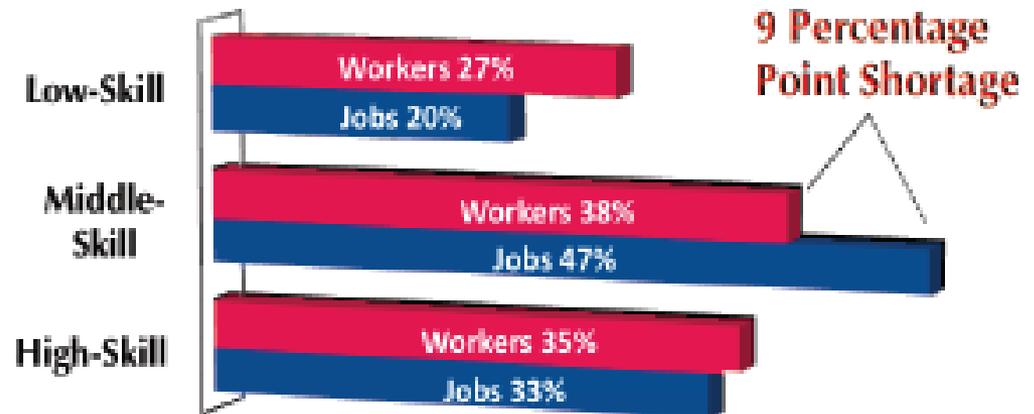


# Shortages at every level...

- Too few high school graduates
- Inadequate supply of middle-skill technical workers
- College graduates
- STEM graduates

**47 Percent of Jobs are Middle-Skill, But Only an Estimated 38 Percent of Workers are Trained for Middle-Skill Jobs**

CA jobs & workers during the recession, as a percentage of all jobs or workers (2009)



# Moving to Action

- Innovation
  - Telling the East Bay story (PR)
  - Strengthening incubation and clustering
- Education & Workforce Development
  - Increasing business connections with education/workforce efforts
- Business Climate
  - Increasing connection of small businesses to resources
  - Regulatory improvements “Back to Business Pledge”
- Bay Area Business Coalition (w/Contra Costa Council, others)
- East Bay Broadband Consortium