

2

Economic Development

Los Banos is committed to a healthy and vibrant economy. The City aims to provide quality jobs for its growing population, maintain a vibrant downtown, and ensure fiscal and financial balance. To achieve this, the City will work closely with both private and public sectors to attract new businesses. It also will provide sites for development, and strive to maintain a healthy supply of skilled labor. How this will be accomplished is addressed in the Economic Development Element of the General Plan. The guiding policies and implementing actions included in this Element are intended to assist the City in crafting a focused economic development strategy. They aim to maximize local strengths and opportunities, and at the same time, address weaknesses that may impair Los Banos' ability to compete regionally.

2.1 ECONOMIC VISION

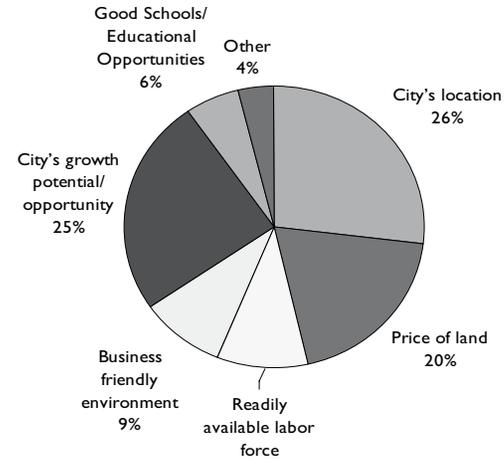
The General Plan recognizes that future growth must be guided by a vision that will help maintain Los Banos' special character. This vision includes a strong and vibrant downtown that is the pride of community, supported by a network of neighborhood commercial centers that serve the needs of nearby residents. A positive business climate will support the continued expansion of business, professional offices, and entertainment uses throughout the city. New business parks will accommodate manufacturing, processing, research and development, and office uses, providing a diverse mix of job opportunities. Los Banos Community College and other technical institutes will provide job training courses to match those needed by the local job market. New employers will be drawn to Los Banos because of its educated population, positive business climate, quality of life and its rising reputation as a pulsating economic hub in the San Joaquin Valley.

COMMUNITY SURVEYS

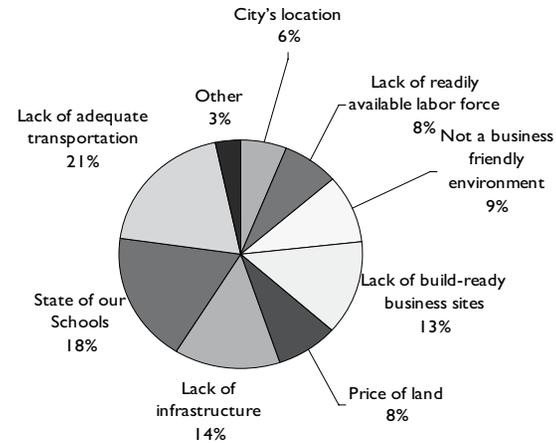
As part of the research for this economic development element, two surveys were conducted to assess Los Banos’ economic conditions and to collect community views on economic planning. The first was a community wide survey conducted in November 2006, and the second was a survey of economic development committee members, stakeholders, and other interested parties in January 2007. Together, these surveys provided valuable information about economic conditions on the ground and economic issues that are of concern to business leaders as well as residents.

Los Banos’ residents are generally satisfied with existing economic conditions. However, they also expressed a desire to see moderate to significant levels of economic development in the future. A vast majority of respondents thought that the City should attract high-tech businesses and light industries to Los Banos in view of the employment opportunities they bring. Retail businesses were also desired by many residents as current retail opportunities are viewed as limited. Many respondents highlighted the need for high wage jobs that would enable more of Los Banos’ educated workforce to work in the city rather than drive out of town. The city’s highly accessible location and its growth potential, is listed by Los Banos’ residents as its chief asset in attracting businesses. Conversely, residents worry that the state of Los Banos’ schools and the city’s lack of adequate transportation infrastructure are negative factors that may discourage businesses from investing or locating in the area. When asked about their concerns about economic development impacts, a vast majority of residents listed traffic as their primary concern, followed by impacts to schools, and Los Banos’ small town character.

The charts to the right showcase some of the survey results.



Community response to the question: "What do you think attracts business to Los Banos?"



Community response to the question: "What do you think might keep businesses from locating in Los Banos?"

2.2 LOS BANOS' ECONOMIC BASE

THE BEGINNINGS

Since its incorporation in 1907, Los Banos' economy has traditionally relied on farm products and agricultural services for revenue and jobs. Blessed with a hospitable climate and prime arable land, it was a major producer of milk products, tomatoes, dried fruit, nuts, cotton, melons and beef, as well as a supplier of sand for industry. The arrival of Kagome Foods, California Dairies and Ryan Pereira Company affirmed the city's position as an agriculture center in the Valley.

The importance of the agriculture industry, however, declined as the City grew. This is in line with a regional trend in which California agriculture on the fringe of growing communities is gradually replaced by high tech manufacturing or knowledge intensive industries. Migration increased sharply from 1980 onwards, spurred on by Los Banos' proximity to the San Francisco Bay Area, its low land cost and attractive natural environment. This increased population and economic activity is changing the face of Los Banos from a small community dependent on agriculture to a mid-sized city with a mix of businesses, retail, and services.

EXISTING EMPLOYMENT

The number of jobs in Los Banos increased dramatically in the 1990s. According to the U.S. Census, Los Banos had approximately 9,290 employed residents in 2000, representing a 64 percent increase over its 1990 total of 5,666 residents. The growth in employment by industry groups between 1990 and 2000 is summarized in Table 2-1.

2-1: Number of Employed Residents by Industry Group, 1990 to 2000

Employment by Industry (NAICS Classification)	1990	2000	Jobs Added	Percent Change
Agriculture and mining	789	801	12	1.5
Construction	349	824	475	136.1
Manufacturing and wholesale	764	1,599	835	109.3
Retail	1,318	1,292	-26	-2.0
Transportation and warehousing, and utilities	473	713	240	50.7
Information	n/a	192	192	192.0
Finance, insurance and real estate	201	230	29	14.4
Professional and management services	179	671	492	274.9
Educational, health, and social services	1,189	1,505	316	26.6
Arts, recreation, and other services	164	1,165	1,001	610.4
Public administration	240	298	58	24.2
Total	5,666	9,290	3,624	64.0

The classification system used by the Census changed from 1990 to 2000, and certain categories, such as 'Information', were added only in 2000.

Source: U.S. Census.

The fastest growing economic sectors, in terms of employment, are in professional services and in arts, recreation, and other services. The former increased over 270 percent, and the latter, over 610 percent from 1990 to 2000. This is likely caused by spillover effects of a population boom in that period.¹ With a larger resident population, demands for professional and business services, as well personal services such as food, entertainment, recreational, and other amenities likewise increased. Surprisingly, jobs in the retail industry declined over the decade. Nonetheless, retail jobs still represented a substantial share of total jobs, at 14 percent. The data also highlight the reduced importance of agriculture as an employment sector. While agriculture jobs grew by 1.5 percent, its share of all jobs dropped from 14 percent in 1990 to only 8 percent in 2000.

ECONOMIC STRENGTHS AND CHALLENGES

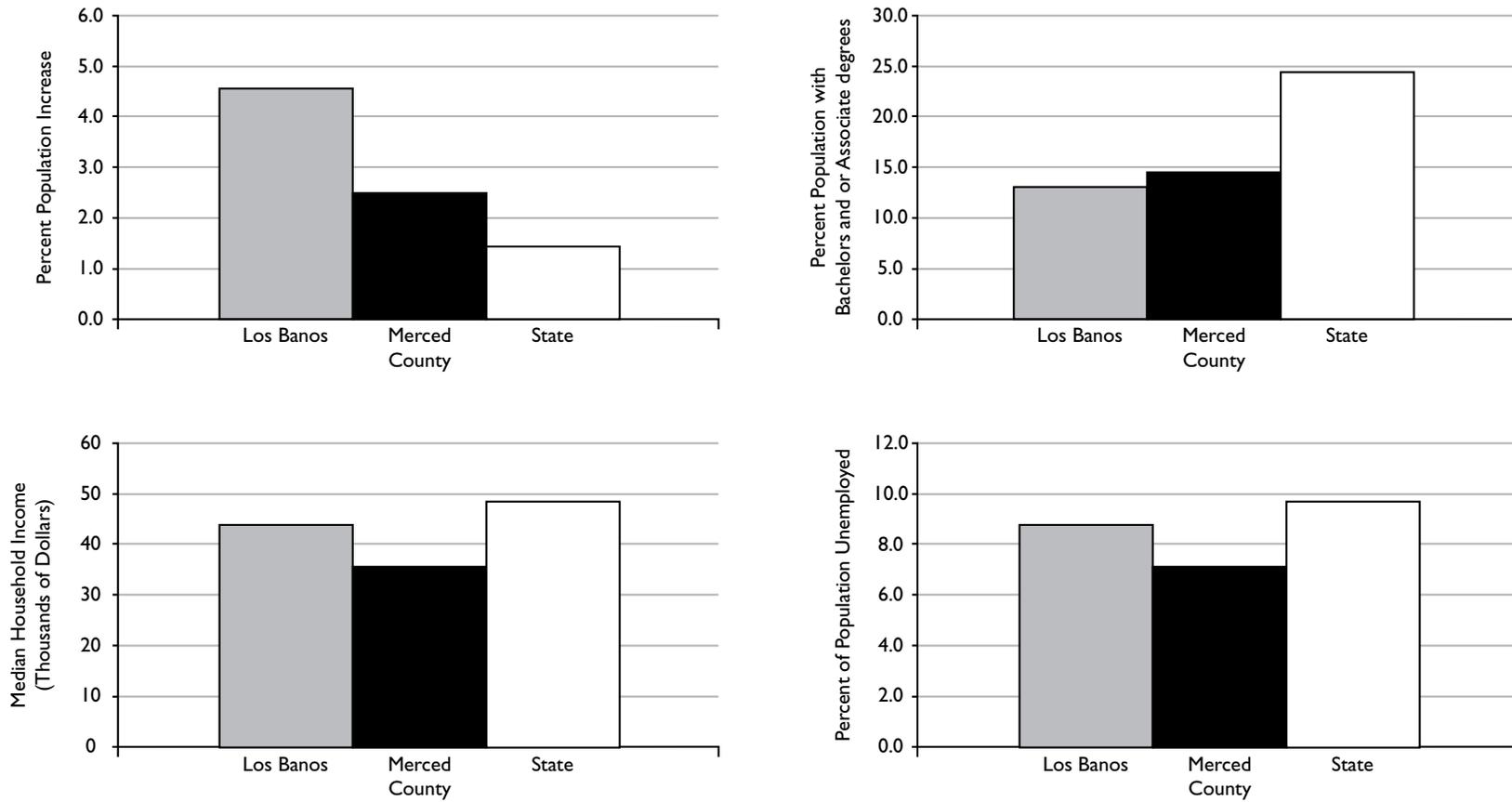
An assessment of existing economic strengths, weaknesses, opportunities and threats (SWOT) is a necessary step in the economic development process. Without knowing its characteristics and using this knowledge to narrow the focus of economic development, a city cannot meet its full potential. Conversely, a community that understands itself can take the greatest possible advantage of potential opportunities while formulating a plan to correct weaknesses. The following presents a SWOT assessment of Los Banos, gained from community surveys, stakeholder interviews, and an objective assessment of economic conditions.

¹ According to census data, the number of housing units in Los Banos grew by 59 percent from 5,070 to 8,070 in the ten year period. The California Department of Finance estimated the number of units to be 10,039 in 2005.

Strengths

- **Accessibility.** Los Banos is conveniently located and highly accessible to major urban centers. As such, it is particularly suitable for industries that rely heavily on ground transportation.
- **Supply of Sites.** Under the current General Plan 2030, adequate land has been zoned to accommodate employment growth through year 2030 and beyond.
- **Quality of Life.** Los Banos' community character and small-town feel is an asset that can be used to attract businesses as well as knowledge workers.
- **Higher Education.** Los Banos has a Community College, and is minutes away from UC Merced. Merced Community College, Los Banos Campus, has expressed willingness to work with the City and prospective industry to provide tailored vocational training to improve the local workforce.
- **Population Boom.** Growing cities such as Los Banos hold an edge over stagnant or declining cities. A population boom in the last decade has fueled construction activities and an increased need for retail and basic services. This condition is extremely attractive to potential investors.
- **Economic Development Strategy.** The City has an economic development program managed by the Redevelopment Agency. The program includes monthly site selector visits in and out of the state, partnership with the Central California Economic Development Corporation for extensive outreach and contracts with Merced County Economic Development Corporation for an assertive economic development strategy.

Figure 2-1: Economic Snapshot of Los Banos



Annual population increase are taken from 2004 to 2005, Unemployment figures are from 2005, Bachelors and Associate degree and Median household income are from 2000 Census.

Source: U.S. Census

Weaknesses

- **Workforce readiness.** Unemployment is high in Los Banos. Workers are generally unskilled, and the number of persons with college degrees is below national averages.
- **R&D Tradition.** There is a lack of knowledge intensive work or R&D tradition in Los Banos.
- **Specialty.** Nothing about Los Banos particularly stands out. To compete for investment dollars, Los Banos needs a marketing strategy centered on a “big idea”.
- **Lack of Economic Development.** At present, the City has no “business center”, the City website offers little information to investors.

Opportunities

- **UC Merced.** Los Banos may benefit from education-related services, such as administration, teaching and supporting jobs resulting from the opening of UC Merced.
- **Agriculture.** Los Banos can capitalize on its agriculture tradition by moving into high-end food processing.

Threats

- **Air Quality.** Low air quality in the Central Valley region may become a threat to quality of life.
- **NIMBY.** A “Not In My Back Yard” mentality may become a threat to development initiatives.

IDENTIFYING OPPORTUNITIES AND SOURCES OF GROWTH

The next step in formulating an economic strategy is to identify future opportunities and potential sources of growth. While economic modeling is by no means an exact science, a good picture can be found by:

1. Identifying comparative advantages of different industries;
2. Identifying existing strength of different industries; and
3. Identifying future growth based on employment forecast models.

Los Banos’ Competitive Advantage

To judge the relative strength of each industry in Los Banos, it is fruitful to compare them to data from a larger geographical entity (the County in this case). Table 2-2 presents employment makeup in year 2000 for comparison. According to census data, sectors that provide the most employment in Los Banos are *Manufacturing and Wholesale* (providing 17 percent of all jobs), *Retail* (14 percent), and *Education, Health and Social Services* (16 percent). Together, these three sectors account for nearly half of all jobs in the city.

Between 1990 and 2000, Los Banos was able to increase its capture of County employment from 8.5 percent to 12.3 percent. This roughly mirrors a similar trend in population growth where Los Banos also increased its share of population from 8.1 to 12.3 percent. Analyzing industries individually, the City shows definite strength in *Construction, Retail, and Transportation, Warehousing and Utilities*. A location quotient (LQ) of 1.0 and above generally signal basic activity, where local production exceed local demand and any excess is exported regionally. Such larger presence and higher concentration can translate into comparative advantages if these sectors are ear-marked for further development.



A population boom in the 90s through 2006 is largely responsible for a construction boom and growth in the services industries.

2-2: Number of Employed Residents in Los Banos and Merced County, 2000

Employment by Industry	City of Los Banos	Percent of Total	Merced County	Percent of Total	Location Quotient
Agriculture and mining	801	8.6	9,378	12.5	0.7
Construction	824	8.9	5,081	6.7	1.3
Manufacturing and wholesale	1,599	17.2	13,164	17.5	1.0
Retail	1,292	13.9	8,071	10.7	1.3
Transportation and warehousing, and utilities	713	7.7	3,620	4.8	1.6
Information	192	2.1	2,034	2.7	0.8
Finance, insurance and real estate	230	2.5	2,533	3.4	0.7
Professional and management services	671	7.2	4,547	6.0	1.2
Educational, health and social services	1,505	16.2	15,296	20.3	0.8
Arts, recreation, and other services	1,165	12.5	8,399	11.2	1.1
Public administration	298	3.2	3,198	4.2	0.8
Total	9,290	100.0	75,321	100.0	1.0

Location Quotient is the measure indicating the degree to which an area is specialized, relative to another area, in the production of a particular product.

Source: U.S. Census.

Understanding Components of Growth

Employment growth can be divided into three basic components: (a) A *national growth effect* which is the part of growth due to employment growth in the nation as a whole; (b) An *industry effect* which is the amount of growth the industries in the city would have experienced due solely to growth in that particular industry; and (c) A *local effect* which represents employment growth due to local conditions. How each local industry is performing relative to national or industrial trends can be seen when all three components are compared.

According to this analysis, Los Banos counted several ‘winner’ industries from 1990 to 2000. ‘Winner’ industries are defined as those that performed well over national standards in growing sectors. The *Construction* industry, for example, added 475 jobs, 42 of those driven by national economic growth, 34 by industry-specific growth, and the remaining 398 attributable to Los Banos’ local conditions. Likewise, *Professional and Management Services* would have added only 228 jobs if it followed national economic trends and industrial trends. A further 264 jobs were added due solely to local factors.

During the same period, several ‘Questionable winners’ can be identified. These are industries that performed well amid national or industrial decline. The *Manufacturing and Wholesale* sectors, *Retail*, and the *Educational, Health and Social Services* sectors all added jobs despite losing jobs elsewhere in the nation.

Implicit in this trend are two potential outcomes. In one scenario, growing local excellence places Los Banos in a stronger position to take advantage of future national or industrial growth, should they occur. In an alternative scenario, the City is “heading the wrong direction” should these industrial categories continue to decline in importance. The strong performance of local industries in categories that are declining nationally is thus questionable in a sense that their future is dependent upon national trends. Since Los Banos is too small to exert any influence on the national economy, it is more important to follow national trends than to go against them.

2-3: Components of Job Growth, 1990 to 2000

Employment by Industry	1990	2000	Growth Effect	Industry Effect	Local Effect	Jobs Added
Agriculture and mining	789	801	96	-386	302	12
Construction	349	824	42	34	398	475
Manufacturing and wholesale	764	1,599	93	-170	912	835
Retail	1,318	1,292	160	-448	262	-26
Transportation and warehousing, and utilities	473	713	57	-142	324	240
Information	0	192	0	0	192	192
Finance, insurance and real estate	201	230	24	0	5	29
Professional and management services	179	671	22	206	264	492
Educational, health and social services	1,189	1,505	144	-195	367	316
Arts, recreation, and other services	164	1,165	20	302	679	1,001
Public administration	240	298	29	0	29	58
Total	5,666	9,290	-	-	-	3,624

Growth effect is the contribution of national economic growth to local growth. Industry effect is the performance of industry nationwide subtracting national growth. Local effect is the local conditions that lead to better or worse than expected performance.

Source: U.S. Census.

Future Employment

Table 2-4 presents existing and expected future employment in Los Banos organized by industry groups for comparison. The number of employed residents is expected to increase to over 35,000 by 2030. Some economic sectors, most notably those in the *Retail* industry, the *Public Administration* industry, and the services industries, are likely to grow in response to the needs of a growing population. Others, such as *Manufacturing*, will respond to market demands of a broader geographic area. This later growth will be influenced by the degree to which city assets—central location, good transportation, affordable housing—are able to attract

business. *Agriculture* is expected to follow a regional and historical trend of decline unless specific economic initiatives are developed for this sector. Meanwhile, *Education* is expected to grow to meet the needs of a growing youth population in Los Banos. On the whole, the job market is expected to remain fairly diverse with job increases in every sector. Job growth will be highest in *Manufacturing and Wholesale, Retail, and Education, Health and Social Services*. An expanded employment base will expand opportunities for local residents and help to further stabilize the local economy.

2-4: Projected Number of Employed Residents, 2010 to 2030

Los Banos	2000	2005	2010	2020	2030	Percent Share in 2000	Expected Percent Share in 2030
Population	25,869	33,506	40,300	60,700	90,400	NA	NA
Households	7,721	10,092	12,100	18,300	27,200	NA	NA
Agriculture and mining	801	894	950	1,050	1,200	8.6	3.3
Construction	824	1,457	1,800	2,630	3,600	8.9	10.3
Manufacturing and wholesale	1,599	2,577	3,190	4,640	6,500	17.2	18.5
Retail	1,292	2,311	2,930	4,380	6,200	13.9	17.7
Transportation and warehousing, and utilities	713	1,033	1,270	1,800	2,500	7.7	7.1
Information	192	274	370	630	1,000	2.1	2.8
Finance, insurance and real estate	230	303	370	500	700	2.5	1.8
Professional and management services	671	722	960	1,570	2,400	7.2	6.9
Educational, health and social services	1,505	2,413	3,120	4,770	7,000	16.2	19.7
Arts, recreation, and other services	1,165	1,315	1,570	2,120	2,700	12.5	7.7
Public administration	298	464	600	940	1,400	3.2	4.0
Total	9,290	13,764	17,130	25,030	35,200	100.0	100.0

Employment forecast is based on a Shift-share of ABAG projections to give Merced County projections; this data is adjusted to fit probably trends, and then further projected for Los Banos using a constant share method.

Source: U.S. Census.

POTENTIAL GROWTH INDUSTRIES

Several industries are proposed for targeting based on their fit with City strengths, past performance, and future growth potential.

Education and Healthcare

The Bay Area region has one of the largest concentrations of education institutions and healthcare providers in the nation. With UC Merced nearby, and the Community College and Memorial Hospital within City limits, Los Banos is poised to take advantage of regional dynamism to become a world-class health care and education center. Even without the aid of development initiatives, the sector (including social services) is projected to provide jobs to nearly 20 percent of all residents by 2030. In addition to jobs, education and health care bring other positive spillovers. They add to the 'quality of life' and bring training opportunities to Los Banos. For example, acute and specialty hospitals, dental offices and pharmacists attract diagnostic labs, medical insurance companies, and provide training for a range of health care professionals. This in turn may attract pharmaceuticals, medical supply firms, bio-tech and R&D to Los Banos.

Manufacturing

Conventional wisdom suggests that manufacturing is disappearing in the United States. While it is true that globalization has increasingly outsourced component design and manufacturing to diverse geographic locations, the U.S. manufacturing employment has stayed roughly constant since the 1940s. Manufacturing is responsible for two thirds of all exports and accounts for a quarter of all U.S. economic output. Los Banos may be able to capture a share of the growth of light manufacturing due to its proximity to R&D hubs in the Bay Area, access to export harbors, and availability of low cost labor relative to

other Bay Area cities. The remarkable performance of manufacturing in Los Banos against a backdrop of national decline from 1990 to 2000 is a testament to this fact. Future prospects continue to look strong for Los Banos. Subsector activities that are particularly important to the Central Valley region include the manufacture of industrial machinery used in agriculture, electronic equipment for export, and transportation and logistics.

Agriculture Processing

Agriculture production was Los Banos' economic cornerstone until the mid-1980s. Even today, farmers continue to grow tomatoes, citrus fruits, almonds, and raise cattle in areas surrounding the city. A significant number of jobs can be created if business operations can turn these raw commodities into processed food or other value-added products. The city's location advantage, with half-day access to markets and export harbors, make this an attractive proposition for economic development. However, the abundant number of Central Valley cities adopting the same strategy means that Los Banos must work to complement, rather than compete against, regional cities. The City should identify niche markets it can enter (such as organic foods, specialty foods, farm implements, etc.) and continue to explore areas of cooperation with regional economic development organizations.



Light or medium manufacturing may be attracted by Los Banos' half day access to major ports and abundant, cheap labor.

Advanced Logistics and Distribution

County jobs in logistics and distribution have increased over the years due to Merced County's central location and access to major highways. Truck load and volume continues to increase year after year. Los Banos could take advantage of this factor by improving cargo handling capacities and adopting advanced supply chain management technologies. Critical ingredients however, include adopting a strategic plan to improve technical and college education, improving transportation and telecommunication infrastructure, and continue increased marketing of the city's assets to businesses.

Construction

The construction industry is another industry where Los Banos has obvious comparative advantages. This sector may be target-developed with caution. While the sector performed remarkably well over the last ten years and continues to show good prospects, jobs in construction are usually low paying and driven by population booms. To make them sustainable in the long run, the City must help the industry upgrade its skills and expertise in specialized areas. For example, the creation of a pre-fabrication building materials industry—a logical step forward given the strength of local home-building—will increase job diversity and security by expanding the market. Potential sectors to focus on include building-supply businesses, 'dry construction' or prefabrication businesses, green building businesses (such as builders of green roofs and photovoltaic cells), and other businesses that can help capture a regional market.

2.3 FINDING ROOM TO GROW

The most important action the City can take for economic development is to make space available both for existing businesses to expand and for new businesses to locate in the community. To ensure an adequate supply of land, the City will need to plan in advance to anticipate business expansion potential and to attract new or added uses to the local economy.

FUTURE NON-RESIDENTIAL LAND NEEDS

The land use program of the Los Banos 2030 General Plan reflects the historic economic mix and takes into account the types of new jobs the region as a whole attracts, and the type of jobs that gravitate to Los Banos based on its capture of regional growth. The Plan provides for space to accommodate the kinds of employment economically suitable to Los Banos. During the time horizon of the General Plan—assuming continuing strong regional growth—it is reasonable to expect strong absorption of non-residential development.



Areas planned for employment and business parks will provide land for job growth.

The General Plan allows for significant commercial growth in areas as follows:

- **Office space**, up to 3.7 million square feet;
- **Retail and Commercial space**, up to 8.9 million square feet;
- **Industrial and Employment Park space**, up to 10.4 million square feet.

These increases in built space for employment will take place on lands not currently in urban use as well as on lands previously developed, but on which (through infill development and development in a new mixed use land designation) the existing intensity of development could increase.

2.4 CITY'S ROLE IN ECONOMIC DEVELOPMENT

Beyond ensuring sufficient land is allocated for growth, the City has an important role in promoting economic development and providing support for businesses. For example, by “streamlining” the design review, permitting and licensing processes, the City can make doing business less complicated, costly, and time-consuming. In addition, the City is also responsible for maintaining streets and other infrastructure, overseeing workforce training programs and housing development. Actions in these areas can help to create an attractive investment climate.

DEFINING AN ECONOMIC DEVELOPMENT STRATEGY

A coordinated economic strategy is essential to Los Banos’ economic development objectives. Such a strategy will include a managed program of fiscal development, strategic public improvements, and a balanced approach to land use. Instead of traditional approaches—such as providing tax breaks and other subsidies to attract businesses—Los Banos will focus on investing in workforce readiness, infrastructure development, and most of all, creating a superb quality of life. The development strategy will build on and reinforce initiatives already undertaken by the Merced County Economic Development Corporation (MCEDCO), and capitalize on technical assistance and grant funding provided by State and federal agencies. This element envisions the following key initiatives:

- **Sectoral targeting.** Cities that guide economic development through strategic sectoral targeting policies reap greater benefits and faster results than those that allow development without guidance. The key is to identify and attract economic sectors that have the greatest potential for job growth and wage increases, and whose development is compatible with the City’s vision in keeping Los Banos a vibrant, safe, and attractive place to live. Table 2-5 presents criteria to evaluate firms among targeted sectors.
- **Marketing.** City marketing is more than just a mere promotion of place. Marketing defines Los Banos’ image and increases its exposure to potential investors and the world at large. Adopting a marketing message can help differentiate Los Banos’ business environment from regional competitors, focusing on characteristics that make it a desirable business location.

2-5: Screening Criteria for Targeted Industries

Economic Characteristics	Firm Characteristics
Above-average wages	Telecommunication and transit-friendly
Employs local residents	Provides training to workers
Basic sector or primary engine of growth ¹	Creates few or no negative environmental effects
High productivity	Contributes to social equity ³
High-tech or knowledge-driven	
Large investment per employee ²	

¹ These businesses typically generate secondary uses and are export oriented.

² Businesses with larger local investment tend to be more permanent.

³ This may include providing for employee health insurance, childcare, and other needs.

- **Investment in infrastructure.** In addition to land, businesses look for ready infrastructure including water, sewer, road, power, and telecommunications, in their investment decisions. The City will seek to provide a modern, attractive, dependable, efficient and cost competitive infrastructure plan through investments and continued improvements.
- **Investment in human capital.** Human resources development assists economic development by making available a pool of trained workers for existing and new businesses. The City will take a role in improving college graduation rates and skilled labor through encouraging job training, workforce development, and life long education.

- **Improving the business climate.** A good business climate allows businesses to conduct their affairs with minimal interference while accessing quality high inputs and customers at low costs. The City will improve both the ease and the cost of doing businesses by simplifying permitting and other application procedures, reducing barriers to investment, and implementing local assistance programs as needed.
- **Improving Downtown.** Los Banos' Downtown has long been a center of retail in the surrounding area. The General Plan recognizes its historic role and potential value in serving economic goals of the City. An attractive and vibrant Downtown is an asset in attracting new residents and businesses. It helps create a favorable impression and instill confidence for investments. The new community center will also help.
- **Maintaining fiscal health.** Economic and other initiatives called for in the General Plan will have fiscal consequences for Los Banos. Increasing residential development and business activity will boost revenue sources. At the same time, rising demand for services and capital facilities will increase operating costs. The City must ensure revenue and expenditure achieve a healthy balance and a sufficient operating reserve is maintained at all times.

According to analysis, this General Plan is fiscally sound in the long run. Particular emphasis should be placed on future City efforts to:

- Maintain an active economic development effort to attract continuing nonresidential development as well as residential development over time;
- Maintain fiscal mechanisms (such as the Community Facilities District) that are already in place, and extend them to additional areas of the City where possible; and
- Monitor fiscal conditions continuously to provide early indications of potential revenue shortfalls or unanticipated cost increases.

With these efforts, implemented through the policies that follow, Los Banos will be able to achieve its economic development goals efficiently and effectively.

GUIDING POLICIES

- ED-G-1 Help create jobs and improve job quality for existing and future Los Banos residents.
- ED-G-2 Facilitate the development of new businesses, and/or expansion of existing businesses through site availability, infrastructure investment, and labor force preparedness.
- ED-G-3 Make Los Banos an ideal place to do business by fostering a business friendly climate.
- ED-G-4 Strengthen positive working relationships among the business community, education providers, regional economic institutions and City government.
- ED-G-5 Promote Downtown as a cultural and entertainment center to bring people downtown and stimulate business opportunities.
- ED-G-6 Foster a fiscally healthy City government.

IMPLEMENTING ACTIONS

Sectoral Targeting

- ED-I-1 Prepare an outreach strategy for targeted industries, focusing on:
 - Industries that indicate an interest in the San Joaquin Valley, Merced County, or Los Banos;
 - Industries whose labor requirements match the occupations and skills of the local labor force;
 - Businesses that rely on ground and air transportation;
 - Businesses that can add on to existing industrial clusters or firms;
 - Public or private enterprises appropriate to strengthening the health/education/services sector, or those that would improve the local quality of life; and
 - Partnership with area educational institutions to assist with training for a new workforce.
- ED-I-2 Continue to have economic development staff contact and visit target companies, including businesses, real estate brokers and site consultants.
- ED-I-3 In partnership with the Chamber of Commerce and Merced County Economic Development Corporation, continuously track local, state, and national economic trends to identify new candidate industries for Los Banos.

Marketing

ED-I-4 Create and market a unique city image that differentiates Los Banos from other locations.

Investment in Infrastructure

ED-I-5 Actively promote Los Banos as a place for business through the following:

- Continue to attend trade shows or other gatherings for industries that may contribute to a critical mass of demand for supporting businesses;
- Advertise in industry publications;
- Publish an inventory of assets that Los Banos offers in newsletters and on the web;
- Create materials to keep businesses and industry groups informed of services using electronic newsletter, postcards, and specialized promotional packages; and
- Prepare industry profiles with a typical operating cost pro forma to be used as a sample for business attraction.

Investment in Human Capital

ED-I-6 Create, maintain, or upgrade Los Banos' infrastructure to support economic development.

ED-I-7 Promote opportunities to develop executive housing.

ED-I-8 Actively recruit vocational institutions to locate in Los Banos, and support development of a vocational education certificate program at Merced Community College that can address the gaps for technical skills needed by the City's major industries.

ED-I-9 Actively recruit UC Merced staff and students to network with Los Banos for research, pilot, or training opportunities.

ED-I-10 Work with high schools, the Community College, UC Merced, and other educational providers to develop internship, mentoring and apprenticeship programs.

ED-I-11 Promote workforce retraining and lifelong education:

- Provide technical assistance to employers that send workers for skill upgrading or retraining.
- Encourage local educational providers to establish continuing education programs to meet the existing and foreseeable needs of local employers.

Improving Business Climate

ED-I-12 Improve the ease of doing business within the City to ensure the growth, development, and prosperity of Los Banos' business community by:

- Continuing to maintain an inventory of "ready to go" sites, with information about their location, size, configuration, infrastructure availability, zoning, and other data that indicates readiness for development;
- Continuing to provide businesses with assistant services, including visitation to existing businesses;

- Adopting a streamlined permit process and expediting permit decisions; and
- Creating a one-stop web portal for economic development.

- ED-I-13 Establish financing plans for existing businesses seeking to expand in Los Banos for whom payment of fees “upfront” may represent a major financial burden.
- ED-I-14 Continue to improve the city’s business incubator program to foster the development of local start-ups.

Improving Downtown

- ED-I-15 In partnership with the Chamber of Commerce, Downtown store owners and local hotels, encourage parades, festivals, celebrations, promotional sales and sporting events in Downtown that will draw visitors to the area.

Also see policies in Chapter 3: Land Use.

Economic Administration

- ED-I-16 Continue to work with regional economic development organizations to foster the economic health of the area.
- ED-I-17 Maintain the Economic Development Committee to advise the City Council and staff regarding economic development, redevelopment, employment, and housing issues.
- ED-I-18 Continue to periodically survey the business community for evaluation of City services and improvement suggestions.

Maintaining Fiscal Health

- ED-I-19 Seek to maintain an operating reserve of not less than 50 percent of projected operating expense for the following fiscal year to assure that sufficient financial resources will be available in the event of sudden economic dislocations or general economic slowdowns.
- ED-I-20 Continue to identify, pursue and capture State, federal and other grants for economic development.
- ED-I-21 Assure current revenue sources can adequately finance the City’s capital and program initiatives, and at the same time, provide for maintenance of existing facilities or identify available revenue as needed.

2.5 SPECIFIC ECONOMIC POLICIES

Aside from general economic policies, which aim at elevating overall economic conditions for all residents, the City recognizes the need to establish a number of specific policies with more focused objectives. These policies typically have a shorter time range, are program-oriented, and are designed to satisfy a need not covered by general policies. In most occasions, specific economic policies are crafted in response to community feedback, economic surveys, or stakeholder interviews. They are intended to promote particular activities most urgently needed by Los Banos in the immediate future.

GUIDING POLICIES

ED-G-7 Seek and promote particular businesses or economic opportunities that provide needed local goods, services, employment, or those that enhance the city's physical and social well being.

IMPLEMENTING ACTIONS

ED-I-22 Investigate the benefits that senior communities may bring to Los Banos and, if appropriate, pursue development of such communities in appropriate locations.

ED-I-23 Promote youth related businesses and those that provide activities families can enjoy together.

ED-I-24 Explore the feasibility of creating an Auto Mall at the eastern or western end of Pacheco Boulevard, near the 152 bypass intersection.

ED-I-25 Establish Los Banos as a tourism destination through promoting activities associated with the O'Neil Forebay, Grasslands Ecological Area, and other points-of-interest around the city. Specific initiatives may include the following:

- Promoting commerce associated with the O'Neil Forebay as a summer recreation area, and the Tule Elk Reserve for wildlife viewing;
- Promoting commerce associated with private recreational activities within the Grasslands such as wildlife viewing and hunting;
- Establishing easy access to visitor information in the city;

- Providing clear signage on roads leading to points-of-interest on city maps; and
- Supporting special events, such as "Wild on Wetlands" and particularly multiple day events that celebrate the rich biological diversity around Los Banos.

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