

**Stanislaus 2030 Market Assessment
Complete Governance Mapping and Findings – February 8, 2022**

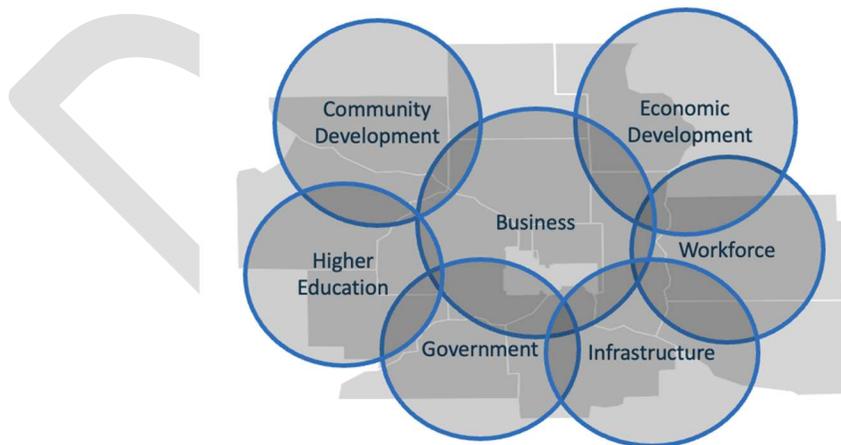
Introduction

Whether regions can deliver on their ideas and ambitions depends on effective “governance”—the formulation and execution of collective action across institutional, jurisdictional, and sectoral boundaries. Explicitly assessing governance acknowledges that achieving desired economic development outcomes depends on action beyond the direct control or resources of economic developers.

Traditional metrics for economic development organizations positioned them as independent actors, emphasizing new jobs or capital expenditure typically associated with business attraction through their marketing and incentive activities. In reality, however, economic development organizations are only responsible for a subset of the programs, policies, and investments that drive competitiveness. For example, addressing the shift by business to rank skilled labor availability and production as the overall top priorities for location decisions is the purview of the workforce development system.

An “ecosystem” view reflects that diverse contributors hold different levers influencing economic results, and impact depends on how well these separate private, public, and civic institutions focus their efforts to achieve common goals. The return on individual contributions is greater when investments in business support, workforce training, university innovation, and infrastructure buildout are targeted rather than dispersed. More than a willingness to communicate, this relies on shared strategies and metrics around which stakeholders organize and implement their contributions.

Economic development outcomes rely on networks of diverse contributors



Thus, effective governance is gauged on the extent to which a region has a clearly understood agenda for joint action on economic objectives, and then follows through to act on it. That status in Stanislaus County can be assessed by qualitative analysis of current and past economic and workforce development strategies for content and execution, and mapping institutions and their functional contributions. This assessment can indicate whether existing strategies and efforts are aligned, inconsistent, or inactive, and where more collective impact could be achieved by filling gaps, eliminating redundancies, and aligning for greater scale and return on time and investment.

These findings are not a critique of any individual activity or stakeholder, but of the region’s performance and ecosystem as a whole. Organizations with responsibilities that relate to the findings naturally might feel challenged because they are already working to address identified issues. However, the data and qualitative reviews in the Market Assessment did not evaluate the efficacy or appropriateness of particular program activities, which may be of high quality and relevance.

Mapping Contributors to Economic Outcomes

Because a very wide range of private, public, and civic organizations directly and indirectly support economic outcomes, it is impractical to fully diagram and assess all relevant stakeholders and their roles. Rather than a comprehensive inventory, mapping key assets considers their primary purposes, scale, resources, and relationships to regional economic development versus local or community development.

Economic Development

Organization	Roles related to economic development
Stanislaus County	The County is responsible for development of the region’s Comprehensive Economic Development Strategy (CEDS), a standardized submission to the U.S. Economic Development Administration required for grant program eligibility, and executes other activities related to developable sites, a limited set of incentives focused on public facilities, and tourism promotion. Functions are overseen by an Assistant Executive Officer who also has responsibilities for Information Technology, General Services Agency, Public Works, Libraries, Parks and Recreation, Department of Environmental Resources, Agricultural Commissioner, Planning and Community Development and Workforce Development. The County’s most significant economic development initiative is advancing redevelopment of Crows Landing, a former military installation, into a business and industrial park.
Opportunity Stanislaus	Opportunity Stanislaus is the regional private-public economic development organization with 11 staff (not counting Valley Sierra SBDC staff housed at the group). Over the last decade, it evolved from a quasi-governmental entity tied to the Workforce Development Board and dependent on government funding to a more business-driven group with private sector investors. Initial priorities for the revamp in 2015 included business development for six “clusters”; workforce readiness ; regional messaging and marketing; and supporting entrepreneurship by seeding four innovation centers, food startups, and other initiatives. In execution, implementation focused significantly on supporting manufacturing, including through co-founding the VOLT Institute. The new strategic plan increases emphasis on diversification and growing higher-wage jobs, leaving placeholders for sector-based targeted outcomes of Stanislaus 2030.

<p>Valley Sierra Small Business Development Center (SBDC)</p>	<p>Housed at Opportunity Stanislaus, the SBDC provides standard business advising and training to entrepreneurs through one-on-one consulting and larger sessions/webinars. With four staff and 32 consultants, the SBDC served over 1,000 clients in 2020, with more than 4,000 hours of consulting. Forward-looking priorities include expanded focus on connecting businesses to procurement opportunities, working with manufacturers, and increased engagement with smaller cities, and outreach to minority entrepreneurs with Spanish-speaking advisors.</p>
<p>Municipalities</p>	<p>Generally, individual cities within Stanislaus County have limited economic development capacities with strategies oriented toward “Main Street” businesses, real estate, and core responsibilities like permitting and land use, with a focus on increasing the local tax base.</p> <p>Compared with other cities of similar size, Modesto has a relatively small function. The City currently does not have a distinct economic development strategic plan; its 20 year-old General Plan, being refreshed, cites very high-level goals and lists generic objectives like “identify industries,” “provide incentives,” or “partner” without progressing to program descriptions, operating details, or outcome measures.</p> <p>Many of the region’s smaller cities are similarly constrained in scale and resources. Based on a county-wide compilation of published local economic development strategies and projects, the vast majority of activities centered on real estate or infrastructure, retail attraction, and amenities. In rare instances, connections to traded sectors, job quality, and leveraging regional strengths are being considered, such as trying to direct the former Riverbank Army Ammunition Plant redevelopment with a higher-value “green industry” niche.</p>
<p>Chambers of Commerce</p>	<p>Like the region’s cities, the capacity and roles of Chambers of Commerce vary, including those based on geography or affinity groups (e.g. Central Valley Hispanic Chamber). Most are small with a few staff or volunteers; consistent activities are typical networking and educational events, member promotion, advocacy, and referrals. The better resourced Modesto Chamber extends to more economic development services like issuing Certificates of Origin and a counseling partnership with Modesto-Merced SCORE.</p>

Other relevant contributors include:

- *Almond Board of California* – Industry association with a distinctive research and innovation investment portfolio for commercial applications, based in Stanislaus County.
- *Additional Industry Groups* (e.g. Manufacturers Council of the Central Valley, Stanislaus County Farm Bureau, Almond Alliance, Valley Builders Exchange) – Sector-specific associations for industries having a major County presence, with typical roles including legislative and regulatory advocacy, information and data, training and education, and networking.
- *Community Development Financial Institutions (Valley First Credit Union and Rolling F Credit Union, building on initial services from Fresno-based Access Plus Capital)* -- Newly-designated

institutions to expand capital access for small businesses and entrepreneurs in low-income communities, partnering with Stanislaus Equity Partners on outreach and supportive services.

- *Local Promotion Groups (e.g. Modesto Convention and Visitor’s Bureau, Downtown Modesto Partnership, Downtown Turlock)* – Non-profit organizations spurring commercial activity in districts with marketing, programming, and amenities.

Workforce Development and Education

Organization	Roles related to economic development
<p>Stanislaus County Workforce Development Department</p>	<p>The Stanislaus County Workforce Development Department is a 92-person unit staffing the Workforce Development Board, principally administering federally-funded formula grant programs. Offerings serve workers with job training and placement, as well as employers seeking referrals or programs. Significant emphasis is on hard-to-serve populations, particularly welfare-to-work, with other activities at smaller scale. Grant sources raise some inherent challenges for balancing open services and demographic priorities with job quality and economic development objectives. Thoughtful data analysis was used to identify income targets for “self-sufficiency” and tailor levels of program support to workers, although not extended to exit wage outcomes that guide sector or occupational emphasis. Targeted sectors are broad categories of healthcare, warehousing and logistics, agriculture, and manufacturing, as determined by existing job demand, industry concentration, and growth projections; selection does not factor other economic considerations like sector diversification, opportunity jobs, or addressing middle-market firm needs. Notably, on-the-job training and apprenticeship participation lags comparable regions in the state. Emerging from the COVID-19 crisis, the department is reforming its approach to Business Services with the intention to improve industry and sector-driven efforts.</p>
<p>Modesto Junior College (MJC)</p>	<p>MJC is the sole community college located in the County, part of the two-college Yosemite Community College District. With regard to middle-skill talent, it offers career and technical education in sector interests ranging from irrigation technology to logistics. However, diverse stakeholders consistently view MJC as not fulfilling its potential in meeting workforce pipeline needs, especially considering significant state resources being funneled through community colleges and a mandate to support economic development and entrepreneurship. Critiques center on basic issues of responsiveness to businesses -- the need to engage effectively with firms and sectors on their needs, react rapidly to market demands, flexibly and speedily adapt curriculum or tailor programs, and institutionalize these functions with staff and faculty. Recognizing the historic challenge of rapid leadership turnover, MJC is applying renewed focus to addressing these issues through recent restructuring of its Community Education</p>

	<p>department to a Workforce Development and Lifelong Learning division that enables more flexible collaborations with employers.</p>
CSU Stanislaus	<p>Based in Turlock, CSU Stanislaus is the sole four-year educational institution in Stanislaus County. With an emphasis on first-generation college students, it historically has focused heavily on careers in local-serving sectors like social and human services. Extending to economic development outcomes, it lags CSU peers in having a clear strategy or the level of focus, capabilities, and dedicated effort on innovation, industry collaboration, entrepreneurship, or procurement. Nascent activities via the Porges Family Foundation on the Warrior Entrepreneurship Initiative and Bay Valley Tech coding academy may be seeding activities that better link to inclusive economy impacts.</p>
Stanislaus County Board of Education (and member school districts)	<p>The Stanislaus County Board of Education supports local school districts and bridges between these units and state education officials. It quarterbackes special initiatives related to workforce development, co-founding the VOLT Institute and serving as a backbone partner in the region’s Cradle to Career initiative. It also provides leadership on career-focused activities at the county-wide level through initiatives such as a Career Inspiration Center and Apprenticeship Expo (in partnership with Modesto Junior College) and Occupational Olympics programming.</p> <p>Many high schools within the County offer some baseline of career and technical education, although most focused on local-serving occupations like healthcare and cosmetology. Distinctive business-driven programs include a trucking driving and logistics industry partnership at Patterson High School.</p>
VOLT Institute	<p>VOLT is a manufacturing-focused adult training program co-launched by the Stanislaus County Board of Education and Opportunity Stanislaus, responding to market demands. Emphasis is on serving private sector needs for skilled manufacturing talent, led by maintenance mechanics. Employers consistently report satisfaction and promising results, but a need for greater scale and additional levels and types of training. The program addressed a gap that might have been filled or funded by mainstream workforce organizations, but serves as an example of flexibility in reacting to business and worker needs.</p>
UC Merced	<p>UC Merced is a public research university located roughly 45 miles from downtown Modesto, in Merced County. The university bolsters the mega-region's ability to grow skilled workers, as well as support innovation and economic development objectives in areas such as agriculture technology and entrepreneurship support. However, stakeholder input suggests that these links to Stanislaus County are currently more ad hoc than systematically coordinated, offering room for tighter, more focused partnerships. A university-sponsored downtown Modesto “venture lab” offering entrepreneurship and business services appears to no longer be active.</p>

Other relevant contributors include:

- *University of Pacific, Center for Business and Policy Research* – Located in Stockton, a long-standing research group producing economic data, benchmarking, and implications analysis for the North San Joaquin counties of Stanislaus, San Joaquin, and Merced.
- *Organized Labor* – Individual unions offering apprenticeships and other training, plus the North Valley Labor Federation serving on the Workforce Development Board and promoting a policy agenda.
- *Central Valley Opportunity Center* – A nonprofit community-based organization providing direct services to low-income residents, migrant farmworkers, and others facing barriers to economic success, with workforce offerings such as vocational training (e.g. welding, truck driving, digital skills, culinary, solar panel installation) and upskilling within manufacturing and office administration sectors, alongside significant wrap-around services.
- *Bay Valley Tech* -- A non-profit offering a free seven-month program in major coding/software development applications, alongside support activities such as facilitating internships, mentorships, and other career services. A share of activities are carried out in partnership with groups such as Stan State, SCOE, and local adult schools.
- *Stanislaus Partners in Education* -- A business-founded nonprofit facilitating business engagement with K-12 students and career exposure activities.
- *HealthForce Partners* – A mega-regional collaborative to boost health career talent pipelines across the North San Joaquin Valley.
- *Population-Targeted Programs* – Non-profit organizations addressing particular demographics or barriers to employment, such as AbleWorks (disadvantaged youth) and LearningQuest (literacy).

Other Civic Sectors

Organization	Roles related to economic development
Stanislaus Community Foundation	The region’s community foundation, SCF has moved beyond a grantmaker role managing \$43 million in assets to function as a “backbone” leader in proactively facilitating coalition-based civic initiatives, such as the Cradle to Career Partnership and Stanislaus 2030. In 2019, SCF joined peer California community foundations in considering support for economic development interventions to achieve long-standing goals of greater inclusion and economic mobility for residents. The resulting “Building Shared Prosperity in Stanislaus” workplan outlined SCF roles in collective action, capital investment, and program innovation for inclusive economic development over two years.
STANCOG	The region’s metropolitan planning organization, STANCOG is responsible for developing Stanislaus’s regional transportation plan and sustainable communities strategy, fulfilling state and federal planning requirements. The planning purview includes a host of issues germane to economic outcomes, from goods movement to housing / residential density. However, STANCOG does not house regional economic research capacity or other organizing functions.
Water and Irrigation Districts	Non-for-profit special-purpose utilities serving for catchment areas defined by watershed rather than economic or governmental areas,

	districts are providing basic enabling infrastructure for industry, with active economic development outside their scope. However, these public assets can also be considered for proactive engagement, such as supporting innovation and commercialization of new tech in agriculture or energy as testbeds, investors, and consumers.
Stanislaus Equity Partners	A new community development organization established in 2021, Stanislaus Equity Partners launched with a \$5 million County grant and staff of eight. The initial program focus is on housing, small business development, and affordable lending.
Community-based organizations	Many local organizations offer community-focused programs and services, and enable community voice for advocacy on challenges such as public health and access, economic development and jobs, family services, housing, education, and safety. Because of their close relationships with and understanding of the distinctive needs of their populations, they can serve as “trusted messengers” in connecting economic and workforce development services into their communities. Examples include, but are not limited to, the West Modesto Collaborative, Center for Human Services, South Modesto Businesses United, El Concilio, and City Ministry Network.

Findings:

- **While there is long-standing recognition of core regional economic challenges, Stanislaus has struggled to articulate a collective and specific vision to address these issues at scale.**

For at least two decades, regional reports and plans have regularly identified priorities of industry diversification and local job growth that reduces demand for commuting. They also restated intractable underlying challenges such as lagging educational attainment (see sidebars).

Despite this consistent identification of concerns, resulting strategic plans and implementation have not been sufficiently specific and targeted, nor linked across main contributors. As a result, the region does not make the difficult trade-offs among options, concentrate enough resources, or engage all the necessary contributors to make substantial headway. For example:

- Stanislaus’s Comprehensive Economic Development Strategy (CEDS) and 2020-2023 Economic Development Strategy describe regional economic strengths and challenges, but rather than presenting a coordinated and integrated agenda in response, list disparate projects collected from across the region’s municipalities, as required to qualify them for federal grant applications. Additionally, Modesto as the region’s economic center lacks a fully defined economic development strategy of its own, mainly offering objectives in its General Plan without associated tactics and programs
- Opportunity Stanislaus’s inaugural strategy served as a solid base for advancing programs and tracking performance metrics. Some activities emerged, such as supporting a demand-driven workforce. However, acknowledging constraints on a revamped organization,

execution lagged on other big ambitions, including dedicated team supports for six industry clusters and four innovation centers. Named clusters generally reflect broad sectoral presence with high job counts in the region versus tailored ongoing efforts to organize the support network around industry specializations. For Opportunity Stanislaus and the overall ecosystem, this exemplifies the need to truly prioritize among sector options for impact, as well as tap synergies with other contributors to jointly deliver implementation.

- Contrasting with most peer anchor institutions, CSU Stanislaus and Modesto Junior College do not have a defined economic development agenda or dedicated capabilities to leverage their assets. CSU Stanislaus’s strategic plan cites “a deep sense of responsibility for strengthening the Central Valley by advancing the competitiveness of the region” without defining impact or how to achieve it.

Review of Regional Strategies Related to Economic & Workforce Development

Economic Development

- Our Future is Now (2016) -- Opportunity Stanislaus
- Next Level Together (2021) -- Opportunity Stanislaus
- Comprehensive Economic Development Strategy (2021-2026) -- Stanislaus County
- Economic Development Strategy (2021-2023) -- Stanislaus County
- Crows Landing Business Park Project (late 1990s to the present) – Stanislaus County
- Riverbank Army Ammunition Plant (RAAP) Base Reuse Plan (2008 to the present) – Riverbank Redevelopment Authority

Workforce Development

- Annual Workforce Report (2019-2020) -- Stanislaus County Workforce Development
- Local Workforce Plan (2021-2025) – Stanislaus County Workforce Development
- Strategic Plan (2017-2025) -- CSU Stanislaus
- Five Year Plan (2016-2021) -- Yosemite Community College District
- Educational Master Plan (2017-2022) -- Modesto Junior College
- Cradle to Career Baseline Report (2019)

Other

- General Plan – City of Modesto
- Focus on Prevention 2020 Report and Strategic Plan (2020) – Stanislaus County
- Regional Transportation Plan / Sustainable Communities Strategy (2018) – STANCOG
- Building Shared Prosperity in Stanislaus (2020) – Stanislaus Community Foundation

Examples: Articulation of regional challenges

“In December 2001, the California Housing and Community Development Department approved Stanislaus County’s grant to undertake a strategic plan...A focus of the (CEDS) was to address the jobs-

to-housing imbalance in the County and to develop strategies to reverse the previous trends of slow job creation juxtaposed with rapid population growth.” -- *Stanislaus County Comprehensive Economic Development Strategy*

“Stanislaus County has experienced one of the highest unemployment rates in California. The County’s primary goal is to create jobs where people live, and it is committed to working with the development community and private investors to secure opportunities for the available local workforce.” -- *Crows Landing Industrial Business Park Prospectus*

“Despite our economic strength, the county trails the state and the nation in key economic indicators such as unemployment, poverty, average income and educational attainment. The challenge before us is to retain the things that make our county strong while executing a solid economic development plan that will measurably improve social and financial opportunities.” -- *Our Future is Now (Opportunity Stanislaus)*

“Strive for a local jobs/housing balance by facilitating business growth and encouraging the economic revitalization of the downtown. Provide adequate land, strategically located to facilitate the expansion of Modesto’s economic base, for the employment opportunities of Modesto residents. These opportunities should be focused on the types of businesses that will thrive in the 21st century... Allow regional commercial uses within business park areas. Provide support for retention and growth of existing firms, and target new companies and industries that will help diversify the existing economic base.” -- *Modesto General Plan, Economic Development Goals 1 and 3*

“By 2042, Stanislaus County is forecasted to have approximately 235,307 jobs and 235,471 households, resulting in a balanced jobs-housing ratio of approximately 1.0. To ensure that this balanced relationship between jobs and housing is maintained within the Stanislaus region, the region must go beyond attempting to simply improve commuter travel times and develop policies to encourage, attract, and retain quality, higher wage jobs through land use and fiscal decisions that develop Stanislaus County as a desirable location for employers and employees.” -- *Regional Transportation Plan*

- **Collective action on economic outcomes in the region is limited, inhibiting a common agenda and the long-term effort and investment needed to achieve impact.**

Several institutional factors contribute to the lack of a shared, focused regional economic agenda with a fully-resourced workplan. Most notably, prior expectations and funding sources for economic and workforce organizations did not incentivize collaboration or reward outcomes that take a longer period to manifest. Turnover in some key institutional and government leadership roles undermined the stable vision and relationships for achieving change, also promoting a focus on short-term activities. Efforts are reactive and resource-driven, with no consistent table or “center of gravity” to transparently organize, vet, and partner. Stakeholders suggest that a neutral facilitator to focus partners on jointly-owned accountability metrics is necessary to overcome territorialism and make progress.

This diffused approach has both limited the impact of existing resources and impeded the region from effectively organizing for larger sums. Recent efforts like the Cradle to Career Initiative, Focus

on Prevention strategy, and COVID-19 relief represent promising collaborative efforts involving multiple relevant institutions, although are in early stages of implementation.

- **Major workforce and economic development organizations lack strategic or programmatic alignment, particularly in support of inclusive economic outcomes.**

Despite interactions and some contractual relationships, economic development and workforce development activities rarely sync on priorities or result in deliberate complementary or joint program responses. Rather, individual organizations generally act independently in assessing data and choosing areas of focus. Entities such as Stanislaus County Workforce Development, Modesto Junior College, and CSU Stanislaus focus significantly on reaching underserved communities, but those efforts are not connected to improving inclusive economic development outcomes in tandem with job training and placement metrics. Meanwhile, independent standup and resourcing of the VOLT Institute is emblematic of economic developers filling a gap that more naturally fits within the scope and resources of the workforce system and is a program at other California community colleges. In all, typical business-driven supports like apprenticeships and on-the-job training do not meet the scale of peer regions.

Natural collaboration across workforce and economic development is somewhat hindered by funding sources and outcomes against which organizations are measured; however, the comparatively small number of major players make a coordinated agenda realistic. Further, timing of new internal organizational planning in tandem with the Stanislaus 2030 process offers immediate opportunities for greater alignment in prioritizing sectors and targeting job quality and access. Stanislaus Workforce Development is starting to examine how to bolster business services relevance, exploring new partnerships with industry-specific intermediaries and organizing a Business Development Committee to engage the private sector. Major state funding through the community college system for economic development objectives offers specific areas for Modesto Junior College to collaborate with added resources, actualizing its educational master plan goals for improvements to CTE offerings and serving industry needs.

- **The geography and number of contributors needed to advance an inclusive economic development agenda is less fragmented than in other regions, and the region shows capacity for establishing new institutions to fill gaps.**

In Stanislaus County, the institutions that contribute to inclusive economic outcomes form a comparatively less complex web of organizations and managers with which to align strategies and tactics. The physical size of the defined metro economic area tightens the shared benefits and spillover among local jurisdictions for overall benefit to residents. The region has demonstrated recent ability to establish new tools like Community Development Financial Institutions and a community development corporation. These characteristics make the potential to execute on joint efforts easier to achieve than in other regions.

- **In comparison to other regions, business community engagement in economic development centers more on narrow interests of individual firms or industries and placemaking amenities, rather than overall economic competitiveness and strength of the “ecosystem” for collective benefit.**

While the funding model for Opportunity Stanislaus represents some shift in balance between public and private leadership in economic development, the region still is not comparable to higher-performing peers in the level of business engagement on design, investment, and execution. Firms in the County principally invest in arts and culture, physical amenities, scholarships, and employee volunteer programs. In other regional models, business leads actively drive both strategy and delivery, champion initiatives and galvanize peers, and invest in overall economic development beyond direct benefit to their firm or industry.

- **New efforts by mainstream institutions to work with community intermediaries in reaching disconnected residents are promising, pending deeper and sustained collaboration.**

Economic development groups have begun to take steps that focus on underserved communities in programming and outreach, in some cases inspired by the COVID-19 crisis. However, community leaders report that members may be distrustful of or intimidated by establishment organizations. Lowering barriers to access through partnerships with “trusted messengers” and ambassadors, streamlining bureaucratic processes, and greater cultural competency (e.g. language) could improve delivery, access, and serve ultimate goals of ensuring that underserved populations attain greater economic success.

- **The region is risk-averse, which may constrain new effort and investment.**

Addressing the wide-ranging issues identified in data and program reviews will require both non-traditional practices and deep commitment across the region. Thinking beyond customary approaches, investing in bigger bets for the long-term, and making difficult choices about “what not to do” are incumbent to success. This will require both enhanced business engagement in economic development and trust between the private and public sectors. Stakeholder input suggests that accomplishing these actions must overcome the region’s independent, cautious, and skeptical civic culture.

- **Current action -- and the Stanislaus 2030 strategy process -- are not reaching the regional economic scale required to be truly competitive, which would encompass the three North San Joaquin Valley counties.**

The functional economy and future of Stanislaus County is connected with San Joaquin and Merced counties. They share a common industry mix, parallel economic performance, and substantial workforce overlap. They face mutual challenges of few individual innovation assets, comparatively small populations, and limited market visibility that can be stronger in the aggregate. Local reviews ranging from Opportunity Stanislaus to the Stanislaus Community Foundation raised this issue. The state’s analysis to define its economic regions for differentiated support under the Community Economic Resilience Fund, setting aside historic administrative and political geographies, reaffirmed it. While extraordinarily difficult to align any strategies across these additional boundaries when it is difficult enough within Stanislaus County, many tactics and activities with comparative advantages in efficiency and effectiveness would be best achieved at that scale.