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Meeting of the Minds in Monterey
California Workforce Association

5 September 2007



Connecting Entrepreneurial Innovation with your Workforce Agenda

Funding provided by Department of Labor, Employment & Training Administration: WIFED Initiative



Opening Remarks/Introduction

Barbara Halsey

Executive Director

California WIB Investment Board





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Panel

- **Barbara Halsey, Executive Director, California Workforce Investment Board**
- **Ray Wells, Manager of Technology Commercialization and Business Development California Space Authority**
- **Jo Marie Diamond, Vice President, Connectory.com, East County EDC**
- **Jon Gregory Golden Capital Network**
- **Chuck Flacks, Policy Analyst, San Diego Workforce Partnership**



Agenda



- **Opening Remarks/Introduction - Barbara Halsey**
- **Impact of Companies on Local Economy and Infrastructure, Quantitative Metrics - Ray Wells**
- **How to Find Technology Companies/Innovation Centers in Your Region -- Jo Marie Diamond**
- **How to Grow/Support Technology Clusters, Investors, and Sponsors -- Jon Gregory**
- **Workforce Investment Organizations – What's in it for Us? -- Chuck Flacks**

Impact of Companies on Local Economy and Infrastructure, Quantitative Metrics

Ray Wells

Associate Director, Technology Commercialization and Business Development

California Space Authority



- **Economic impact and fiscal analysis of job creation**
- **Focus – A Job is not a Job in terms of Impact**
- **Pollock Model Utilized**
 - **The Pollock Retention & Relocation Model calculates the impact of business retention and relocation. Utilized by Southern California Edison and who ran data.**
- **Region Selected -**
 - **Los Angeles County – El Segundo**
 - **Two Aerospace Manufacturing Companies**
 - **Two Service Sector (Hotel) Companies**

What does the model do?



- The model computes the impact of either an existing business (retention) or a new business (relocation).
- Economic impact during operations – determines the output, jobs, payroll and population supported by the operations of a company.
- The model provides a choice of 138 industries based on 2-digit SIC codes. With this information, the multiplier effects on the State, County or City are determined.

- **The multiplier effects are separated into direct, indirect and induced impacts.**
 - **Indirect impacts are new jobs, output and income that will be generated by industries that supply goods and services directly to the company.**
 - **Induced impacts consist of the jobs, output and personal income in industries that serve the direct and indirect employees and their families.**
 - **The Induced impact includes not only the end-use consumer products but also any locally purchased intermediate products that were used in producing the consumer goods and services.**
 - **Total population supported by the company's operations is also computed based on historical relationships between jobs and population.**

- **Fiscal Impact analysis determines revenues generated by a particular economic activity.**
 - The primary revenue sources (i.e. – taxes and fees) of local, county, and state governments.
 - Fiscal effects occur as a result of spending by workers directly or indirectly supported by the company. For instance, counties and cities benefit from spending of employees on housing and retail goods and services. Examples of these types of fiscal impacts that will be generated include State income taxes paid on wages and sales taxes paid on retail goods.

- **The fiscal impact during operations includes:**
 - **Direct, indirect, induced and total impacts of a new or existing company sales taxes, income taxes, unemployment insurance, gas taxes, property taxes and other State, County and Local revenues supported by the operations of the company.**
- **Direct revenue**
 - **Direct jobs or wages, value of construction (if any), market value of the building, net corporate income, gross receipts, direct sales and purchased materials, and electricity / utilities purchased.**



Applicable Revenue Sources

- Taxes -



- **Sales Tax –** The State of California charges a sales tax on retail goods and services. The sales tax rate for the State is 6.0%. The State also collects sales taxes on behalf of the local governments. The City sales tax rate is 1.0% and sales taxes at the County level vary between 0.25% and 1.25% for a total of 7.25% to 8.25%.
- **Income Tax –** The State of California collects taxes on personal and corporate income. The personal income tax rate varies from 1.0% to 9.3% and is applied to the wages and earnings of direct, indirect and induced employment resulting from the operation of the company. The corporate income tax rate is 8.84%.

- **Unemployment Insurance Tax** - Unemployment insurance tax for employees is currently 3.4% on the first \$7,000 of earned income.
- **Gas Tax** – The State of California currently collects a gas tax of \$0.18 per gallon of gasoline. The tax is calculated based on the average vehicle traveling 12,000 miles a year at 15 miles per gallon.
- **Vehicle License Fees** – Vehicle license fees are collected for registering and titling motor vehicles in the State of California. The average for the State is \$143 per car. The VLF are distributed to the County Health and Welfare Fund (24.33%) and to the Counties and Cities (75.67%). The 75.67 is then distributed based on 18.75 to counties and 81.25% to cities and counties, based on their respective population.

Applicable Revenue Sources

- Taxes - con't



- **Property Tax** – Property taxes vary by county and city. (Personal and Corporate Properties for direct, indirect and induced).
- **Business Tax** – Local governments levy business taxes on companies. The businesses are generally categorized as either general office, professional office, retail, wholesale, manufacturing, personal service, commercial property or residential property. Each city has its own criteria for levying taxes. The taxes will either be calculated based on a percent of gross receipts, number of employees, percent of payroll or based on a flat rate.



Applicable Revenue Sources

- Taxes - con't



- **Utility User Tax** – Local governments levy user taxes on electric, telephone, cellular, gas and water usage.
- **Franchise Fees** – Franchise fees are levied on electricity sales. The tax ranges from 0% to 1.0% by city
- These tax categories represent the largest sources of revenues that will be generated to City, County and State Governments.



Run in this Report



Small Aerospace	20 employees
Medium Aerospace	100 employees
Small Hotel	20 employees
Medium Hotel	100 employees

NAICs code – Aerospace Product & Parts Manufacturing - 336411 – 336413

NAICs code - Hotels - 72111 – 721110

Small Aerospace Manufacturing multiplier code	2.95
Medium Aerospace Manufacturing Multiplier code	2.94
Small Hotel Multiplier	1.35
Medium Hotel Multiplier	1.36



Small Aerospace

– Economic Impact of Operations



Impact Type	Jobs	Population	Personal Income	Output
Direct	20	42	\$2,069,000	\$ 6,108,000
Indirect	17	36	\$1,165,000	\$ 3,087,000
Induced	22	46	\$ 920,000	\$ 2,605,000
Total	59	124	\$4,154,000	\$11,800,000

Impact Type	Jobs	Personal Income	Average Salary
Direct	20	\$2,069,000	\$103,450
Indirect	17	\$1,165,000	\$68,529
Induced	22	\$920,000	\$41,818
Total	59	\$4,154,000	\$70,406



Small Hotel

– Economic Impact of Operations



Impact Type	Jobs	Population	Personal Income	Output
Direct	20	42	\$ 668,000	\$ 1,712,000
Indirect	2	4	\$ 94,000	\$ 262,000
Induced	5	11	\$ 219,000	\$ 621,000
Total	27	57	\$ 981,000	\$ 2,595,000

Impact Type	Jobs	Personal Income	Average Salary
Direct	20	\$ 668,000	\$33,400
Indirect	2	\$ 94,000	\$47,000
Induced	5	\$ 219,000	\$43,800
Total	27	\$ 981,000	\$36,333



Personnel Placement

– Multipliers / Effort



Impact Type	Ave. Salary Small Hotel	Ave. Salary Small Aerospace	Impact Small Hotel Multiplier	Impact Small Aerospace Multiplier	Hiring Impact Differentiation
Direct	\$ 33,400	\$103,450	\$ 45,090	\$305,177	6.8
Indirect	\$ 47,000	\$ 68,529	\$ 63,450	\$202,160	3.2
Induced	\$ 43,800	\$ 41,818	\$ 59,130	\$123,363	2.1
Multiplier / Total	1.35	2.95	\$167,670	\$630,701	3.8

Project / Company Name Small Aerospace Manufacturing
Company Industry Aircraft and parts manufacturing (33641)

	YEAR 1	
	Jobs	Output
AGRICULTURE, FORESTRY & FISHING (NAICS 11111-115)		
Crop farming (11111-11213)	0.0	\$600
Livestock (1123-1129)	0.0	\$100
Logging (1133-1132)	0.0	\$200
Fishing (1141)	0.0	\$0
Ag services (1142)	0.0	\$0
Ag & forestry services (115)	0.0	\$0
MINING (NAICS 211 to 213115)		
Oil and gas extraction (211)	0.0	\$12,700
Coal mining (2121)	0.0	\$0
Metal mining (21221)	0.0	\$0
Other non-metal mining (21239)	0.0	\$100
Oil mining (21311-213115)	0.0	\$0
UTILITIES (NAICS 2211 to 2213)		
Power generation and support (2211)	0.1	\$41,800
Natural gas distribution (2212)	0.0	\$24,800
Water, sewage, and other systems (2213)	0.0	\$1,200
CONSTRUCTION (NAICS 2332 to 234)		
Residential construction (2332)	0.0	\$0
Commercial construction (23331)	0.0	\$0
Construction infrastructure (23332)	0.0	\$0
Construction miscellaneous (234)	0.2	\$30,300
MANUFACTURING (NAICS 311111 to 339999)		
Miscellaneous food and kindred products (311111-311119)	0.0	\$200
Grain mill products (311211-311223)	0.0	\$200
Fats and oils (311223-31123)	0.0	\$400
Confectionary products (31131-31134)	0.0	\$900
Preserved fruits and vegetables (3142)	0.0	\$400
Dairy products (311511-31152)	0.0	\$15,300
Meat products (311611-3117)	0.1	\$16,800
Frozen cakes and other pastries (311813)	0.0	\$1,500
Bakery products (311811-31183)	0.1	\$14,000
Roasted nuts and peanut butter manufacturing (311911)	0.0	\$200
Other snack food manufacturing (311919)	0.0	\$600
Beverages (31192-31193)	0.0	\$2,900
Condiment manufacturing (311941-311942)	0.0	\$2,700
All other food manufacturing (31199-31214)	0.0	\$3,900
Tobacco products (31221-312229)	0.0	\$100
Fiber, yarn, and thread mills (3131)	0.0	\$0
Broadwoven fabric mills (31321)	0.0	\$100
Narrow fabric mills (31322)	0.0	\$100
Nonwoven fabric mills (31323)	0.0	\$0
Knitting mills (31324)	0.0	\$100
Textile finishing, except wool (31331)	0.0	\$400
Fabric coating mills (31332)	0.0	\$0
Miscellaneous fabricated textile products (31411-314999)	0.0	\$1,500
Apparel products (31511-3159)	0.1	\$10,300
Leather tanning and finishing (3161)	0.0	\$100
Footwear cutstock (3162)	0.0	\$600
Leather goods, N.E.C. (3169)	0.0	\$500
Sawmills and planing mills (321113-321114)	0.0	\$300
Milwork, plywood and structural members (321219-321999)	0.0	\$4,500
Pulp mills (32211)	0.0	\$0
Paper and paperboard mills (32212-32213)	0.0	\$0
Paperboard containers and boxes (32221-322226)	0.0	\$500
Misc. converted paper products (322221-322229)	0.0	\$800
Manifold business forms (323116)	0.0	\$400
Books (32317)	0.0	\$100
Blankbooks and bookbinding (323118)	0.0	\$100
Commercial printing (323111-323119)	0.1	\$14,400
Printing trade services (323121-323122)	0.0	\$300
Petroleum refineries (3241)	0.0	\$62,300
Asphalt paving and roofing materials (324121-324122)	0.0	\$1,300
Misc. petroleum and coal products (324191-324199)	0.0	\$1,700
Chemical manufacturing (32511-32519)	0.0	\$3,900
Plastics materials and synthetics (325211-325212)	0.0	\$1,200
Industrial organic chemicals (325221-325222)	0.0	\$0
Agricultural chemicals (325311)	0.0	\$100
Drugs (32541)	0.0	\$23,600
Paints and allied products (32551)	0.0	\$200
Miscellaneous chemical products (32552)	0.0	\$15,300
Soap, cleansers, and toilet goods (325611-32562)	0.0	\$13,300
Printing ink manufacturing (32591)	0.0	\$600
Ink solutions manufacturing (32592)	0.0	\$0
Photocompounding of purchases (325991)	0.1	\$16,300
Photographic equipment and supplies (325992-325998)	0.0	\$4,700
Plastic products (32611-32615)	0.4	\$79,100
Tire manufacturing (32621)	0.0	\$0
Rubber and plastic hose and belting (32622)	0.0	\$100
Other rubber product manufacturing (32629)	0.0	\$400
Pottery and related products (327111-327113)	0.0	\$0
Structural clay products (327121)	0.0	\$0
Ceramic wall and floor tile manufacturing (327122)	0.0	\$0
Nonclay refractory manufacturing (327125)	0.0	\$0

Project / Company Name Small Aerospace Manufacturing
Company Industry Aircraft and parts manufacturing (33641)

	YEAR 1	
	Jobs	Output
Clay refractory and other structural (327123-327124)	0.0	\$0
Glass products (327213)	0.0	\$6,200
Cement manufacturing (32731)	0.0	\$0
Ready-mix concrete manufacturing (32732)	0.0	\$0
Concrete, gypsum, and plaster products (327331-32791)	0.0	\$100
Cut stone and stone products (327991-327992)	0.0	\$0
Mineral wool manufacturing (327993)	0.0	\$0
Miscellaneous non-metallic mineral products (327999)	0.0	\$0
Iron and steel foundries (331111-331221)	0.0	\$1,900
Nonferrous metals, drawing and foundries (331222-331311)	0.0	\$200
Primary aluminum production (331312)	0.0	\$100
Secondary smelting and alloy (331314)	0.0	\$200
Aluminum sheet, plate, and foil (331315)	0.0	\$1,500
Aluminum extruded product manufacturing (331316)	0.0	\$800
Other aluminum rolling (331319)	0.0	\$1,300
Primary smelting and refining of copper (331411)	0.0	\$0
Misc. primary metal products (331419-331492)	0.0	\$1,600
Ferrous metal foundries (33151)	0.0	\$100
Aluminum foundries (331521-331524)	0.0	\$1,500
Nonferrous foundries, except aluminum (331522-331528)	0.0	\$900
Metal forging and stamping (332111-332117)	0.0	\$4,800
Cutlery, handtools, and hardware (332211-332311)	0.0	\$1,300
Fabricated structural metal products (332312-332323)	0.0	\$1,200
Plumbing and heating, except electric (33241-33242)	0.0	\$0
Metal cans and shipping containers (33243)	0.0	\$700
Hardware manufacturing (3325-3326)	0.0	\$8,500
Machine shops (33271)	0.1	\$10,900
Screw machine products, bolts, etc. (33272)	0.1	\$12,400
Metal services, N.E.C. (33281-332991)	0.3	\$43,700
Small arms manufacturing (332994)	0.0	\$0
Ordnance and accessories, N.E.C. (332995)	0.0	\$0
Fabricated pipe and pipe fittings (332996-332997)	0.0	\$700
Welded iron and metal sanitation (332998)	0.0	\$500
Nonferrous fabricated metal manufacturing (332999)	0.0	\$200
Ammunition manufacturing (332992-332993)	0.0	\$0
Farm and garden machinery (333111-333112)	0.0	\$300
Construction and related machinery (33312-333131)	0.0	\$0
Special industry machinery (333132-33321)	0.0	\$100
General industrial machinery (33322-333291)	0.0	\$200
Textile machinery manufacturing (33322)	0.0	\$200
Printing machinery and equipment (333293)	0.0	\$100
Food product machinery manufacturing (333294)	0.0	\$100
Semiconductor machinery manufacturing (333295)	0.0	\$500
Misc. industrial machinery (333296)	0.0	\$400
Computer and office equipment (333313-333315)	0.0	\$1,100
Other commercial and services (333319)	0.0	\$1,300
Refrigeration and service machinery (333311-333511)	0.0	\$100
Metalworking machinery (333512-333518)	0.1	\$6,900
Engines and turbines (333611-333992)	0.0	\$14,200
Packaging machinery manufacturing (333993)	0.0	\$200
Industrial process furnace (333994)	0.0	\$0
Fluid power cylinder and accessories (333995)	0.0	\$600
Fluid power pump and motor (333996)	0.0	\$300
Scales, balances, and miscellaneous (333997-333999)	0.0	\$100
Computer and other electronics (334111)	1.7	\$444,900
Electric lighting and wiring equipment (33511-33512)	0.0	\$100
Household appliances (335211-335228)	0.0	\$0
Electric distribution equipment (335311-335312)	0.0	\$800
Communications equipment (335313-335314)	0.0	\$1,200
Electronic components and accessories (335911-335912)	0.0	\$700
Fiber optic cable manufacturing (335921)	0.0	\$1,300
Other communication and energy wire manufacturing (335929)	0.0	\$5,600
Household audio and video equipment (33593)	0.0	\$500
Electrical industrial apparatus (335991)	0.0	\$6,800
Misc. electrical equipment and supplies (335999)	0.0	\$500
Motor vehicles and equipment (33611-3363)	0.1	\$30,100
Aircraft and parts manufacturing (336411-336413)	22.9	\$6,980,600
Guided missile, space vehicles, parts (336414-336419)	0.0	\$400
Railroad equipment (3365)	0.0	\$0
Ship and boat building and repair (336611-336612)	0.0	\$0
Motorcycle, bicycle, and parts (336991)	0.0	\$200
Military armored vehicles and tank parts manufacturing (336992)	0.0	\$0
Misc. transportation equipment (336999)	0.0	\$0
Household furniture (33711-33792)	0.1	\$15,400
Miscellaneous mfg (339111-339999)	0.1	\$14,900
WHOLESALE TRADE (NAICS 42)		
Wholesale trade (42)	3.3	\$482,500
TRANSPORTATION (NAICS 481-493)		
Air transportation (481)	0.1	\$34,400
Rail transportation (482)	0.0	\$8,600
Water transportation (483)	0.0	\$5,800
Motor freight transport and warehousing (484)	0.0	\$69,100
Transit and ground passengers (485)	0.1	\$5,800
Pipeline transportation (486)	0.0	\$2,400
Sightseeing transportation (487-488)	0.1	\$18,000
Postal and courier services (491110)	0.4	\$34,800

Project / Company Name Small Aerospace Manufacturing
Company Industry Aircraft and parts manufacturing (33641)

	YEAR 1	
	Jobs	Output
Warehousing and storage (493)	0.5	\$40,200
RETAIL TRADE (441-454)		
Motor vehicle and parts dealers (441)	0.5	\$60,600
Furniture and home furnishings (442)	0.2	\$13,900
Electronics and appliance stores (443)	0.1	\$11,000
Building material and garden supplies (444)	0.2	\$20,900
Grocery stores (445)	0.6	\$48,300
Health and personal care stores (446)	0.3	\$20,200
Gasoline stations (447)	0.1	\$14,500
Clothing and accessories stores (448)	0.3	\$23,400
Sporting goods, hobby and book stores (451)	0.2	\$10,000
Miscellaneous retailers (452-454)	1.4	\$66,600
INFORMATION (NAICS 51111 to 5142)		
Publishing industries (51111-5112)	0.1	\$23,800
Motion picture & sound recording (5121-5122)	0.1	\$17,400
Broadcasting (5131-5133)	0.3	\$98,000
Internet & data process services (5141-5142)	0.1	\$12,900
FINANCIAL ACTIVITIES (52222-533)		
Credit agencies (5222-5223)	0.2	\$58,000
Securities, commodity brokers (523)	0.5	\$75,100
Insurance (5241-5242)	0.5	\$89,000
Funds, trusts, and other financial institution (525)	0.1	\$22,000
Monetary authorities (521-5221)	0.5	\$115,100
Real estate (531)	0.8	\$164,800
Leasing services (5321-5323)	0.3	\$49,600
Lessors of nonfinancial intangible assets (533)	0.0	\$22,900
SERVICES (NAICS 5411 to 814)		
Professional services (5411-54199)	3.5	\$409,700
Management of companies (55)	1.3	\$204,900
Business support svcs (5611-5619)	2.0	\$107,800
Waste management and remediation services (562)	0.1	\$14,400
Education services (6111-6117)	1.0	\$56,200
Home health care services (6216-6219)	1.7	\$171,100
Hospitals (622)	1.0	\$118,700
Nursing & residential care (623)	0.6	\$34,300
Social assistance (6244-6243)	0.9	\$37,200
Performing arts & spectator sports (7111-7114)	0.2	\$24,300
Museums & similar (712)	0.0	\$2,200
Amusement, gambling, & recreation (71394-71399)	0.4	\$34,100
Accommodations (72111-722)	0.3	\$26,000
Food services and drinking places (722)	2.9	\$141,000
Repair & maintenance (811192-8114)	1.1	\$88,000
Personal & laundry services (8121-8129)	0.5	\$37,000
Religious organizations (8131-8139)	0.9	\$41,500
Private households (814)	0.6	\$4,800
GOVERNMENT		
Special sectors	0.4	\$154,000
State and Local Education	0.0	\$0
State and local non-education	0.0	\$0
Federal government - military	0.0	\$0
Federal non-military	0.0	\$0
Owner occupied dwellings	0.0	\$289,700
ALL INDUSTRIES		
	59	\$11,800,000