

STRONG ECONOMIES, RESILIENT COUNTIES

The Role of Counties in Economic Development



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HUMBOLDT COUNTY, CALIFORNIA

Diversification through Strategic Planning



Located on the Northern coast of California, Humboldt County has nearly 80 percent of its land area covered by forests. The transportation distances and restrictions isolate the county, resulting in an island-like economy. While the forested land has been a reliable industry in the past, the declining number of jobs in the timber and forest products industry led the county to diversify into other industries. Six growing industries enriched the county's economic base: health care; building and systems construction; specialty food, flowers and beverages; investment support services; management and innovation services and niche manufacturing. Through strategic planning, the county is working to ease the difficulties of isolation and facilitate the transition to a diversified economy.

Collaboration is an essential component to all programs and activities in Humboldt County, given the limited county government financial resources. The county government's Economic Development Team has five full-time employees, which includes staff to the Headwaters Fund and the Workforce Investment Board. The team is heavily involved in the research, planning, funding and catalyzing portion of the process and often works with different community groups for project management.

County residents and business leaders in the community, including the Redwood Region Economic Development Commission (RREDC), Arcata Economic Development Corporation, Humboldt State University, College of Redwoods and others participate in different phases of planning and implementation of economic development activities. Most of the Economic Development Team's operations are primarily funded through federal and state grants.

Prosperity! 2012

Humboldt County adopted a strategic way to deal with economic development. Prosperity! is Humboldt County's Comprehensive Economic Development Strategy, adopted in 1999 and updated in 2012. Prosperity! 2012 was completed in March 2013, with broad involvement across stakeholders.

The plan seeks to improve the resiliency of the county through strategic diversification of the economy, based on the development of industry clusters and entrepreneurship.

- Population, 2013: 134,493

- County Board size: 5

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Prosperity! 2012 updates the target industries identified in the 1990s, based on higher industry job, firm and wage growth than the average in the northern California five-county region. Health care; building and systems construction; specialty food, flowers and beverages; investment support services; management and innovation services and niche manufacturing are the six new base industries on which the county focuses its economic development support. The 2012 plan also includes two mature industries, forest products and tourism that ensure a large portion of the economy.

The 2012 plan is not merely a reiteration of the previous plan, but reflects new industries, challenges and opportunities in the county and lessons learned from a decade of implementation of the previous plan. For example, education and arts are not considered any longer as base industries, but assets for the community and the county economy. The planning process engaged many community members, with over 450 people participating in the update of the county's economic development strategy.

Lack of access to major transportation network remains a major obstacle to county's economic growth. Due to road conditions and state imposed restrictions on truck sizes, the two highways leading out of the county are difficult routes for shipping goods. The geography of the county with mountainous terrain and protected old growth forests increases the difficulty of transportation improvements. In terms of airline connections, Humboldt County has one airport and only one airline that provides service to San Francisco. The county and regional partners are working on attracting airline services to additional locations. To this purpose,

the U.S. Department of Transportation provided a \$750,000 Small Community Air Service Development grant in 2012, and RREDC collected another \$250,000 through donations from local businesses and community members, amount matched by the local Headwaters Fund. New airline services have not been initiated as of 2014, but efforts are still underway.

Humboldt County's economic progress relies on the active involvement of different stakeholders, guided by the county government's Economic Development Team. The limited county resources do not deter the county to be involved in economic development. The county's Economic Development Team funds its operations and activities through state and federal grants. The planning uses quality industry cluster performance data and engages the private sector to identify constraints and opportunities for growth. The strategic planning allows the county to keep up with the current needs, challenges and opportunities and supports its economy for development.