

## 6 ECONOMIC DEVELOPMENT ELEMENT



*Agricultural products and processing have long been central to Butte County's economy.*

Butte County, along with its rural character, has a strong economy based in its agricultural, commercial, industrial, educational, and professional industries. The County encourages economic development within these industries, and the development and enrichment of new industries that are job-creating and environmentally sustainable.

The purpose of this Economic Development Element is to identify, protect and enhance economic development in Butte County. This Element includes goals, policies, and actions to guide decision making that concerns the future of economic development in the county, and to ensure a high quality of life for Butte County residents.

This Element is organized into two sections as follows:

- ◆ **Background Information.** Provides a brief overview of the existing economic setting in Butte County. An expanded discussion about economic development in Butte County is available in Chapters 2 (Population, Housing and Employment), 3 (Economics), and 18 (Agriculture) of the Butte County General Plan 2030 Setting and Trends Report.
- ◆ **Goals, Policies, and Actions.** Provides additional guidance to the County related to decisions on economic development.

### *A. Background Information*

This section provides an overview of the economic setting in Butte County, including its various economic sectors, employment trends, and fiscal conditions.

#### **1. Economic Sectors**

Butte County has historically been known as an agricultural county. Productive farmlands dominate much of the landscape in the flat western parts of the county that benefit from fertile soils and proximity to the Sacramento River, as well as other waterways that drain out of the mountains to the east. Agriculture generates considerable economic activity. In 2008, the estimated gross value of agricultural production in all of Butte County was approximately \$580 million. Trends indicate that agriculture will maintain a strong position within Butte County's economy. The 2008 production value is an increase of almost \$73 million over the 2007 production value, and is 62 percent greater than the county's ten-year average production value of \$357 million.<sup>1</sup>

---

<sup>1</sup> Butte County Agriculture Commissioner, May 18, 2009, *2008 Butte County Agricultural Crop Report*.

A recent trend that supports the agricultural economy in Butte County has been the introduction of innovative and new approaches to farming, such as trellised olives for mechanized harvesting and niche crops like botanicals and organics. In addition, an industry has been developing around agricultural tourism. By reinventing farmland as a destination attraction, agriculturalists promote education about agricultural land and farming practices, while marketing their products. Wineries, orchards and other small-scale farms have been leading this economic activity in Butte County.

In 2009, sales from the agriculture, mining, forestry, fishing and hunting industries accounted for 11 percent of the total sales in unincorporated Butte County. Sales from manufacturing, transportation and warehousing accounted for another 13 percent of sales in unincorporated Butte County, and it is likely that many of the sales in these sectors are also associated with the agriculture sector. Other strong sectors in unincorporated Butte County's total sales in 2009 are construction, wholesale and retail trades, and educational services.<sup>2</sup> These statistics are illustrated graphically in Figure ED-1.

## 2. Employment Trends

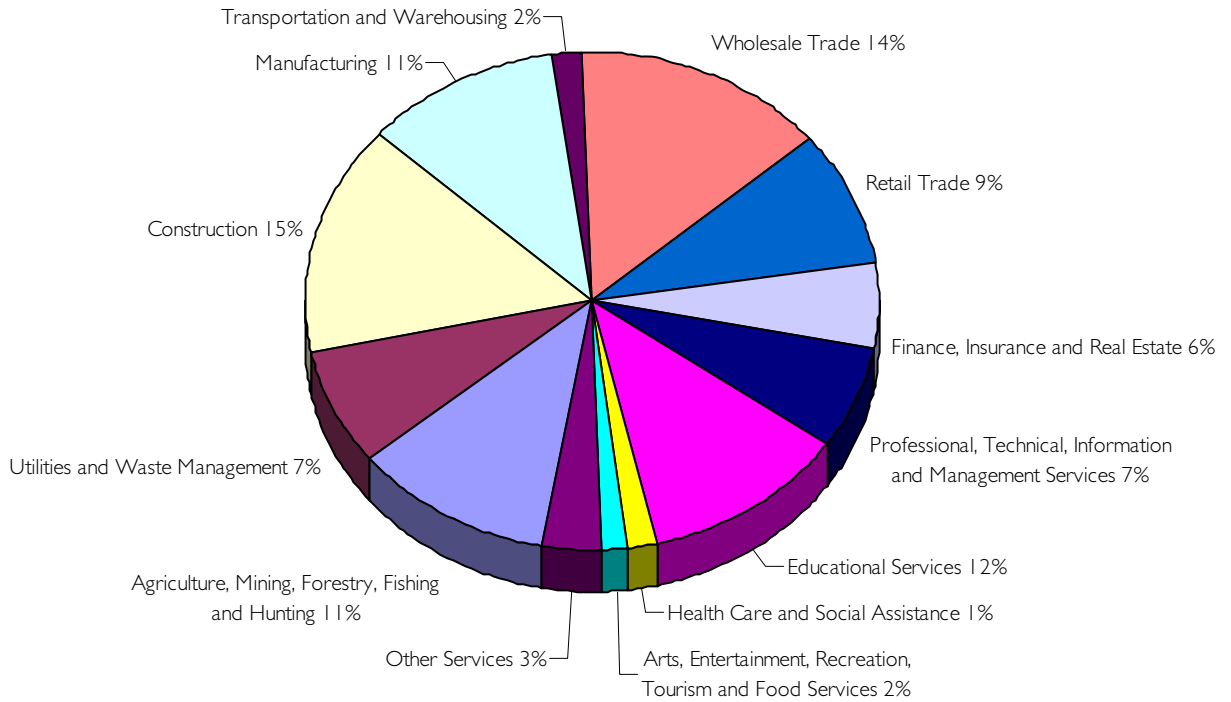
Table ED-1 provides employment projections from the California Employment Development Department for Butte County by industry for non-agricultural labor over the next several years. Total non-agricultural labor in Butte County is expected to grow by over 12 percent by 2016, with the largest growth in the education and health services, wholesale trade, and professional and business services industries.

Although the Employment Development Department does not project agricultural employment in Butte County, the agriculture, forestry, fishing, and hunting industries provide about 500 jobs in the unincorporated county,

---

<sup>2</sup> Dun & Bradstreet and the Center for Economic Development at California State University, Chico, 2009, *Business/Organization Sales in Unincorporated Butte County*.

FIGURE ED-1 **PERCENT OF TOTAL SALES IN UNINCORPORATED BUTTE COUNTY, 2009**



Source: Dun & Bradstreet and the Center for Economic Development at California State University, Chico, 2009, *Business/Organization Sales in Unincorporated Butte County*.

which is about 14 percent of the total number of jobs for commercial businesses in unincorporated Butte County in 2009.<sup>3</sup>

Table ED-2 shows labor force trends from 2000 to 2009, based on data from the California Employment Development Department (EDD). Over the past ten years, unincorporated Butte County has generally maintained slightly lower unemployment rates than the total county. Although labor force trends

<sup>3</sup> Dun & Bradstreet and the Center for Economic Development at California State University, Chico, 2009, *Business/Organization Sales in Unincorporated Butte County*.

TABLE ED-1 **BUTTE COUNTY NONFARM EMPLOYMENT PROJECTIONS BY INDUSTRY, 2006–2016**

<b>Butte County</b>	<b>2006</b>	<b>2016</b>	<b>Growth Rate</b>
Natural Resources, Mining and Construction	4,200	4,700	11.9%
Manufacturing	4,100	4,000	- 2.4%
Wholesale Trade	1,900	2,200	15.8%
Retail Trade	10,600	112,300	6.6%
Transportation, Warehousing and Utilities	1,900	2,000	5.3%
Information	1,300	1,400	7.7%
Financial Activities	4,200	4,700	11.9%
Professional and Business Services	5,800	6,700	15.5%
Education and Health Services	12,900	15,000	16.3%
Leisure and Hospitality	7,700	8,700	13.0%
Other Services	3,600	4,100	13.9%
Government	17,500	20,100	14.9%
<b>Total Nonfarm<sup>a</sup></b>	<b>75,700</b>	<b>84,900</b>	<b>12.2%</b>

<sup>a</sup> Data from the Employment Development Department do not include estimates of agricultural employment. However, employment trend data indicate that agricultural employment is expected to decline by 12.0 percent between 2006 and 2016.

Source: California Employment Development Department, 2007.

were on par with labor force trends of the State, the unemployment rates of both Butte County as a whole and the unincorporated portion of the county were consistently higher than statewide unemployment rates.

### 3. Fiscal Health

Development under the General Plan has fiscal implications for the County that vary significantly based on location. For example, development that occurs within a Tax Rate Area (TRA) that allocates a larger than average share

TABLE D-2 LABOR FORCE TRENDS, 2000 – 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
<b>Butte County</b>										
Labor Force	93,100	95,200	97,600	99,000	97,800	98,900	100,800	102,300	104,300	106,100
Employment	87,300	88,900	90,400	91,500	90,600	92,100	94,500	95,500	95,500	92,700
Unemployment	5,800	6,300	7,200	7,500	7,200	6,700	6,300	6,800	8,800	13,500
Unemployment Rate	6.2%	6.6%	7.4%	7.6%	7.4%	6.8%	6.2%	6.7%	8.4%	12.7%
<b>Unincorporated Butte County</b>										
Labor Force	43,800	44,800	46,000	46,600	46,100	46,600	47,500	48,200	49,000	49,000
Employment	41,000	41,900	42,600	43,000	42,700	43,300	44,500	44,900	44,900	43,600
Unemployment	2,700	2,900	3,400	3,500	3,400	3,100	2,900	3,100	4,100	6,400
Unemployment Rate	6.2%	6.5%	7.4%	7.5%	7.4%	6.7%	6.1%	6.4%	8.4%	12.8%
<b>State of California</b>										
Labor Force	16,857,600	17,152,100	17,343,600	17,390,700	17,444,400	17,629,200	17,821,100	18,078,000	18,391,800	18,528,400
Employment	16,024,300	16,220,000	16,180,800	16,200,100	16,354,800	16,671,900	16,948,400	17,108,700	17,059,600	16,459,900
Unemployment	833,200	932,100	1,162,800	1,190,600	1,089,700	957,200	872,700	969,300	1,332,300	2,068,500
Unemployment Rate	4.9%	5.4%	6.7%	6.8%	6.2%	5.4%	4.9%	5.4%	7.2%	11.2%

\* 2009 data is an average for the January to June period.

Source: California Employment Development Department, 2009.

of the basic property tax to the County will generate more revenues than the same development that is built within a TRA that allocates an average or smaller share of the basic property tax to the County. Service costs can also vary based on location. For example, if 3,000 new residential units were built within a rural community in the unincorporated portion of the county and the existing Sheriff service standard is insufficient to meet the demand from new development, then the County would need to adjust service standards for the entire community, not just the new residential units, which could lead to disproportionately high costs of providing Sheriff services to the community. On the other hand, if new residential units were scattered about the rural portion of the county, such development could lead to inefficiencies in service delivery.

On a more global scale, the County also faces fiscal issues related to development that occurs within both the unincorporated and incorporated portions of the county. The County Board of Supervisors has discretion over how to spend a relatively small portion of its budget, while restrictions imposed by outside funding sources dictate how most of the budget is spent. This has important implications for the County as it considers the impacts of growth over the General Plan horizon.

### *B. Goals, Policies, and Actions*

**Goal ED-1** Improve the local economy by diversifying the economy, reducing the unemployment rate, increasing business revenues to the County, and increasing wages.

#### Policies

ED-P1.1 The County's priority for future growth is creating sustainable jobs and providing a living wage to families.

- ED-P1.2 The County shall encourage a full range of commercial services at the regional, community and neighborhood levels.
- ED-P1.3 The County shall encourage a full range of recreational and tourism uses at Oroville Dam and Lake.
- ED-P1.4 Products and services for County operations shall be purchased from Butte County locally-owned businesses whenever possible.
- ED-P1.5 The County supports education and job training for those county residents currently employed, dislocated, or unemployed in order to enhance existing skill levels and provide for job advancement.

#### Actions

- ED-A1.1 Create a bold, powerful, forward-looking countywide Economic Development Strategy that identifies key sectors and sites for business expansion and programs to achieve that expansion. This strategy may include the following:
- a. Establishing a County-level economic development function.
  - b. Coordinating with retraining and educational programs.
  - c. Identifying target industries that provide above-average wages, as defined by the Employment Development Department average wage data for Butte County, and direct retention, expansion, and recruitment efforts towards these industries.
  - d. Identifying key economic development factors that support business development and encouraging excellence in each area, such as education, infrastructure,

transportation, availability of appropriately zoned land, and streamlined permit processes.

- e. Partnering with existing economic development entities, business development entities, and educational institutions to assist in the implementation of countywide economic development projects and programs, such as the development of flexible research and development and incubator spaces.
- f. Encouraging Butte County's college graduates to remain as county residents and employees.
- g. Recruiting new, high-quality workers to Butte County.
- h. Offering fiscal incentives, such as fee and tax reductions, deferrals, rebates, or waivers, to attract new industry.
- i. Supporting local Chambers of Commerce and organizations that support small businesses.
- j. Promoting sustainable business and new economic opportunities related to renewable energy.
- k. Using existing workforce studies to inform the planning process. (Policy Alternatives 21.a)

ED-A1.2 Create a comprehensive countywide Tourism Development Strategy that may include the following:

- a. Increasing coordination of tourism and recreation development at a range of scales, including with other counties, with the municipalities in Butte County, among the various sectors of Butte County tourism, and through public/private partnerships.



*Lake Oroville.*

- b. Collaborating with existing tourism and recreation groups, such as the Central Sacramento Valley Resource Conservation and Development Area Council and local Chambers of Commerce.
- c. Promoting Butte County as a destination for large events such as conferences and sporting events.
- d. Support for the development of conference centers, hotels, restaurants, and transit options to serve large events.
- e. Promoting Butte County as a destination for recreational, cultural, and amenity-based tourism.
- f. Promoting the development of high-quality tourist amenities, such as hotels and restaurants, in scenic areas,

near such tourist destinations as the Feather River Canyon, Table Mountain, and Lake Oroville.

- g. Preserving and using historic sites as tourist destinations.
- h. Encouraging tour companies to visit historic sites in Butte County.
- i. Considering the construction of a visitor center for Butte County.
- j. Creating a visitor center kiosk in each County library.
- k. Celebrating Native American heritage in marketing Butte County as a tourist destination, in consultation with local tribes.
- l. Raising the transient occupancy tax, and using the increase exclusively to fund tourism development efforts.
- m. Encouraging the County's municipalities to use a portion of their transient occupancy taxes for tourism development and coordinated tourism development efforts and planning.
- n. Prioritizing transportation infrastructure improvements that would support tourism.
- o. Encouraging the State to improve roadway access to Lake Oroville.
- p. Adding signage on Interstate 5 encouraging travelers to visit Butte County.
- q. Encouraging appropriate agencies to consider recreation in determining water levels for Lake Oroville and the Afterbay. (Policy Alternatives 22.a)



*Aerospace business headquartered at the Chico Municipal Airport.*

- ED-A1.3 Create an innovative, progressive, and robust countywide strategy to support the local manufacturing, office, and commercial sectors. This strategy may include the following:
- a. An inventory of available industrial and commercial land and buildings.
  - b. Promoting the Oroville Enterprise Zone and its associated State incentives as a location for targeted industries, such as green technologies and businesses.
  - c. Cooperation with municipalities to jointly plan for regional manufacturing, office, and commercial development.
  - d. Support for training at trade and professional schools, such as Butte College, and promote expanded vocational programs.
  - e. Improvements to infrastructure that support manufacturing, office, and commercial development, and promote airport, highway, and rail development. (Policy Alternatives 23.a)

<b>Goal ED-2 Promote and support the local agricultural economic sector.</b>
--

Policies

- ED-P2.1 The County shall create and support opportunities to promote and market agricultural products grown or processed within Butte County (such as a Farmers' Market). (Agricultural Element Program 6.1)
- ED-P2.2 The County shall encourage development of food processing and other facilities that could support production of "value-added" agriculture products from Butte County. (Policy Alternatives 16.g)
- ED-P2.3 The County shall promote agritourism, such as through special events and themed "farm trails" and routes within Butte County's agricultural areas. (Policy Alternatives 16.e)
- ED-P2.4 The County will support a Community Supported Agriculture (CSA) program if one is developed. (Policy Alternatives 16.a)
- ED-P2.5 The County supports existing grower cooperatives in Butte County. (Policy Alternatives 16.h)
- ED-P2.6 The County supports programs and projects that would help Butte County farmers provide carbon offsets, if and when new regulations require industries to provide carbon offsets.
- ED-P2.7 The County supports programs and projects that utilize agricultural by-products for "green" building material production and/or renewable energy production, such as using straw bales for building or converting rice straw to bio-fuels.

Actions

- ED-A2.1 Identify sites suitable for the development of a regionally focused agricultural center. (Policy Alternatives 16.c)
- ED-A2.2 Include agricultural marketing in the Countywide Economic Strategy to coordinate private and public initiatives and integrate them with County business attraction efforts. (Policy Alternatives 16.b)
- ED-A2.3 Facilitate opportunities to promote agricultural products that are grown or processed in Butte County and develop a “brand recognition” for these products. (Policy Alternatives 16.d and Agricultural Element Policy 6.2)

**Goal ED-3 Improve the County’s fiscal health.**Policies

- ED-P3.1 The County shall utilize developer agreements as a tool to implement public facilities financing plans and to secure various benefits from significant new development projects. (Policy Alternatives 21.k)
- ED-P3.2 Projects that are consistent with the General Plan 2030 land use designation and are located in areas where the County receives above-average property tax share, relative to property tax shares that the County receives elsewhere in the unincorporated area, shall receive priority through a permit streamlining process. (Policy Alternatives 21.b)
- ED-P3.3 Major mixed use projects shall develop non-residential uses concurrent with housing so that revenue- and job-generating uses do not appreciably lag residential development. Each

phase of housing shall be accompanied by balanced revenue- and job-generating development. (Policy Alternatives 21.c)

- ED-P3.4 Reductions and exceptions to development impact fees shall be allowed only when an applicant can demonstrate that the reduction will result in a clear economic development benefit to the County. If the County elects to charge impact fees that are less than what is necessary to completely fund new development's share of projected countywide costs, County resources to "backfill" the foregone revenues shall be clearly identified and committed so that the impact fee program remains "whole." (Policy Alternatives 21.j)
- ED-P3.5 When County redevelopment project areas generate tax increment funds, these funds shall be used to pay for existing development's share of public improvement costs when other financing options do not exist. (Policy Alternatives 21.n)
- ED-P3.6 Formation of Redevelopment Project Areas or Infrastructure Financing Districts shall be explored where such mechanisms can provide financing tools to help pay for existing development's share of new public improvement costs. (Policy Alternatives 21.p)

#### Actions

- ED-A3.1 Initiate talks on a countywide basis to have municipalities collaborate with the County to generate funds to help pay for the share of County public improvement costs that are attributable to existing development within the municipalities. For example, the municipalities could set aside a portion of annual revenues to help pay for existing development's share, or the municipalities could collaborate with the County to

promote and gain voter approval for a countywide measure that would generate needed funds. (Policy Alternatives 21.q)

- ED-A3.2 Pursue blanket agreements with each municipality whereby the municipalities would collect impact fees on the County's behalf from all new development in their jurisdiction that would generate demand for County public facilities. At a minimum, such agreements shall be incorporated into new annexation proceedings. (Policy Alternatives 21.l)
- ED-A3.3 Pursue grant funds, such as funds from the State Small Cities CDBG (General Allocation) program, to help pay for existing development's share of new public improvement costs. (Policy Alternatives 21.o)