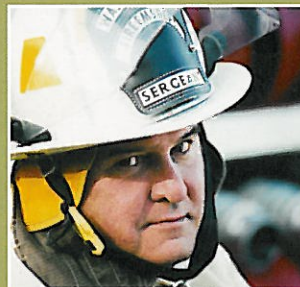
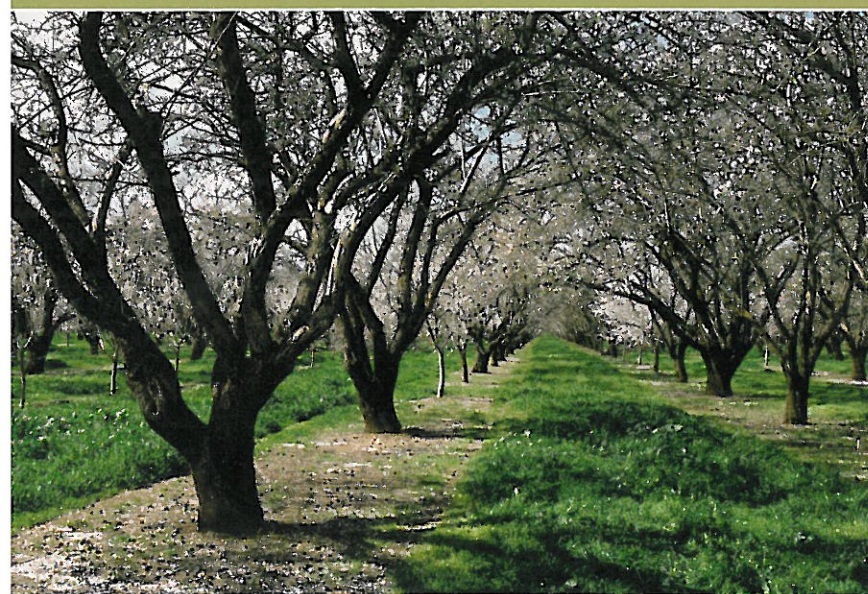


A STRATEGY FOR NEW JOBS AND PROSPERITY FOR COLUSA COUNTY
A Report to the Community



PREPARED BY:
Applied Development Economics

ON BEHALF OF
The South Colusa County Economic Advisory Group
Pacific Cascade Group

In the mid-nineties, the Colusa County Board of Supervisors dedicated 500 acres at the southern border of the county for new jobs and economic growth.

To date, very few jobs have been created on this "Economic Growth Node."

This can now change. Applied Development Economics prepared this report to help the South Colusa County Economic Advisory Group assess the economic condition of Colusa County and present an effective strategy for attracting new employers, jobs and homes that will allow the entire county to meet its goals for economic prosperity while maintaining a high quality of life.



Eight County Region

INTRODUCTION

By dedicating 500 acres at the southern border of the county for new jobs and economic growth, the Colusa County Board of Supervisors has taken an important first step toward a better future for the county. As owners of a large portion of the 500 acre property, Pacific Cascade Group shares the county's vision for new jobs and economic prosperity and has been working with local community leaders to help fulfill this vision.

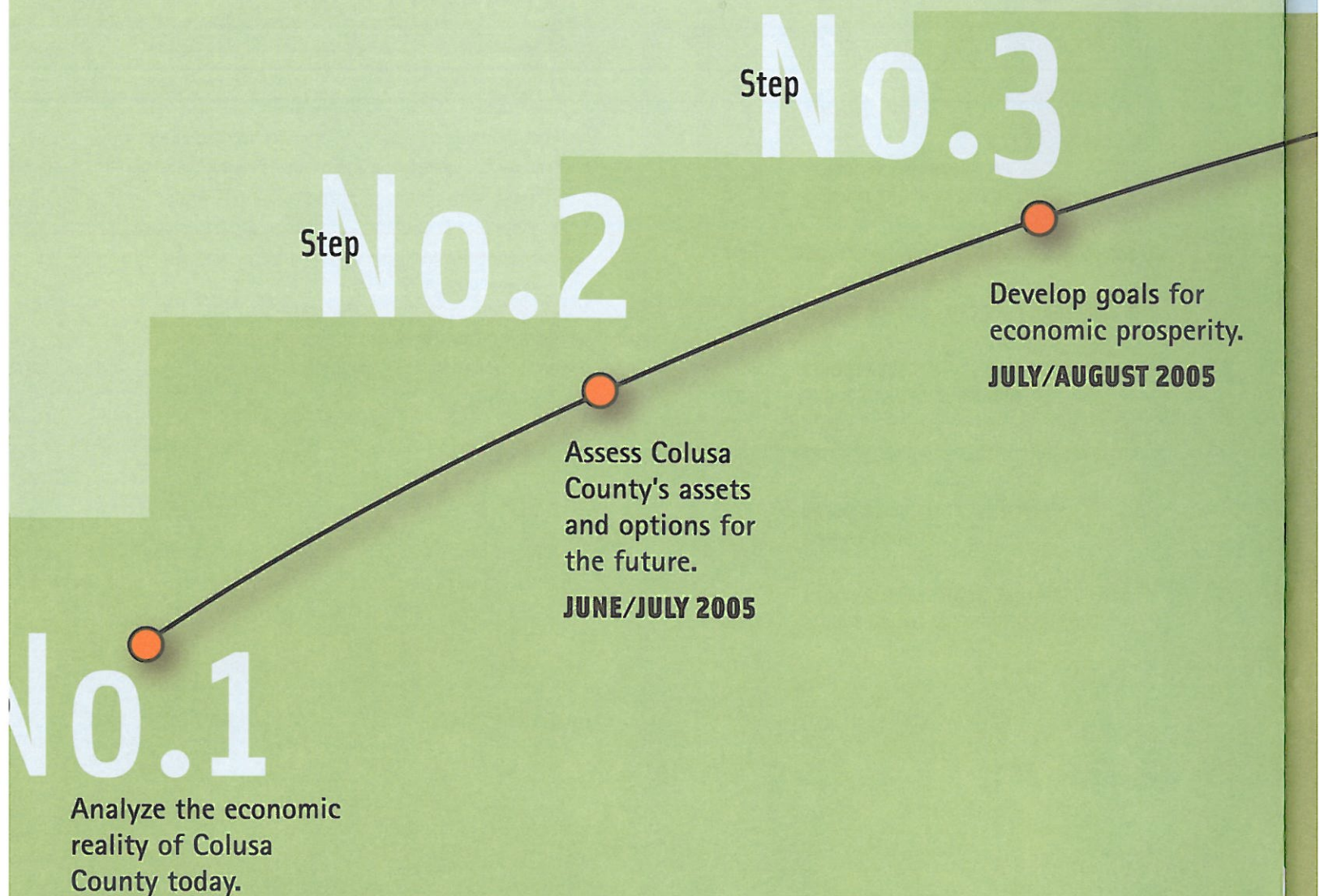
Last May, the South Colusa County Economic Advisory Group was formed. Residents, business owners and government officials, together with school, church and hospital leaders, participated in an eight-month process to help develop a strategic plan for using the property to meet the community's goals.

Early in the process, the Economic Advisory Group determined that a professional economic development consulting firm was needed to assist them in the development of an effective economic strategy for the county. The group looked at several different firms before choosing our firm — Applied Development Economics — based on our extensive experience helping rural communities meet their economic goals.

This Report to the Community summarizes the Economic Advisory Group process and its conclusions.

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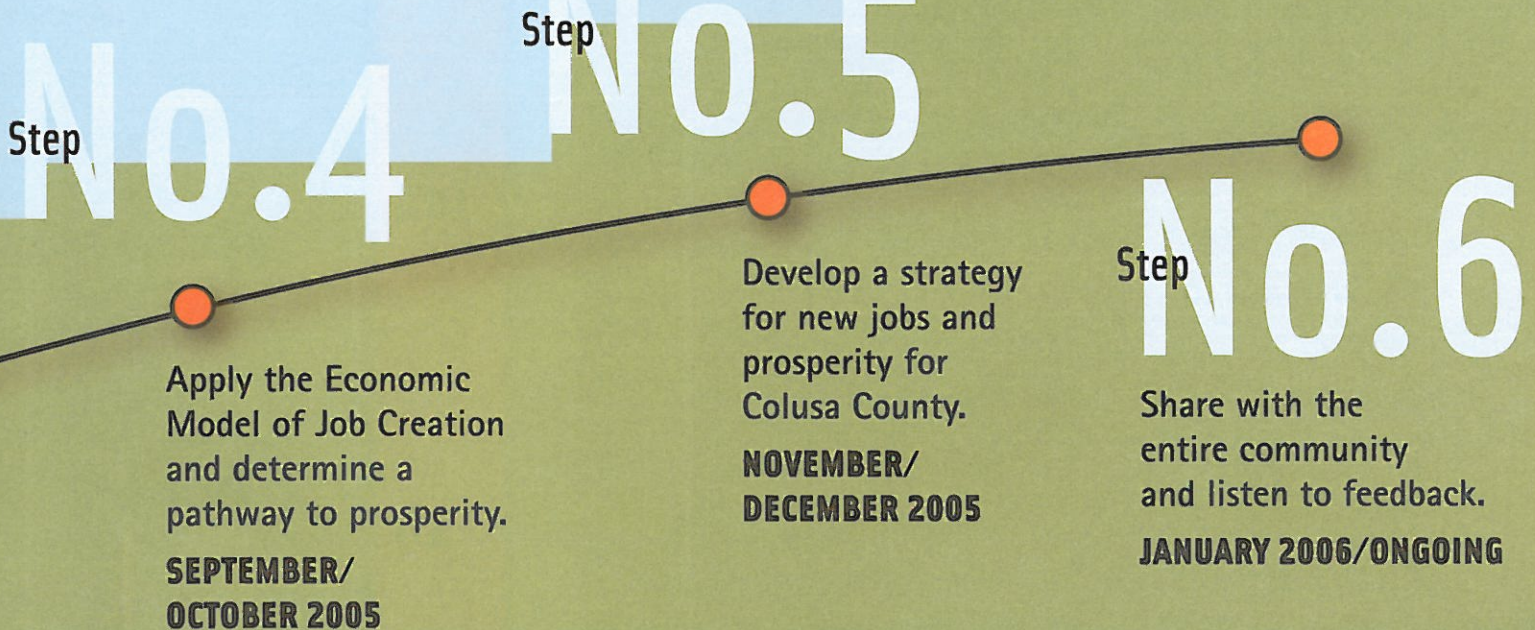
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THE PROCESS

The South Colusa County Economic Advisory Group Process

In December 2005, the South Colusa County Economic Advisory Group completed an eight month process facilitated by Applied Development Economics to create an economic development strategy for Colusa County. The group determined that the results should be shared with the entire community so that we could receive your feedback, ideas, and advice.



COUNTY EMPLOYMENT RATES

Best to Worst

1. Orange (best)	31. Butte
2. Marin	32. Mariposa
3. Placer	33. Tehama
4. San Luis Obispo	34. Shasta
5. San Diego	35. Monterey
6. San Mateo	36. Plumas
7. Sonoma	37. San Benito
8. Napa County	38. Sierra
9. Santa Barbara	39. Madera
10. El Dorado	40. Modoc
11. Nevada	41. San Joaquin
12. Contra Costa	42. Glenn
13. Sacramento	43. Lassen
14. Inyo	44. Del Norte
15. San Francisco	45. Lake
16. Alameda	46. Stanislaus
17. Los Angeles	47. Kern
18. San Bernardino	48. Yuba
19. Ventura	49. Alpine
20. Amador	50. Siskiyou
21. Mono	51. Fresno
22. Riverside	52. Kings
23. Solano	53. Tulare
24. Santa Clara	54. Merced
25. Mendocino	55. Sutter
26. Calaveras	56. Trinity
27. Yolo	57. COLUSA
28. Tuolumne	58. Imperial (worst)
29. Humboldt	
30. Santa Cruz	

UNEMPLOYMENT (10-Year Average)

15%

10%

5%

0%

5.1%

CALIFORNIA

SOURCE:
California Workforce and Labor
Development Agency (1995-2005)

("Region" is defined as Sutter, Yuba,
Placer, Yolo, Solano, Sacramento,
and El Dorado counties).

THE ECONOMIC REALITY OF COLUSA COUNTY TODAY

FACT No. 1

FACT No. 1

High Unemployment

Colusa County's annual unemployment rate has been the second highest in the state for more than ten years running, and is more than triple the state average.

ATE

16.6%

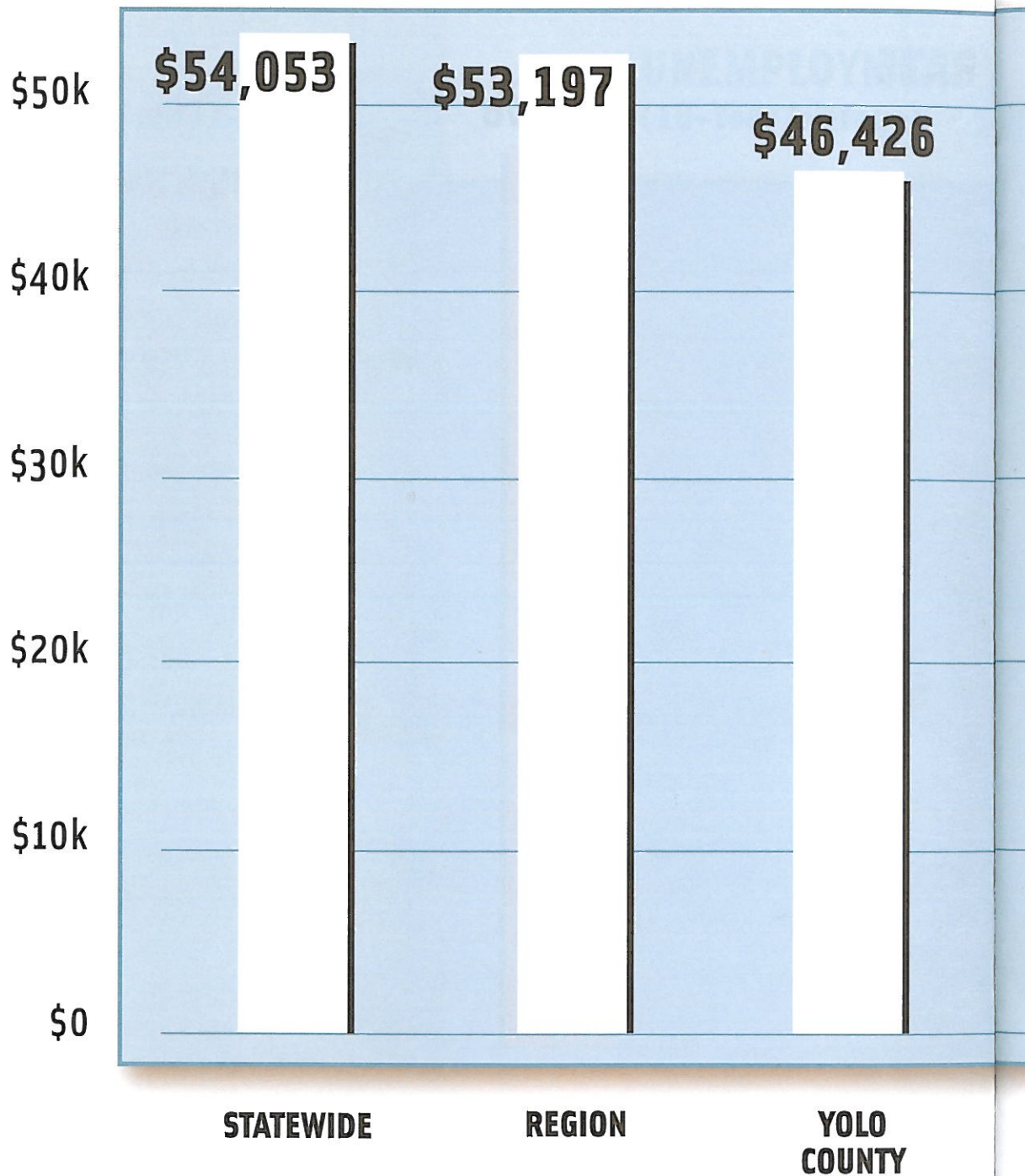
6.0%

REGION

COLUSA
COUNTY

Colusa County's high unemployment rate means that the county is not attracting enough employers outside of the agricultural industry.

MEDIAN HOUSEHOLD INCOME



Lower household income means less spendable income to support local businesses, resulting in a lack of shopping and lower sales tax revenue.

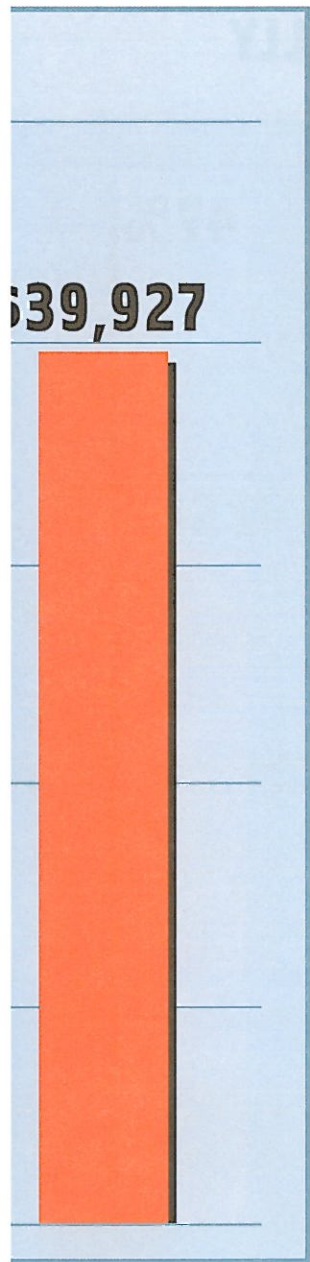
THE ECONOMIC REALITY OF COLUSA COUNTY TODAY

FACT No. 2

FACT No. 2

Low Median Household Income

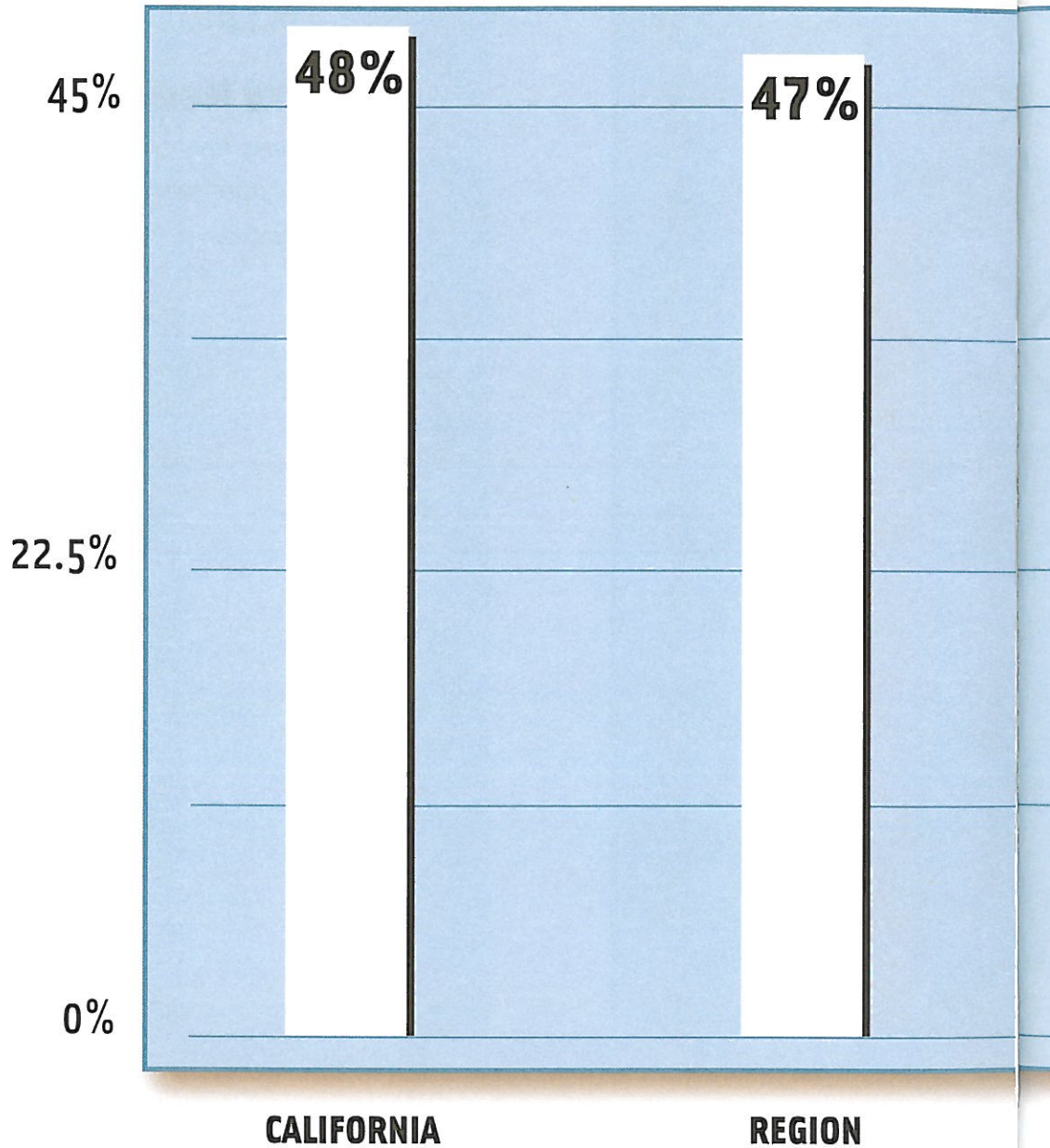
Colusa County's median income is 25 percent lower than the state average, ranking near the bottom of California counties.



**COLUSA
COUNTY**

SOURCE:
US Census Bureau (2000)

PERCENTAGE OF HOUSEHOLDS EARNING MORE THAN \$50,000 ANNUALLY



Colusa County has not been successful in attracting the employers needed to provide enough higher paying jobs.

THE ECONOMIC REALITY OF COLUSA COUNTY TODAY

FACT No. 3

A Lack of High Paying Jobs

Only 32 percent of Colusa's households earn more than \$50,000 per year, compared to more than 48 percent statewide and 47 percent in the region.



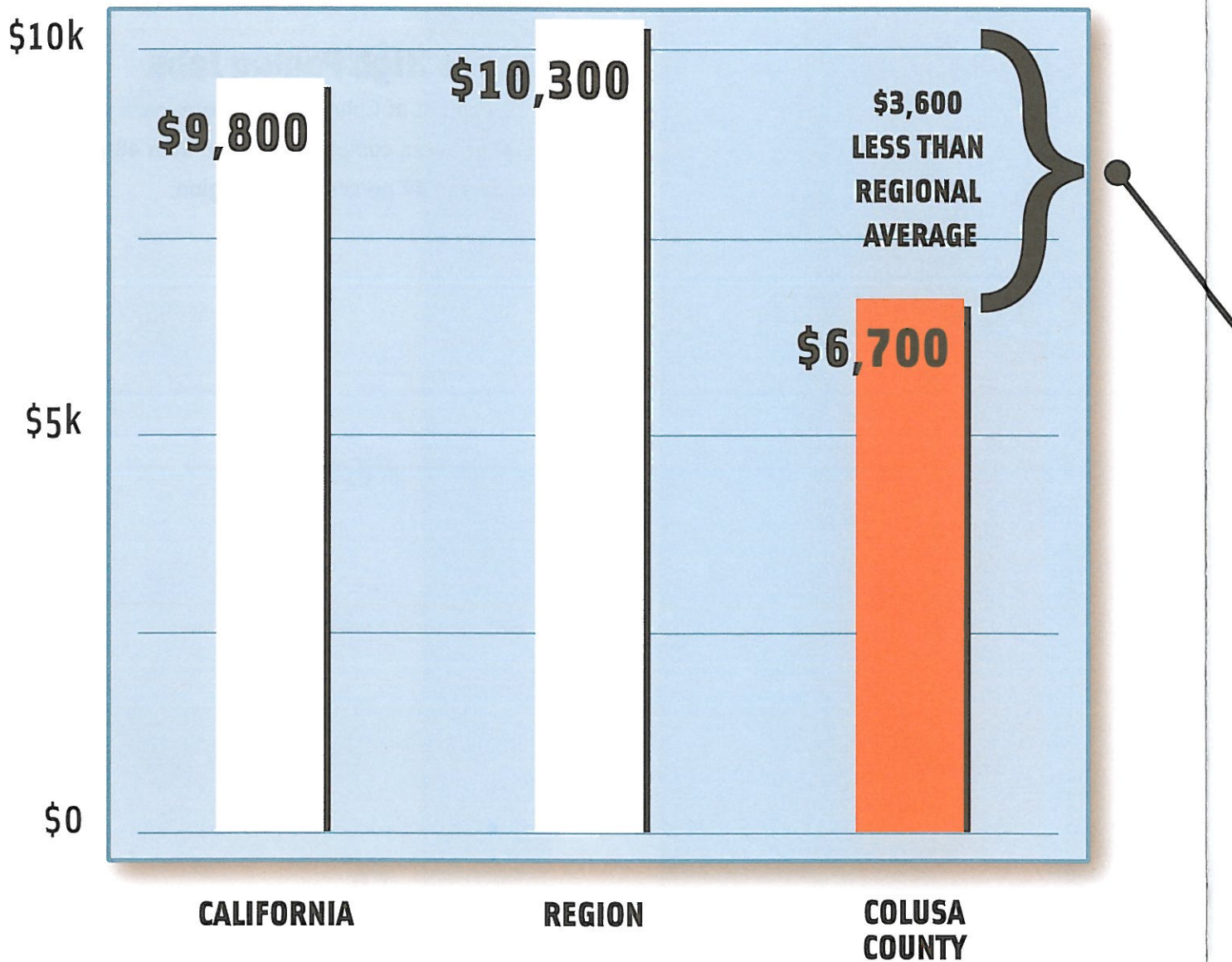
A bar chart with a light blue background and horizontal grid lines. A single orange bar is shown, with the value '32%' printed above it in a bold, black font.

Category	Percentage
Colusa County	32%

**COLUSA
COUNTY**

SOURCE:
US Census Bureau (2000)

ANNUAL RETAIL SALES PER PERSON



SOURCE:
California Department of Equalization (2003) and ADE

Colusa County does not have enough stores to keep residents' shopping dollars in the county. To create new shopping opportunities and keep more revenue and jobs in the county, the population needs to grow large enough for new stores to succeed.

THE ECONOMIC REALITY OF COLUSA COUNTY TODAY

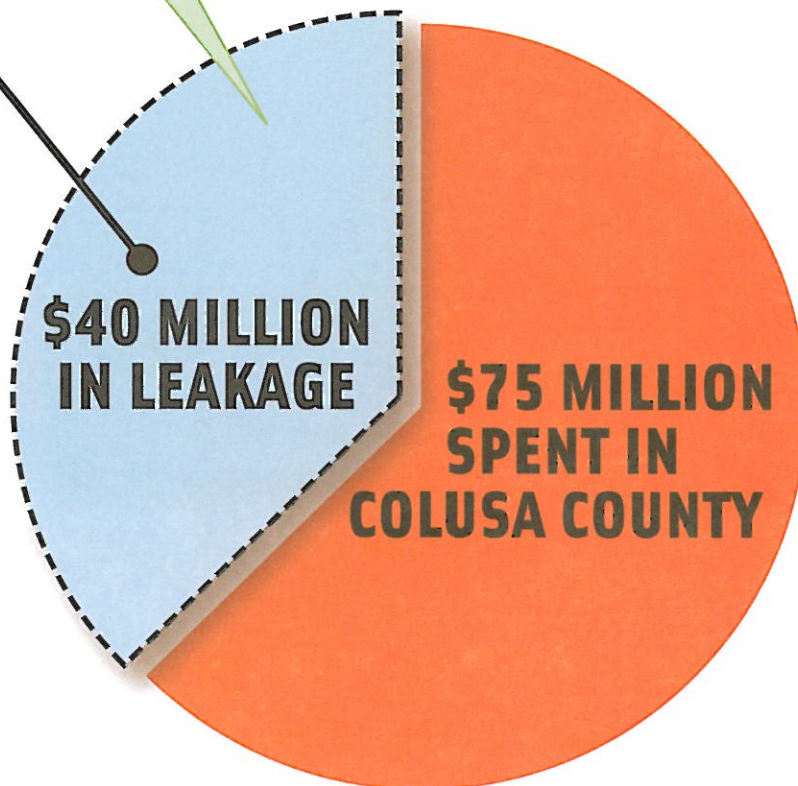
FACT No. 4

FACT No. 4

A Lack of Shopping and Entertainment Opportunities Means \$40 Million in Lost Revenue Each Year

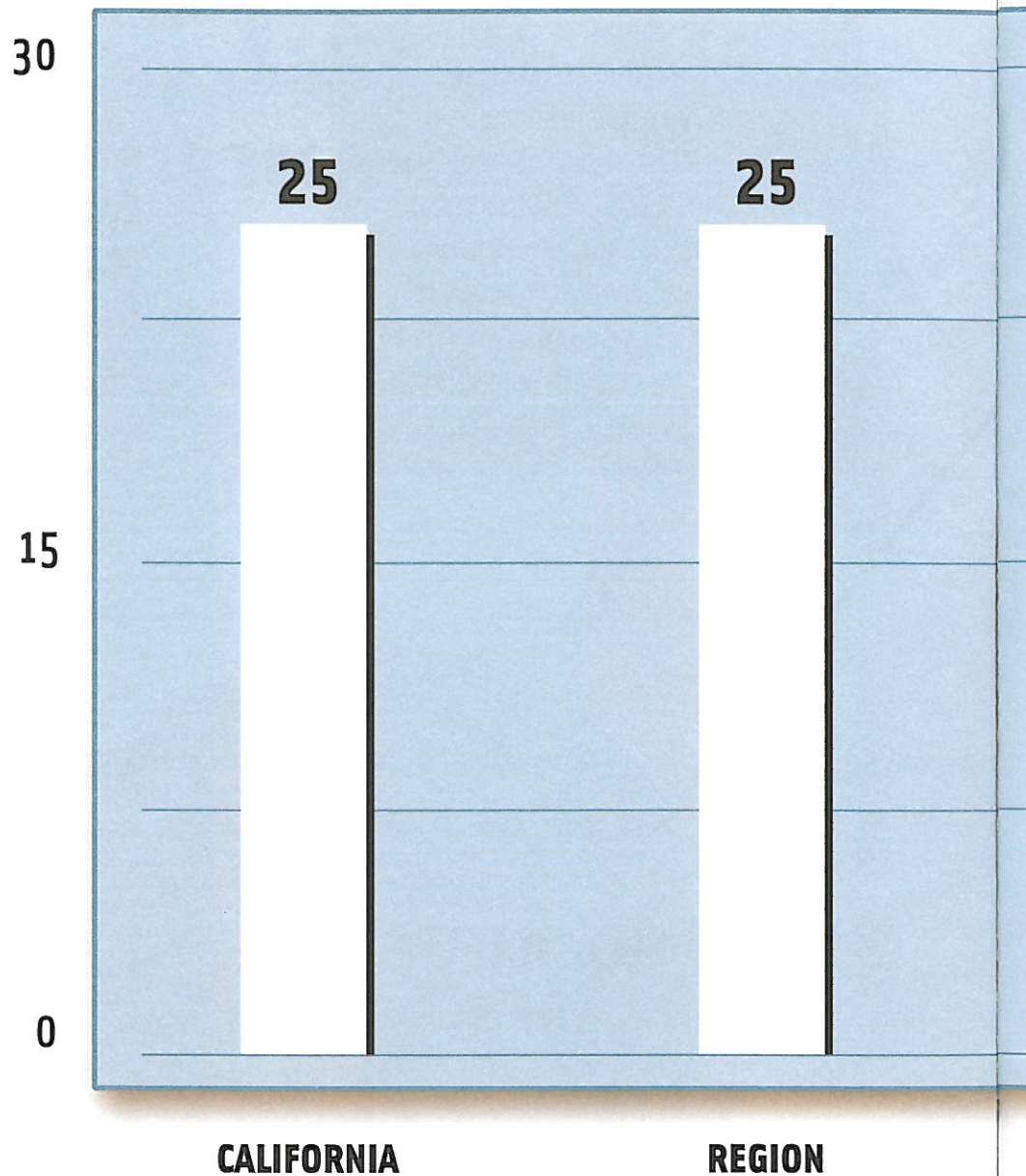
Compared to neighboring counties,
Colusa County retailers earn 35 percent
less revenue per resident.

**COLUSA COUNTY RETAILERS
RECEIVE \$3,600 LESS REVENUE
PER RESIDENT THAN THE REGIONAL
AVERAGE. COLUSA COUNTY LOSES
ROUGHLY \$40 MILLION IN RETAIL
"LEAKAGE" ANNUALLY BECAUSE
RESIDENTS LACK PURCHASING POWER
AND DO SO MUCH OF THEIR SHOPPING
OUTSIDE OF THE COUNTY.**



**ANNUAL RETAIL REVENUE
IN COLUSA COUNTY**

PHYSICIANS PER 10,000 RESIDENTS (2005)



Because of the way Colusa County's population is spread out thinly over a large area, it is difficult for doctors to establish successful practices. In addition, many of Colusa County's workers lack health insurance.

THE ECONOMIC REALITY OF COLUSA COUNTY TODAY

FACT No. 5

FACT No. 5

Medical Services Lacking

Colusa County lacks the population to support many basic services and today there are only 12 doctors and one hospital in the entire county.



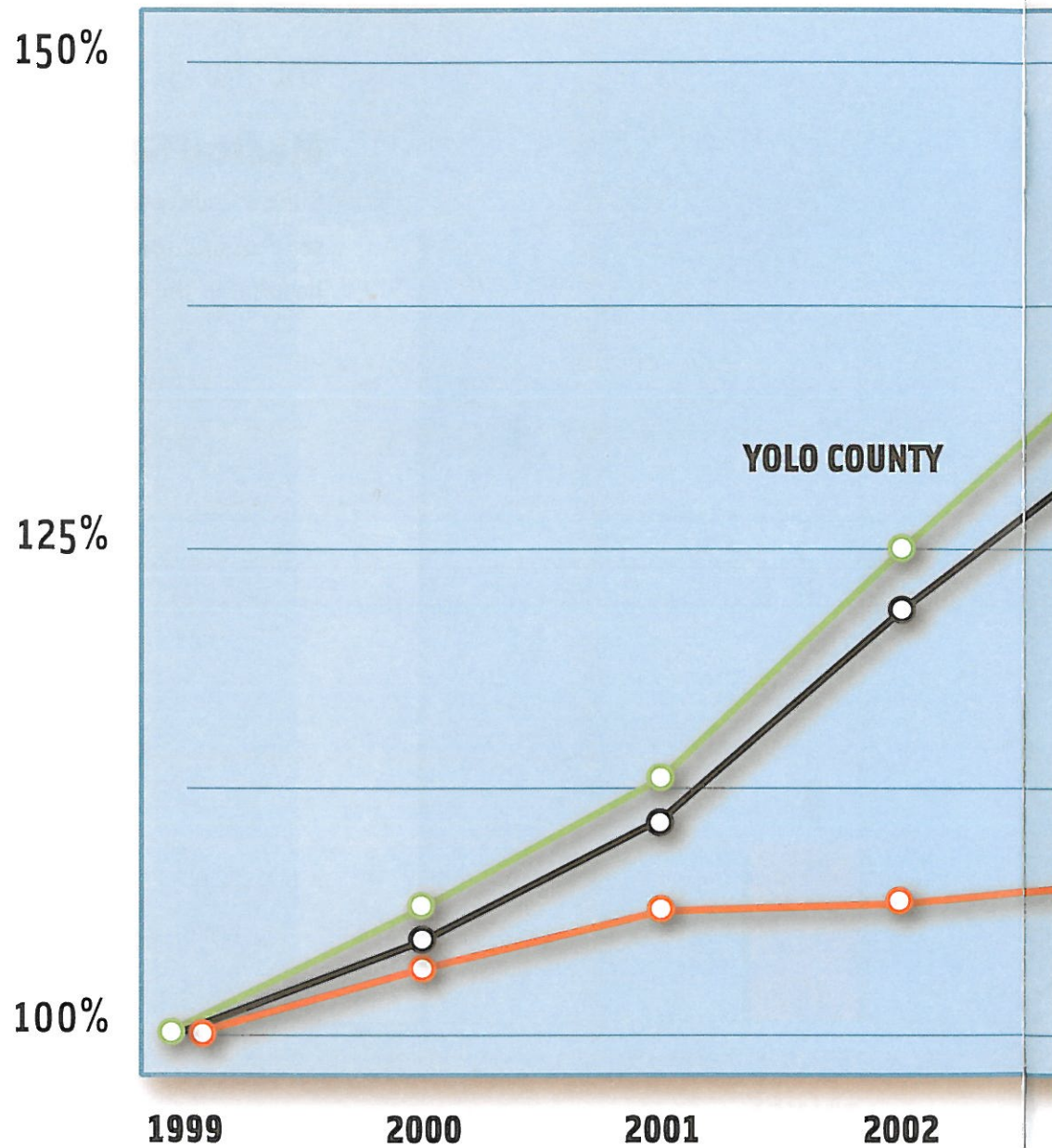
A bar chart with a light blue background and horizontal grid lines. A single orange bar is shown at the bottom, with the number '6' printed above it. The bar is positioned on the first grid line from the bottom.

Category	Value
Colusa County	6

**COLUSA
COUNTY**

SOURCE:
UC Berkeley-Petris Center (2005)

GROWTH IN PROPERTY VALUATIONS 1999-2004



Colusa County's difficulty in attracting new jobs and economic development has meant that the county has not seen the increases in property valuations that other residents in California have enjoyed. This also means local government has not seen the increases in revenue needed to help fund important public services such as police, fire, healthcare, and education.

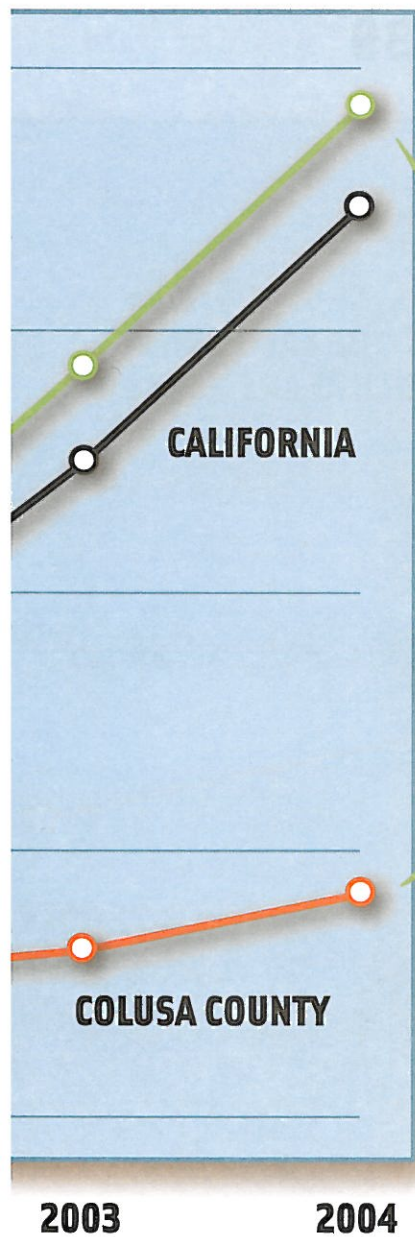
THE ECONOMIC REALITY OF COLUSA COUNTY TODAY

FACT No. 6

FACT No. 6

Little Growth in Property Valuations

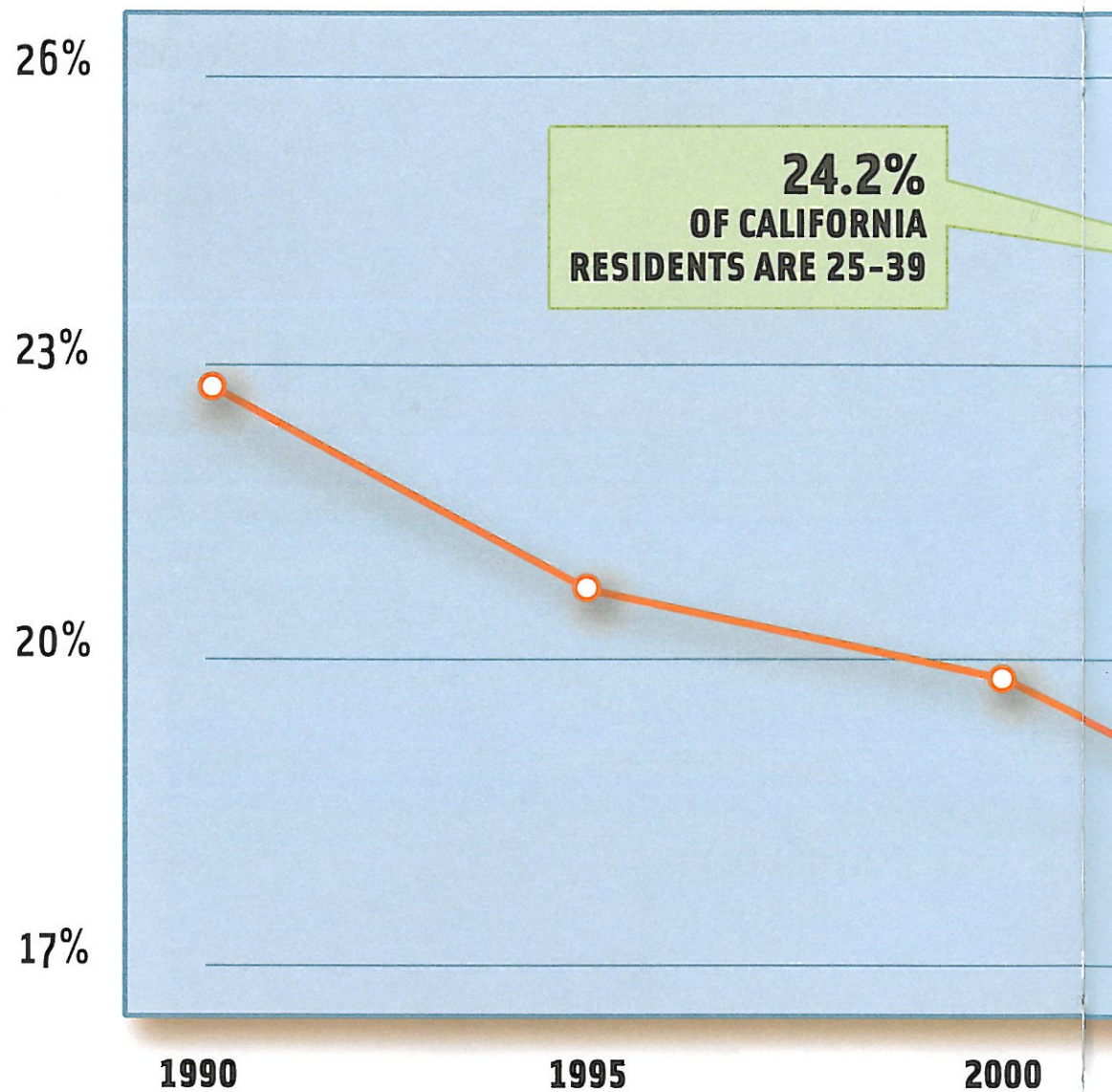
While other areas of the state have seen tremendous growth in property valuations, Colusa County has seen very little growth in comparison.



YOLO COUNTY PROPERTY VALUATIONS WERE ABOVE THE STATE AVERAGE WITH PROPERTY VALUATIONS INCREASING 50% , WHILE PROPERTY VALUATIONS IN COLUSA COUNTY SAW LESS THAN A 15% INCREASE FROM 1999 TO 2004.

SOURCE:
California Office of the State Controller
(1999-2005)

DECLINE IN COLUSA COUNTY RESIDENTS AGE 25-39



A lack of career opportunities means that young people must leave for jobs elsewhere and college graduates do not have good paying jobs to come home to. As a result, Colusa County has a far lower percentage of young people in its population than the rest of the state, and the disruptive situation for Colusa County's families is getting worse.

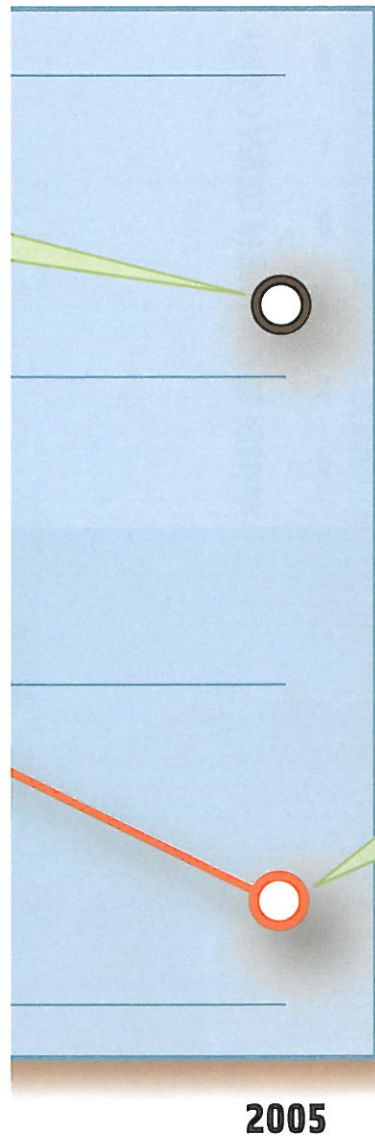
THE ECONOMIC REALITY OF COLUSA COUNTY TODAY

FACT No. 7

FACT No. 7

Young Graduates Not Returning

The percentage of young adults age 25 to 39 in Colusa County has declined each year since 1990 to just 18.9% of the population in 2005, compared to 24.2% statewide.



**ONLY 18.9%
OF COLUSA COUNTY
RESIDENTS ARE 25-39**

2005

SOURCE: US Census

COLUSA COUNTY'S OPTIONS FOR THE FUTURE

OPTION 1

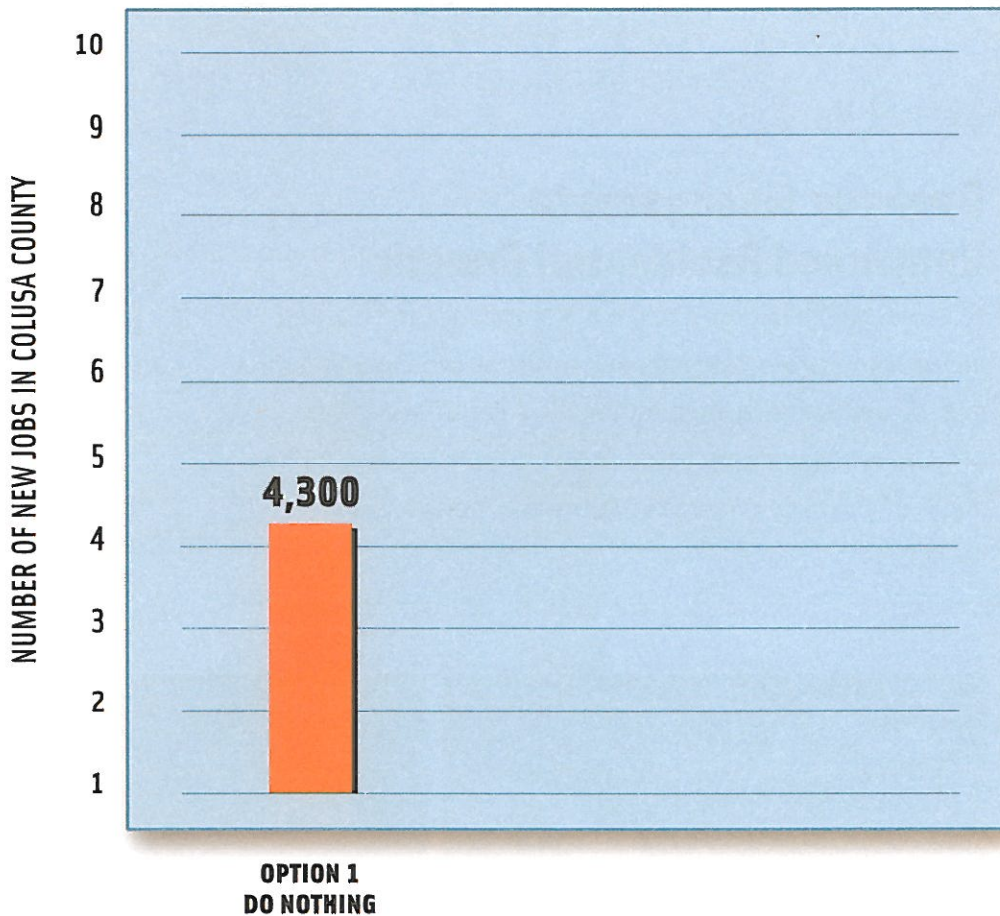
OPTION No. 1

Do Nothing: Continue Path of Little Economic Development

The economic reality of Colusa County today leaves three options. The first is to do nothing, and continue the current path. Based on past trends, Colusa County will see sporadic growth that does not attract jobs. More and more homes will continue to be built on existing agricultural lands, contributing to sprawl and conflicts with agricultural uses.



PROJECTED NEW JOBS IN COLUSA COUNTY OVER THE NEXT 30-YEARS



Between now and 2035, the region is expected to add another one million jobs, yet projections based on past trends show Colusa County capturing less than .5 percent of this growth. Maintaining the status quo means that the county budget will continue to be strained, and there will be a continued strain on existing roads, sewers, and community services.

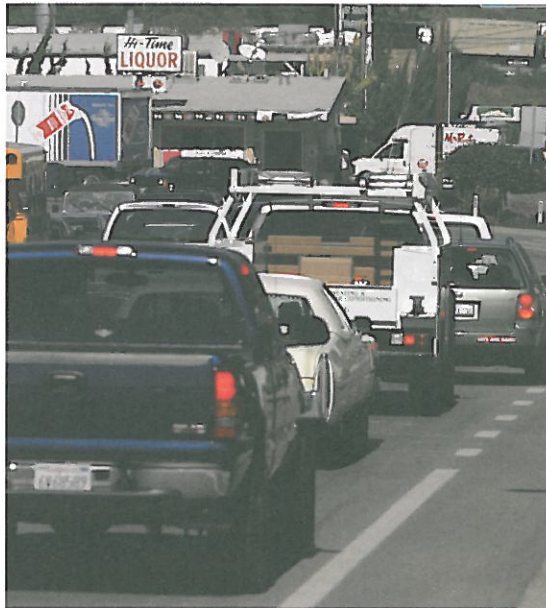
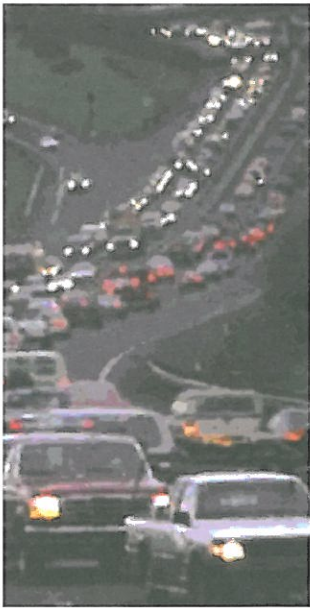
COLUSA COUNTY'S OPTIONS FOR THE FUTURE

OPTION 2

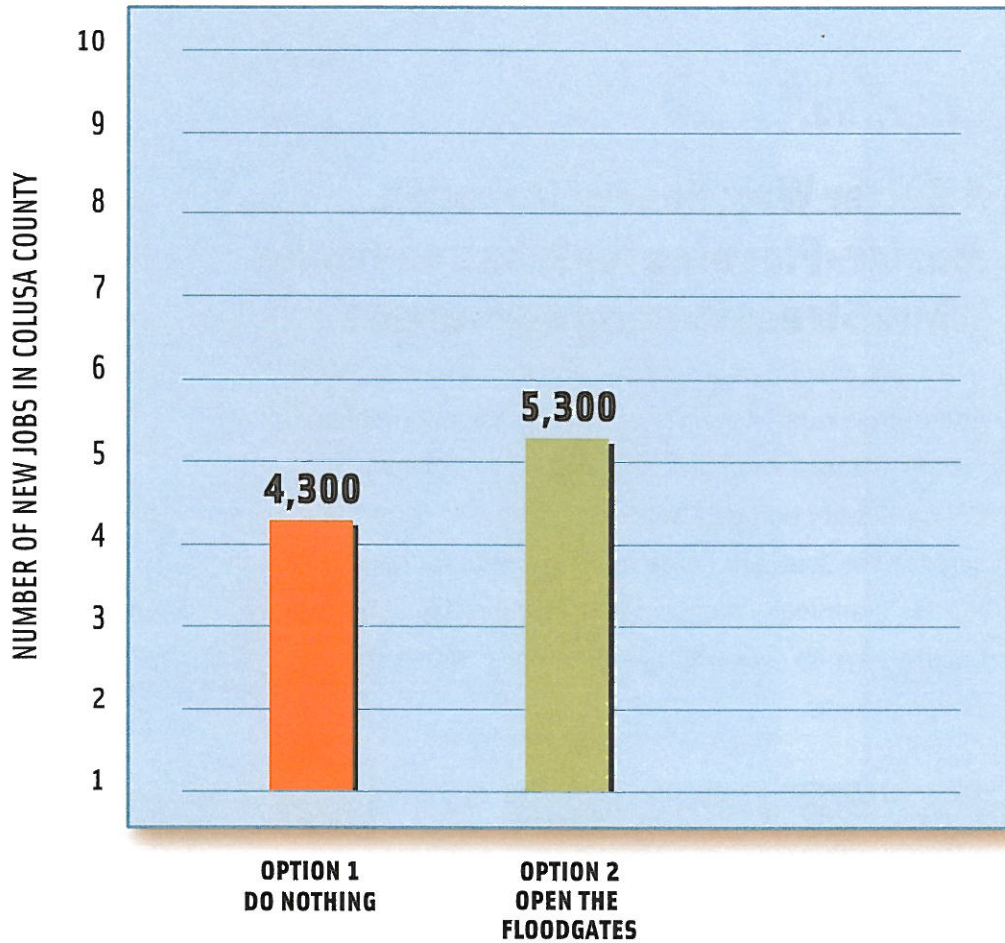
OPTION No. 2

Open the Floodgates to Unplanned Residential Growth

Massive, haphazard growth that is not concentrated and planned to attract new jobs will result in overcrowding and excess traffic in existing towns, a continued influx of commuters not connected with the community, and a loss of the rural character that makes Colusa County so special.



PROJECTED NEW JOBS IN COLUSA COUNTY OVER THE NEXT 30-YEARS



Simply opening the floodgates to sprawling growth would result in Colusa County being a bedroom community for jobs outside of the county for many years to come, and would not attract enough new jobs to the county itself. Opening the floodgates to unplanned residential growth would mean a higher demand for services and a higher cost to provide them.

COLUSA COUNTY'S OPTIONS FOR THE FUTURE

OPTION 3

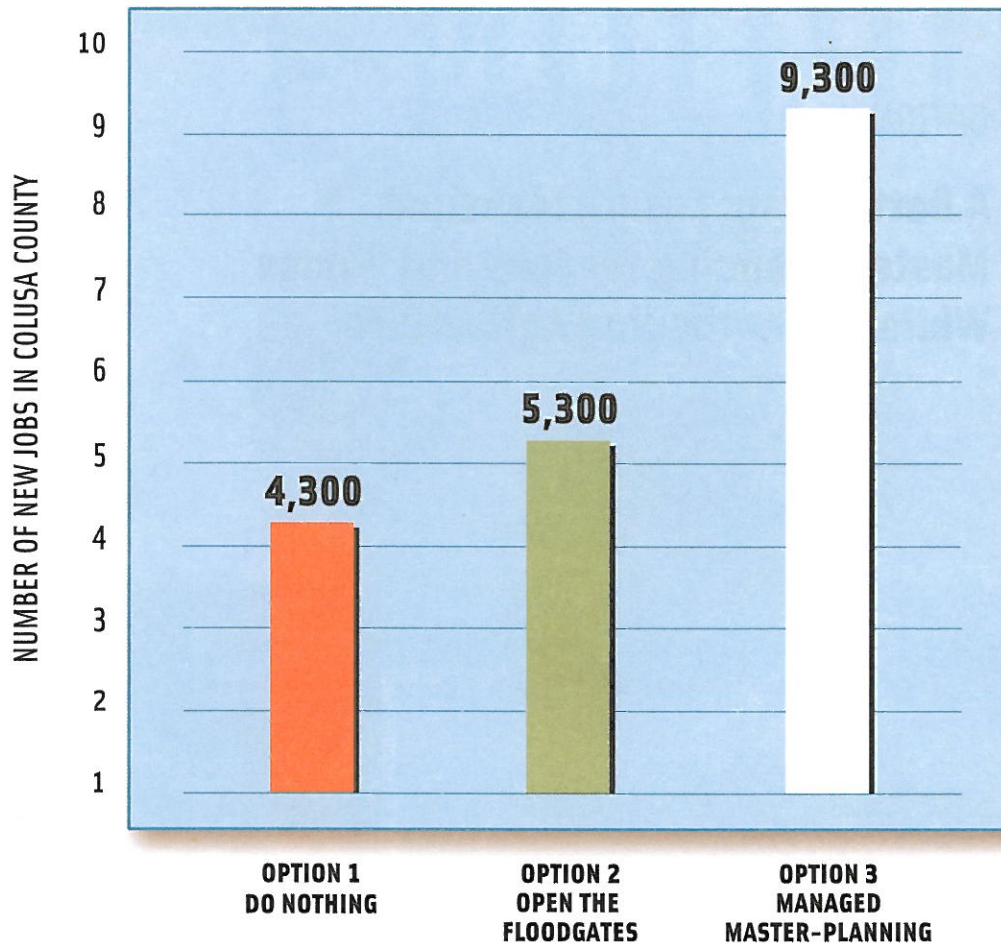
OPTION No. 3

A Better Way: Ensure Managed, Master-Planning for Jobs and Homes While Strengthening Agriculture

To attract new jobs without causing overcrowding or altering the rural character of existing towns, a managed, master-planned approach is required. This is why the Colusa County Board of Supervisors has dedicated 500 acres at the southern border of the county for new jobs. Master-planning will ensure that new development is high quality, pays its own way, and does not create a strain on existing towns.



PROJECTED NEW JOBS IN COLUSA COUNTY OVER THE NEXT 30-YEARS



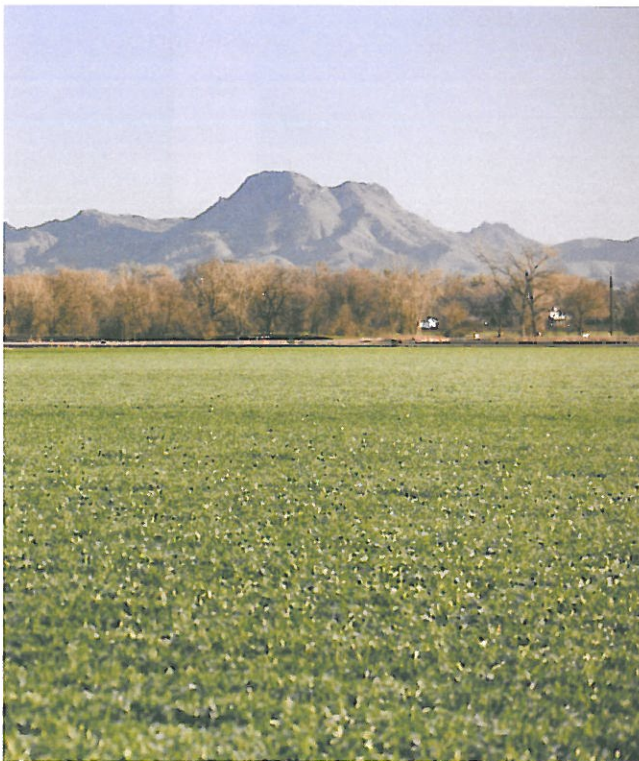
Only a managed master-plan for new jobs and homes will reduce Colusa County's unemployment rate, create higher paying jobs, and keep more young people in the community. In addition, this approach is the only way to force developers to pay their own way and generate the funding necessary to pay for new roads, sewers, police, fire, parks, mosquito abatement, and other essential community services.

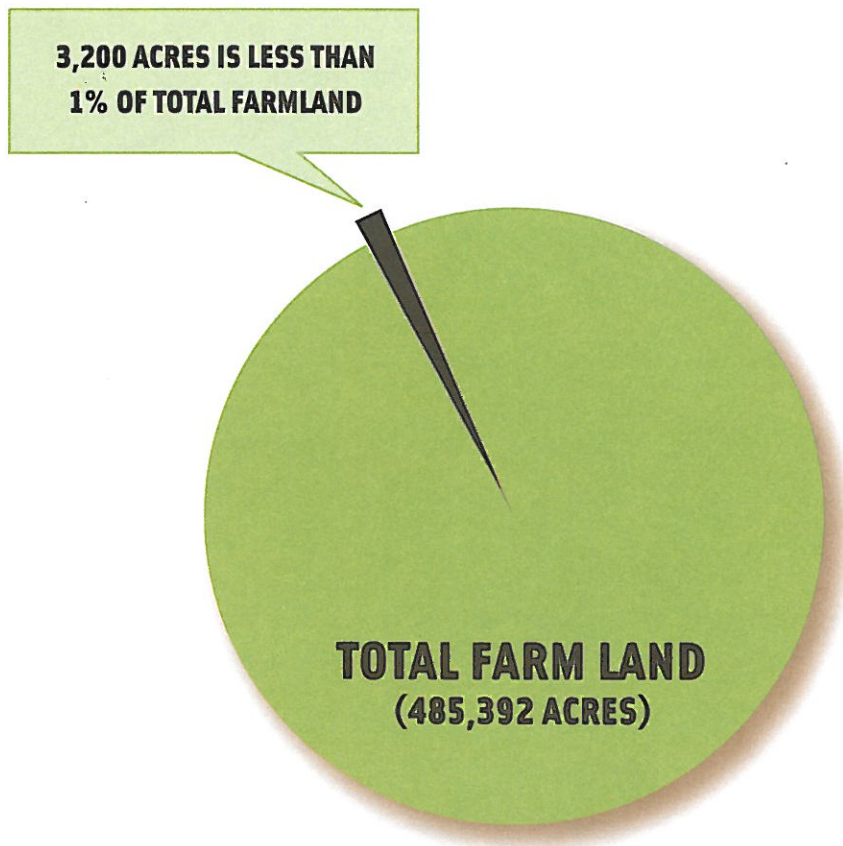
**COLUSA COUNTY'S
OPTIONS FOR THE FUTURE**

OPTION 3

OPTION No. 3

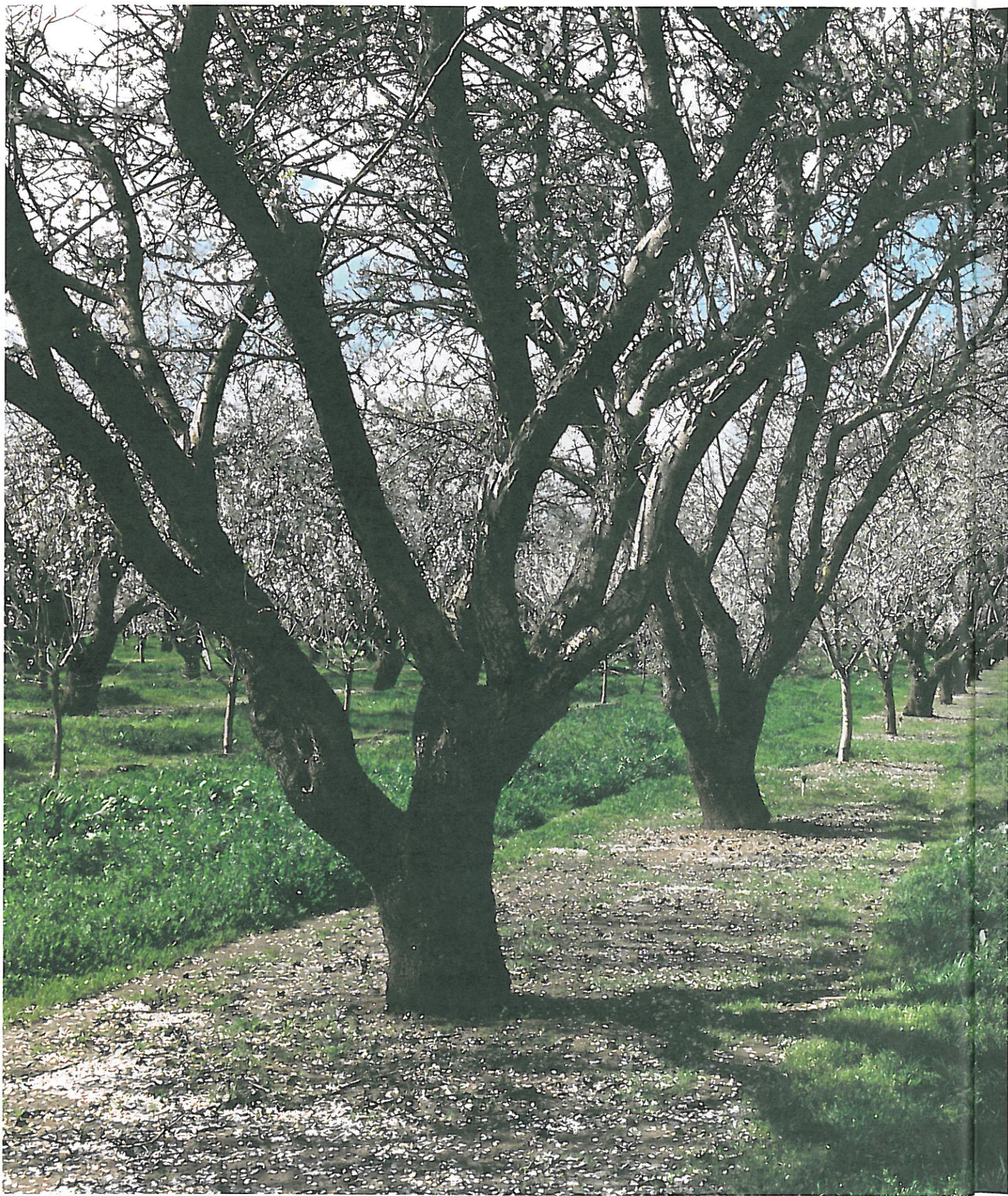
**A Better Way: Ensure Managed,
Master-Planning for Jobs and Homes
While Strengthening Agriculture**





ENSURE MANAGED, CONCENTRATED MASTER-PLANNED GROWTH

In order to attract employers and maintain a healthy jobs/homes balance, new homes need to be created. Other counties, including Sutter County, have found that it is impossible to create new jobs without also creating new homes to attract employers. To provide the homes needed to attract jobs to the 500-acres dedicated for new jobs at the southern border of the county, less than one percent of Colusa County's farmland land will be required.





GOALS OF THE SOUTH COLUSA COUNTY ECONOMIC ADVISORY GROUP

GOALS

Before developing a strategy to bring new jobs to the Economic Growth Node and surrounding area at the southern border of the county, the South Colusa County Economic Advisory Group identified a number of core goals for economic development and the community, including:

- 1. Strengthening of Agriculture**
- 2. Preservation of Small-Town Character**
- 3. Community Revitalization**
- 4. Enhanced Medical Services and Facilities**
- 5. More Funding for Community Services**
- 6. New Educational Opportunities**
- 7. New Shopping Opportunities**
- 8. More, Higher Paying Jobs**

1

Strengthening of Agriculture

Concentrate development on less than 1% of Colusa County's agricultural land with adequate buffers and policies to ensure new development will protect and strengthen the existing agricultural industry.



2

Preservation of Small-Town Character

Maintain the small-town, rural character of existing Colusa County communities and avoid overcrowding.



3

Community Revitalization

Provide revenue to revitalize existing downtowns and make improvements to existing roads, sewers, and community services.



4

Enhanced Medical Services and Facilities

Enhance availability of medical care by attracting new doctors and creating new facilities.



GOALS OF THE SOUTH COLUSA COUNTY ECONOMIC ADVISORY GROUP

GOALS

Funding For Needed Community Services

Ensure that new development pays its fair share for schools, sewers, roads, parks, police, and fire, and enhances tax revenue for community services.

New Educational Opportunities

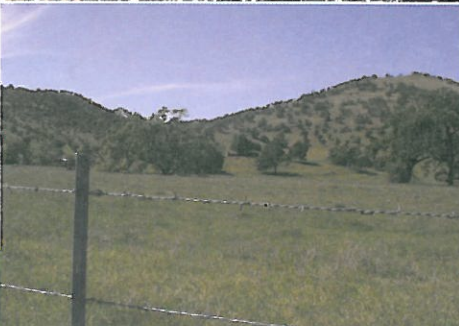
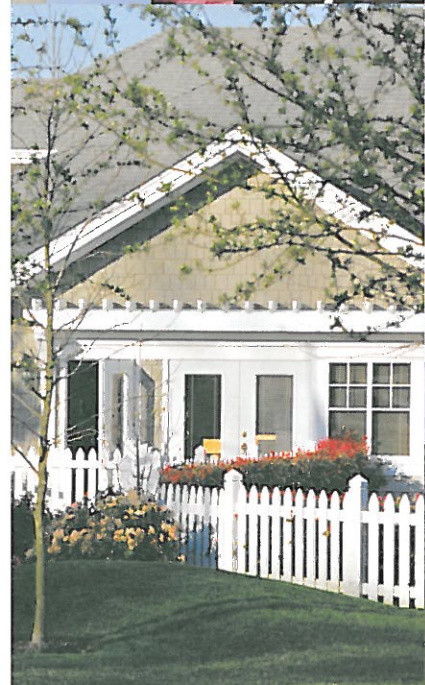
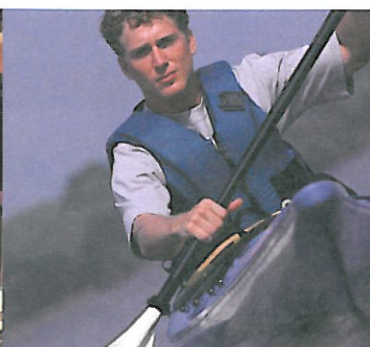
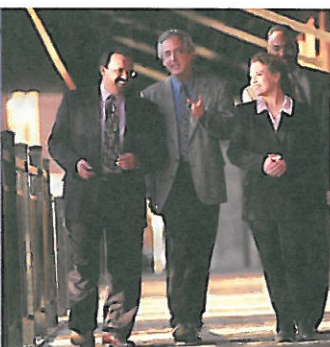
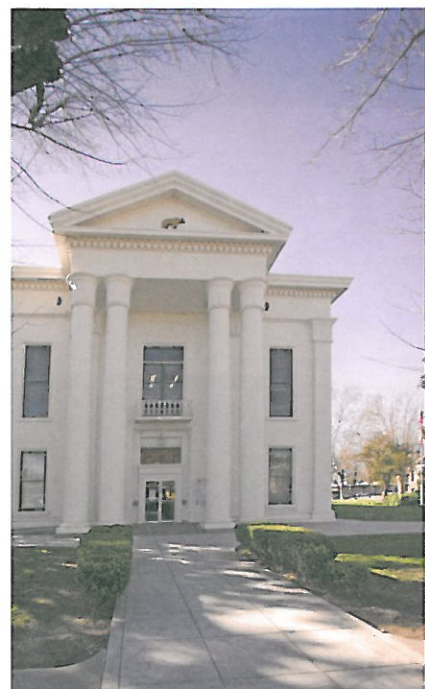
New teaching jobs and facilities to prepare Colusa's young people and residents for new job opportunities, K-12 and beyond.

New Shopping Opportunities

Create new shopping and entertainment opportunities so residents will not have to leave the county as they do today, and keep more revenue in Colusa County.

More, Higher Paying Jobs

Reduce unemployment, diversify career opportunities, create higher paying jobs, and provide jobs for returning college graduates.



TAKING INVENTORY OF COLUSA COUNTY'S ASSETS

ASSETS

Economic development is the process of leveraging assets to increase economic and social well being. Colusa County has a strong set of economic assets that forms the backbone of our strategy to meet the South Colusa County Economic Advisory Group's goals for economic development:

Physical Infrastructure

Colusa County has proximity to:

- Interstate 5
- Sacramento Airport
- Stockton and Oakland Ports
- Rail Corridor
- Telecommunications
- Water Supply from Aquifer

Quality of Life

Colusa County has proximity to the Sacramento River, the Sutter Buttes, wildlife refuges, and outdoor recreational activities.

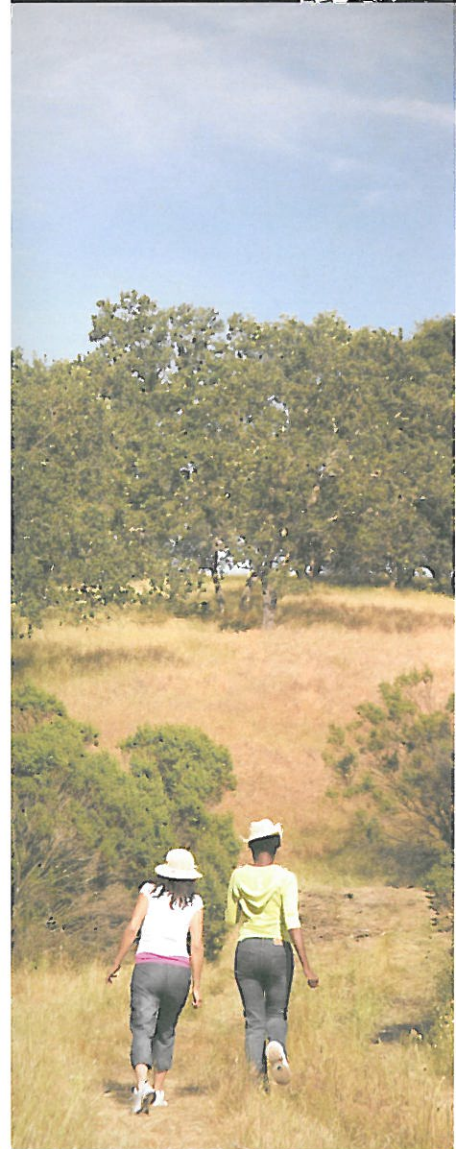
- Abundance of natural areas
- Access to recreation
- Proximity to Sacramento and Bay Area
- Historic small towns and rural lifestyle

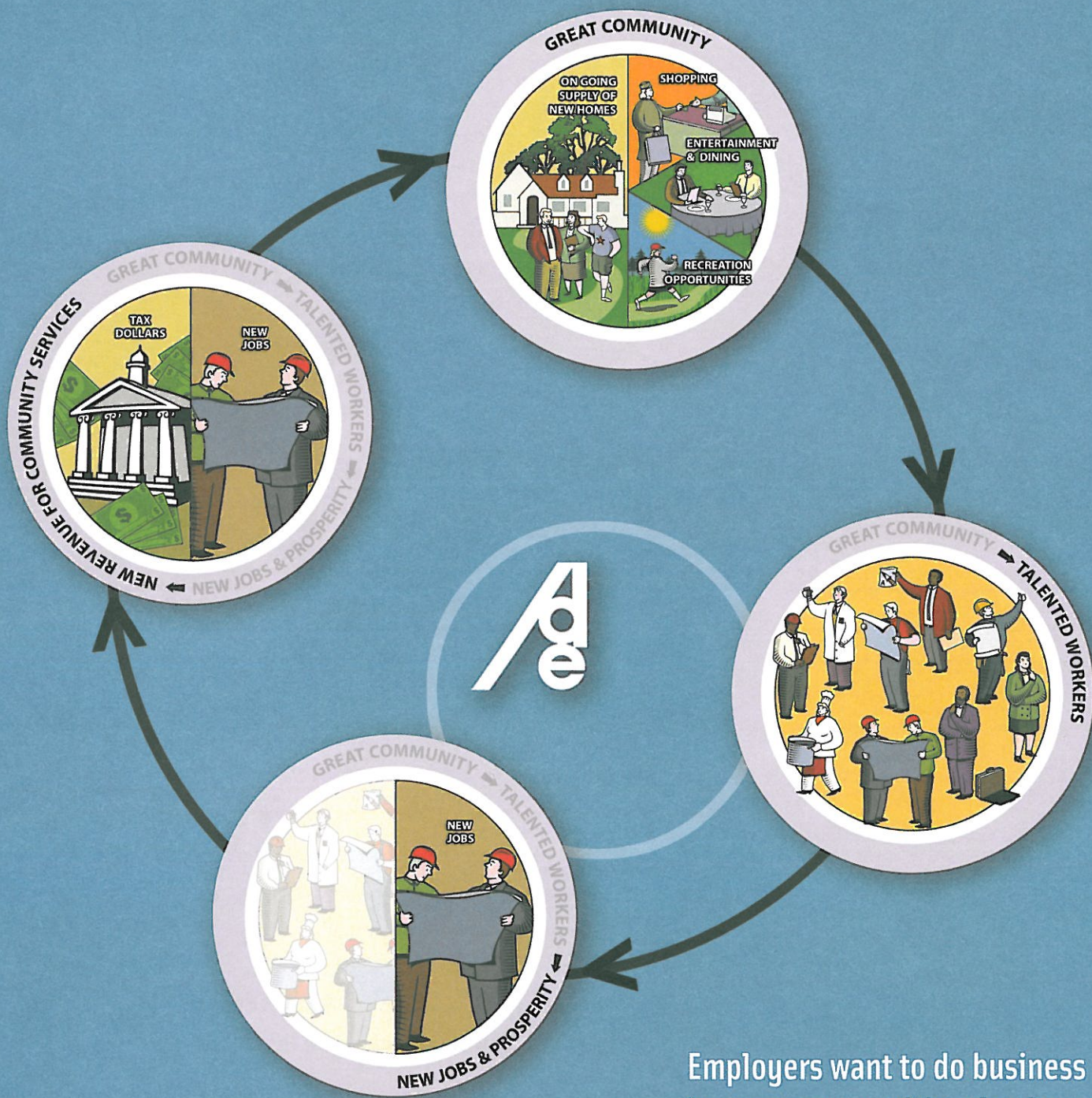
Workforce Potential

Colusa County has a skilled labor force in key industries:

- Food and agriculture
- Logistics
- Recreation and Tourism
- Information and Business Services

Skill sets can be transferred to new industries, including other types of manufacturing.





Employers want to do business in great communities that have the new homes and lifestyle amenities needed to attract talented workers.

APPLYING THE ECONOMIC MODEL OF JOB CREATION

MODEL

Quality new jobs will require quality new employers. Employers look for great communities that will allow them to recruit and retain the best employees. Colusa County has many of the assets that employers are looking for — in particular a unique small-town quality of life — yet some key ingredients are missing.

Today, Colusa County lacks the diversity of quality new homes and jobs needed to support the shopping, medical services, and educational opportunities that employers are looking for.

By applying the economic model of job creation, Applied Development Economics has determined that Colusa County can meet its goals and successfully attract more, higher paying jobs if there is measured residential growth in-and-

around existing towns in accordance with their plans and if the majority of needed new homes are concentrated away from existing towns at the southern border of the county at the Economic Growth Node.

In this way, new jobs will be attracted without pushing existing towns to grow beyond their capacity. If all Colusa County's new homes were focused around existing towns, there would be fewer new jobs, a drain on existing services, and overcrowding that would destroy their small-town character.

Likewise, if the new homes were provided only in Dunnigan and not in Colusa County, the Economic Growth Node will be less attractive to employers. Colusa County would also forfeit all of the benefits that come from the increased tax base that the new homes and jobs can provide.

To Achieve Success, Colusa County Must Act

Other neighboring counties are moving assertively to capture a larger portion of the Sacramento region's economic growth.

For example, Yolo County's current General Plan Update is considering 10,000 new homes in Dunnigan, Sutter County's South Sutter Plan is calling for thousands of new jobs and 17,000 new residents, and Yuba County is aggressively pursuing development plans in both the unincorporated county (the Plumas Lakes master plan) and the City of Wheatland, where a new General Plan Update is targeting a significant number of new jobs, homes, and infrastructure construction.

The potential loss for Colusa County if other counties move first is significant. Colusa County will lose "first mover advantages," and there will be a substantial loss of retail sales volume and tax revenue to Colusa County residents.



● Other Competing Economic Growth Nodes

A CONCEPTUAL STRATEGY FOR NEW JOBS AND PROSPERITY FOR COLUSA COUNTY

STRATEGY

Applied Development Economics has found that the 500 acres at the southern border of the county has great potential for economic development over the next generation:

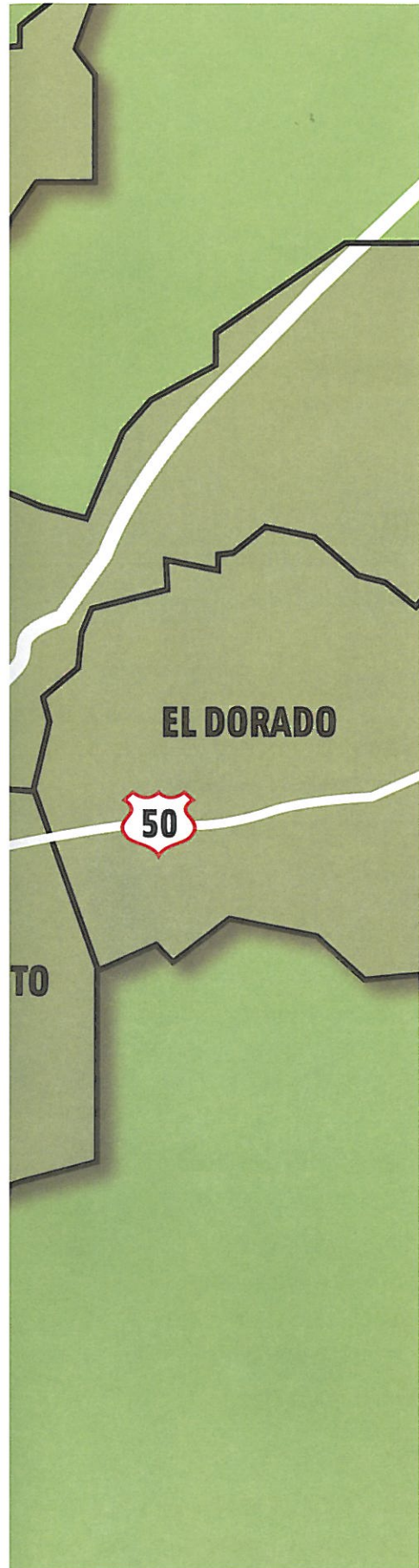
An Ideal Location for New Jobs

- The Largest Existing Job Node in Colusa County
- Proximity to Sacramento and Bay Area
- Excellent Transportation Infrastructure
- Ample Water
- Out of Flood Plain
- Growth Buffer
- Availability of Land

Jump-Starting the First 1,000 Jobs

According to the economic model of job creation, Colusa County needs new homes to attract new employers. As the first employment centers and homes are created around the Economic Growth Node, a Development Agreement can guarantee that funds will be generated to jump-start the job creation process and support the following:

- Ag Processing Industry Land Set Asides and Incentives
- Economic Incentives to Attract Quality Jobs
- Financial Resources for Downtown Revitalization
- Land Purchase Subsidies for New Employers
- Sites for Community College, Job Training
- Site for Health Care to Stimulate Medical Industry
- Ag Business Application and Research Farm
- Property Taxes to Support New Services
- Financial Resources to Promote County-Wide Job Creation



A CONCEPTUAL STRATEGY FOR NEW JOBS AND PROSPERITY FOR COLUSA COUNTY

STRATEGY

By allowing existing towns to grow at the pace that makes the most sense for them and creating a major new growth node at the southern border of the county, Colusa County can reap all the economic benefits of growth while avoiding overcrowding, unnecessary conversion of agricultural land, and a loss of Colusa County's small-town lifestyle.

An economic and community development plan for the Economic Growth Node would help each of Colusa County's existing communities meet its goals for economic prosperity and would consist of the following:

9,000 Jobs Over 30-Years

A South Colusa County master plan that would create 9,000 new jobs over the coming decades with new homes that would be phased-in to sync with the county's overall plan for growth. The jobs would be created in all fields, including light manufacturing, sales, professional services, and management.

Developers Must Pay Their Own Way

Binding contracts with developers requiring that all planning rules be strictly followed and that all schools, sewers, roads and other services would have guaranteed funding from the developers before any new homes are created.

New Shopping

New shopping and entertainment opportunities that would compliment, rather than take away, from existing businesses, and add \$223 million each year in new sales revenue to the county.

Protects 99 Percent of Ag Land

The protection of existing agricultural land by easing the pressure for sprawl and haphazard growth, requiring less than one percent of Colusa County's available agricultural land for new homes.

Avoids Overcrowding

Concentrated growth at the southern border of the county that prevents traffic and overcrowding in existing towns, preserving their small-town rural character.

Better Medical Services

The population needed to support 90 new doctors of all specialties, and expansion of facilities.

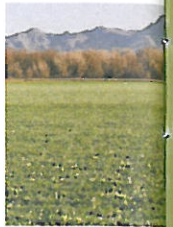
Enhanced Education

Fifteen potential new Advanced Placement classes at Pierce High School, and new facilities and schools to prepare Colusa County's young people and adults for the new job opportunities that will be created.

More Funding For Community Services

An additional \$32 million in taxes per year for the county — plus \$289 million in up front fees — creating a \$4 million surplus to support and expand community services and improve Colusa County roads, sewers, recreation facilities, and public safety.

Making this vision a reality will require community action, starting with an updated County General Plan.



The South Colusa County
Economic Advisory Group
hopes that you will
carefully consider this
report, then provide your
thoughts, questions,
concerns, and advice about
this strategy to bring new
jobs and prosperity to
the entire County.

