



Comprehensive Economic Development Strategy

PRODUCED FOR THE COUNTY OF SAN DIEGO

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Table of Contents

- Introduction..... 4
- Community Involvement in Developing the CEDS..... 4
 - 1. Engagement with Regional Leadership and Stakeholders 4
 - 2. Survey of Businesses and Regional ED Stakeholders 5
 - 3. CEDS Committee Stakeholder Meeting..... 6
- Assessment of Current Economic Conditions..... 7
 - People 7
 - Economy and Industry 8
 - Place 10
 - Regional Resiliency 14
- SWOT Analysis 17
 - Strengths 17
 - Weaknesses..... 17
 - Opportunities 17
 - Threats 18
- Strategic Action Plan 19
 - 1. Support Talent Development for San Diegans of All Backgrounds 19
 - 2. Increase Economic Opportunities for Underserved Communities, Populations, and Areas within San Diego County 20
 - 3. Foster Local Business Growth and Entrepreneurship 20
 - 4. Support the Growth & Resilience of San Diego County’s Innovation Economy..... 20
 - 5. Support the growth of high-quality, sustainable jobs that allow residents to work, live and thrive in the region 21
 - 6. Facilitate Investment in Regional Infrastructure that Supports Economic Growth, Environmental Sustainability, and Regional Resilience 21
 - 7. Protect and Improve San Diego County’s Quality of Life 22
 - 8. Ensure Economic Development Planning and Strategy in San Diego County is Dynamic and Collaborative 23
 - 9. Leverage Data to Inform Countywide Economic Development Planning and Strategy 23
- Evaluation Framework Indicators and Performance Measures 24
 - Support Talent Development for San Diegans of All Backgrounds 24
 - Increase Economic Opportunities for Underserved Communities, Populations, and Areas within San Diego County 24
 - Foster Local Business Growth and Entrepreneurship 25
 - Support the Growth & Resilience of San Diego County’s Innovation Economy..... 25
 - Support the growth of high-quality, sustainable jobs that allow residents to work, live and thrive in the region 26

Facilitate Investment in Regional Infrastructure that Supports Economic Growth, Environmental Stability, and Regional Resilience..... 27

Protect and Improve San Diego County’s Quality of Life 28

Ensure Economic Development Planning and Strategy in San Diego County is Dynamic..... 28

Leverage Data to Inform Countywide Economic Development Planning and Strategy 28

Appendix A: Economic and Workforce Data 29

 Economic Trends in San Diego County 29

 Employment and Establishments in San Diego County 29

 Household Economies 34

 San Diego County Competitive Advantages 39

 International Trade and Cooperation 39

 The Creative Economy 41

 BlueTech 42

 Seed Funding and Venture Capital 42

 Research and Development..... 43

 Community Trends in San Diego County 44

 Education 44

 Commuting 48

 Housing and Homelessness 52

 Access to Childcare 55

 Equity in Internet Access 55

 Water Infrastructure..... 56

Appendix B: Opportunity Zones 57

Appendix C: Survey of San Diego County Businesses 60

 Business Climate 60

 Business Challenges 61

 Impacts of COVID-19 64

 Paycheck Protection Program Loans 66

 The Future of Work in San Diego County 68

Appendix D: Business and Stakeholder Survey Results 70

Introduction

The 2022-2026 San Diego County Comprehensive Economic Development Strategy (CEDS) is the first step for the county's unified economic development efforts. After several years without a devoted countywide economic development office, the County of San Diego's newly created Office of Economic Development and Government Affairs will now house all County economic development staff and activity and will be carrying forward the development and continuation of the County's CEDS as a living document beyond 2022.

The purpose of this CEDS is threefold. First, having gone so long without a countywide economic development strategy, this document outlines the key priorities and objectives of the county. Second, the data and information in this CEDS will be leveraged to secure funding for projects throughout the county through the Economic Development Administration (EDA) and other sources. Finally, this CEDS highlights some key projects, collaborations, and capacity-building potential that will help maximize the effectiveness and economic benefit of investments in the county.

A key theme of this CEDS is making the San Diego County economy more inclusive. As outlined in the County's 2021-2026 Strategic Plan approved by the Board of Supervisors, promoting economic sustainability for all and dismantling barriers to expand opportunities for traditionally underserved communities and businesses are foundational objectives for the county's long-term fiscal and economic success. The absence of economic opportunity for a substantial portion of the county's population hinders the whole county's economic progress and potential. This CEDS identifies populations and communities where people are struggling in the current economy and highlights programs that have proven effective in making the county economy more inclusive.

Community Involvement in Developing the CEDS

In order to ensure that the opinions and interests of an array of economic development stakeholders contributed to the development of this CEDS, there were three different engagement efforts and mediums designed to reach overlapping audiences.

1. Engagement with Regional Leadership and Stakeholders

This CEDS was developed through engagement with a broad range of regional leaders and stakeholders. To begin this stakeholder process, an Advisory Committee consisting of the regional economic development councils and other regional development leaders, such as the San Diego Association of Governments (SANDAG), was developed. The Advisory Committee assisted in the initial development of the key priorities of the CEDS and the finalization of the document. The members of the Advisory Committee are:

- City of San Diego's Economic Development Department
- East County Economic Development Council
- North County Economic Development Council
- South County Economic Development Council

- San Diego Association of Governments (SANDAG)
- San Diego Regional Economic Development Corporation
- City of Carlsbad Economic Development Department
- City of Chula Vista Economic Development Department

2. Survey of Businesses and Regional ED Stakeholders

A broader group of stakeholders was also asked to provide input and feedback on the CEDS strategies and priorities. Feedback opportunities included a survey, executive interviews, as well as a comment period where the draft document was available for comment.

The survey was developed and implemented to provide greater access and convenience for participants, resulting in increased engagement. The survey was available in both English and Spanish. The survey was shared via a URL link, and recipients were asked to share the survey with interested stakeholders in their network. The survey link was also distributed through several digital newsletters and trusted partner digital outreach, including by the San Diego County Board of Supervisors, the San Diego and Imperial County Small Business Development Center, Cleantech San Diego, the San Diego Cyber Center of Excellence, and the City of Chula Vista. Ultimately representatives from 251 businesses and 70 different organizations from around the county responded to the survey.

Survey respondents identified the following as the top priorities for the county. The priorities are listed in descending order of importance, though even the priority listed at the bottom had more than ¼ of respondents cite it as at least “somewhat important.”

- Expand economic opportunities for all county residents
- Increase entrepreneurship and the creation of new businesses in the county
- Increase support for economic development in underserved communities within the county
- Expand our capacity as a county for internal economic development and resilience
- Increase economic resilience and recovery for businesses and industries negatively impacted by the pandemic
- Increase water infrastructure investments in the county
- Increase clean energy infrastructure investments in the county
- Increase technology infrastructure investments in the county
- Increase transportation infrastructure investments in the county
- Increase infrastructure investments to limit climate change in the county
- Increase innovation and commercialization of new technologies

Stakeholders also provided input on the most important economic development goals. These goals are listed in descending order of agreement. Over 80% of respondents at least somewhat agreed with the statements below, except for the final statement. About 65% of respondents agreed with this final goal, which discusses bringing in resources and investment from outside the county.

- Countywide economic development should focus on identifying and promoting regional priorities for regional investments and infrastructure.
- Countywide economic development should focus on communicating and collaborating with regional partners to continually identify and update regional priorities for economic vitality.

- Countywide economic development should prioritize the development and tracking of indicators and metrics to continually evaluate investments and allow the county to adapt its priorities and strategies.
- Countywide economic development should focus on bringing resources and investments outside the region into San Diego.

Stakeholders were also asked to provide any additional priorities to support the economic health and vitality of the county. The most common additional objectives identified were:

- Increasing assistance to starting and operating small businesses.
- Reducing regulation.
- Increasing access to attainable housing.
- Increasing workforce training.
- Reducing taxes.

3. CEDS Committee Stakeholder Meeting

A stakeholder meeting was held on August 17th to ensure that any other regional stakeholders interested in providing feedback had the opportunity to do so. The meeting was held in an online webinar format, with a presentation of the draft CEDS and a moderator to allow attendants to ask questions and provide feedback on the summarized presentation of the CEDS priorities, action plan, and evaluation protocols.

The feedback provided in the stakeholder meeting included discussions around the following challenges:

- Expanding access to childcare to support the current and potential workforce.
- The region's dependency on imports and on truck transportation.
- Providing training and workforce development programs across the County while serving a broad array of potential students and jobseekers as well as employers from differing industry clusters.
- The need to identify and plan around workforce needs that are five to ten years out and incorporate methodologies that expose students to evolving skills and technologies that are growing in importance.

Stakeholders also described additional strengths of the region and areas to keep building on to secure long-term economic vitality:

- The county is one of the biggest recipients of defense spending in the US, an opportunity to build on the already-extensive industry presence in the region.
- The county has a large number of small and organic farms that are working to increase food resilience and sustainability in the region.
- The County's proximity to the ocean and maritime transportation provides an opportunity for further expansion and the continued development of the blue technology cluster.
- The importance of cross-border opportunities and the county's comparative advantage by being part of a bi-national mega-region.

Assessment of Current Economic Conditions

This section of the CEDS examines San Diego County through four different lenses: People, Economy and Industry, Place, and Economic Resiliency. These four categories provide a comprehensive perspective of the county's key characteristics and trends.

People

The residents of San Diego County are its greatest asset. Examining the population's characteristics highlights that while many strengths exist, some geographic and demographic pockets have been left behind. The current state of the workforce, including a 3.2% unemployment rate in May of 2022¹ and the high cost of living, means that finding available and prepared workers is increasingly challenging. A survey conducted as part of the development of the CEDS in June and July of 2022 found that roughly one-third of employers reported they had "great difficulty" finding qualified entry-to mid-level talent. Supporting the expansion of a more inclusive and upwardly mobile workforce is a key theme identified throughout this report.

Educational Attainment

San Diego County has a highly educated population. Four in ten (40%) residents 25 years and older have a bachelor's degree or higher, compared to 35% statewide and 33% nationally. Only 30% of residents in San Diego County have a high school diploma or less, as their highest level of education—a smaller proportion than both the state (37%) and nation (38%) (Figure 15).² While these data indicate that the county has a highly educated workforce, pockets of lower educational attainment remain among certain populations and geographies. For example, half of the White residents 25 years of age and older have a bachelor's degree or higher, compared to only 19% of the Hispanic or Latino population and 27% of the Black population of the same age group (Figure 16). Higher educational attainment is also clustered in the central and coastal parts of the county. Meanwhile, higher rates of residents without a high school diploma are more common in the northern and southern portions of the county (Figure 18). Given the link between educational attainment, labor force participation rate³, and economic outcomes, addressing these disparities is a high priority.

Earnings

On average, San Diego County household incomes are higher than state and national averages. While the region is more affluent than many others in California, pockets of poverty persist throughout San Diego County; nearly a third of households earn less than \$50,000 per year (Figure 7) and that does not factor in

¹ U.S. Bureau of Labor Statistics.

² U.S. Census Bureau. American Community Survey 5-Year Estimates, 2020.

³ U.S. Bureau of Labor Statistics Spotlight on Statistics. <https://www.bls.gov/spotlight/2017/educational-attainment-of-the-labor-force/home.htm#:~:text=Labor%20force%20participation%20rises%20with,levels%20of%20labor%20force%20participation>.

the high cost of living, particularly around housing. When household income is plotted geographically (Figure 9), lower-income areas become visible throughout the county. Increasing economic opportunities for residents in these areas will benefit workers and the broader county economy.

Exodus of People from the County

Like the rest of the state, San Diego County saw a net decrease in population between 2020 and 2021. During this time, a net 27,700 people migrated out of the county, which was larger than the net natural population increase of 10,600 residents due to births outpacing deaths.⁴ While we do not have detailed data on why people left San Diego County, we know statewide departures were primarily among low- and middle-income residents, a trend that the county likely followed.

Homelessness

Also, similar to the broader state, San Diego County has a significant population experiencing homelessness. As of early 2022, more than 8,400 people experienced homelessness throughout the county. While a growing number are considered “sheltered” due to state and local efforts, 4,100 remain unsheltered (Figure 29)⁵. Homelessness can have significant and long-lasting impacts on individuals and can also have broader economic consequences on the county as well.

Childcare

Access to childcare is another barrier that may keep people—and often primarily women—out of the workforce. There are only enough licensed childcare seats in the county for 30% of children between the ages of 0-12 with parents who are in the labor force in San Diego County.⁶ There are also clear geographic shortages in childcare as well.⁷ Childcare in the county is expensive on average, ranging from \$10,000 to \$17,000 per child annually, depending on age and type of center.⁸ We also expect to see the availability of childcare continue to see volatility in response to the pandemic and its related challenges.

Economy and Industry

San Diego County has several key industry clusters that drive economic activity and growth. Ensuring that these industries are supported and can better collaborate and innovate with one another at the forefront of the technological frontier is a key strategy for economic success in the county. The continued success of new and small businesses, which employ the greatest share of workers in the county, is also paramount to the economic longevity of the county.

⁴ State of California, Department of Finance, E-2. California County Population Estimates and Components of Change by Year — July 1, 2010–2021, December 2021

⁵ Regional Task Force on Homelessness (RTFH), 2022 WeAllCount Point-in-Time Count.

⁶ California Child Care Resource and Referral Network.

⁷ Center for American Progress. <https://childcaredeserts.org/>

⁸ California Child Care Resource and Referral Network.

Recovery from Pandemic

The pandemic rattled the San Diego County economy. Only 13% of businesses in early 2022 reported having experienced little or no negative impacts from the pandemic (Figure 9), and four in ten reported having to lay off some of their workers, though most have hired back all or some of these employees (Figure 8). More than one in five (23%) reported that their business had recovered, and another 30% expected full recovery in the coming months (Figure 10). Importantly, minority-owned businesses were less likely to have fully recovered and more likely to be unsure about when their business would recover (Figure 11).

Small Business Economy

A majority (59%) of all businesses in San Diego County have less than five employees, and three-quarters (75%) have fewer than 10 employees. Given these businesses' scale and vital role in the San Diego County economy, supporting small business creation and development is a critical economic development goal. The San Diego and Imperial County Small Business Development Center is integral in supporting the region's small businesses. Between 2016 and 2021, it is estimated that the SBDC network helped create and sustain 4,500 jobs and open 900 businesses that have received \$600 million in sales, served 13,500 clients, and raised \$575 million in business funding. Continuing the SBDC's efforts to support the small business economy while bolstering outreach to hard-to-reach communities and businesses is a vital strategy in the county's economic development toolkit.

Industry Clusters

Several industry clusters play key roles in the San Diego County economy.

- **Cleantech** employs roughly 11,000 people across the county and 900 different businesses. This activity equates to \$9 billion in economic output. The industry also offers high average earnings of \$158,000 per job.⁹
- **Cybersecurity** employs 12,400 San Diego County residents and generates \$3.5 billion in economic benefits yearly. Furthermore, nearly 22,300 cyber-related degrees were conferred by academic institutions around the county.¹⁰
- The **Defense** industry employs 146,700 across the county, including 104,400 uniformed military personnel. Furthermore, more than \$9.2 billion in procurement contracts flowed through San Diego County in 2017.¹¹
- **Leisure and Hospitality** accounted for 1 out of every 8 jobs in the county in 2019 and generated \$19.2 billion in economic impact, equating to 13% of Gross Regional Product.¹²

⁹ Cleantech San Diego Annual Report 2021. Cleantech San Diego

¹⁰ The Cyber Center of Excellence 2021 Annual Report.

¹¹ San Diego's Defense Cluster. San Diego Regional Economic Development Corporation.

¹² San Diego Tourism 2021 Fast Facts. San Diego Tourism Authority.

- **Life Sciences** employs roughly 37,800 people across almost 1,200 different businesses. These workers earn average annual wages of \$136,000¹³ and drive \$19.4 billion¹⁴ in Gross Regional Product.
- **Telecommunications** is responsible for 6,800 jobs across the county and more than 250 firms. These workers have an average annual wage of \$98,100.¹⁵ Qualcomm, the largest telecommunications employer in San Diego County, generated more than \$4 billion in economic activity in 2018.¹⁶

The Startup Economy

Venture capital activity is strong in San Diego County; in 2021, nearly \$51 billion in venture capital funding flowed to businesses headquartered in the county. The pace of this funding is growing; between 2016 and 2021, total money raised grew by 69% (Figure 22). While this economic activity is a strength, the diversity of funding recipients is not; 88% of the venture capital deals in 2021 were done with businesses that were not women or minority-founded or led (Figure 23). This discrepancy signals a significant underrepresentation of many county residents in the startup economy.

Place

San Diego County is known worldwide as a beautiful place to live and work. Safeguarding the high quality of life and the region's attractiveness requires housing, transportation, continued innovation, and climate resiliency investments.

Infrastructure

There are several different types of infrastructure that are most relevant to ensure that all San Diego County residents can compete and grow economically. These infrastructure projects are:

- **Redevelopment Projects:** The Research and Development District, Manchester Pacific Gateway, and Seaport San Diego (Seaport Village) will change the look, amenities, and capacity for innovation in San Diego. These three projects will offer more scenic waterfront recreation, dining, and entertainment opportunities and provide valuable research and development space and housing. These projects will help support a diverse array of key industries, thousands of jobs, and economic activities in the county.
- **Transportation:** As outlined in SANDAG's 2021 Regional Plan, five key transportation strategies will transform how people move around the county. Transportation infrastructure projects will

¹³ San Diego's Life Sciences Cluster. San Diego Regional Economic Development Corporation.

¹⁴ 2017 Biocom California Economic Impact Report Databook. Prepared by TClower & Associates.

¹⁵ San Diego's Telecommunications Cluster. San Diego Regional Economic Development Corporation.

¹⁶ Qualcomm's Contribution to San Diego's Economy. Produced by the San Diego Regional Economic Development Corporation.

address the priorities that will work to ensure that people have more mobility options that help mitigate roadway congestion and greenhouse gas emissions. The redevelopment of Terminal 1 at the San Diego International Airport will also improve the efficiency of air travel and provide thousands of travelers with a great first impression of San Diego.

- **Border Connection Points:** With millions of people and billions of dollars in goods and services flowing across San Diego County’s three land ports of entry every year¹⁷, expanding and improving existing connections and developing new ones will help ensure that San Diego County businesses and workers can continue to benefit from trade with Mexico.
- **Water:** San Diego County is not exempt from California’s long history of water challenges; however, recent conservation and supply diversification efforts have helped drastically improve the county’s access to water. Efforts such as the County’s “WaterSmart Living” program and the Claude “Bud” Lewis Carlsbad Desalination plant—which is the largest desalination plant in the western hemisphere and provides 50 million gallons of desalinated seawater every day—have helped make San Diego County one of the most drought-resilient places in the state. But further efforts are needed. Pure Water San Diego is a multi-year recycled water program that will provide more than 40% of the City of San Diego’s water by 2035. The East County Advanced Water Purification Program is another recycled water program slated to provide up to 30% of East San Diego County’s drinking water supply.¹⁸
- **Climate Change Mitigation and Clean Technologies:** Potentially, the most significant infrastructure investment will be built upon transitioning from the status quo to a low to no carbon economy. San Diego County’s Climate Action Plan aims to generate 90% renewable electricity for unincorporated areas by 2030. Many cities in the county have similar goals, including the City of San Diego’s goal of net zero emissions by 2035. The County’s Electric Vehicle (EV) Roadmap also emphasizes the importance of EV adoption and six goals and 11 recommendations to leverage the County’s capacities. To meet these goals, significant installation of renewable energy capacity and EV infrastructure and enacting energy efficiency programs is needed. The County is working with utilities and incorporated areas on plans to meet these goals through developing a Regional Decarbonization Framework.

Maximizing Infrastructure Benefits

All of these varied infrastructure projects represent significant economic and employment opportunities for the county. The first opportunity is through the outcomes of the projects themselves. But a second opportunity is the economic activity generated through the fulfillment of these infrastructure projects. A 2021 SANDAG Report¹⁹ suggests that approximately 79,100 jobs will be supported annually through five infrastructure projects²⁰ underway or slated to start in the coming years. There are also five federal

¹⁷ SANDAG. San Diego-Baja California Land Ports of Entry Fact Sheet.

¹⁸ East County Advanced Water Purification. <https://eastcountyawp.com/>

¹⁹ SANDAG Workforce Development Program. Board of Directors July 23, 2021. Office of Diversity and Equity Strategy.

²⁰ These projects are Pure Water San Diego, the San Diego Airport Terminal 1, the Research and Development District, Manchester Pacific Gateway, and Seaport San Diego (Seaport Village).

Department of Transportation projects underway in the county.²¹ The 2028 Los Angeles Olympics presents an opportunity for even more infrastructure projects. The full benefits to San Diego County residents will depend on how prepared local businesses and workers are to fulfill the contracts for these projects. Projects completed largely by local and representative contractors and workers will have the additional benefits of retaining much of the economic gains while also creating and sustaining jobs for San Diego County residents. Ensuring that these new jobs are filled by workers who are representative of the county's population will be important in maximizing economic benefit for the county.

The SANDAG Workforce Opportunities for Rising Careers (WORC) Program provides an example of a workforce model that emphasizes equity and access in the workforce. The WORC's partnership with the Apprenticeship Readiness Collaborative (ARC) prepares disadvantaged residents for apprenticeships in the building and construction industry and into High Road jobs. Importantly, this "Learn and Earn" program pays participants as they learn. The first program cohort graduated in May of 2021. All participants were People of Color, and the female graduation rate was 24%, which is considerable given the gender discrepancies in building and construction trades. This program prepares trainees for roles such as Sheet Metal Apprentice, Bricklayer Apprentice, and Millwright's Apprentice—all necessary to complete the county's infrastructure projects.

There are also legal frameworks in place that enhance local and worker benefits. Federal²² and state²³ requirements mean that many of these projects must be completed by a diverse, skilled, and trained Workforce (with workers meeting training certification requirements) or using Project Labor Agreements (these outline worker requirements and prohibits discrimination). Community Benefit Agreements (CBA), which typically establish workforce equity programs directly connected to specific projects, are another tool that can be deployed for maximizing workforce inclusivity and local economic benefits. For example, SANDAG's CBA requires 30% of the total work hours to be performed by workers from low-income areas or Veterans. There is also a goal of 10% of total work hours completed by Targeted Workers, which includes former foster youth, single custodial parents, those receiving government assistance, formerly incarcerated, those without a high school diploma, and other disadvantaged populations.

²¹ <https://www.permits.performance.gov/>

²² Executive Order 13985

²³ Assembly Bill 805 and Assembly Bill 2731

Housing

Housing cost and availability are undeniably two of the county's greatest economic development challenges. In 2020 the median home price was \$595,600 compared to the state average of \$538,500.^{24 25} Home values in the county have also increased rapidly between 2020 and 2022²⁶—increasing by 26.2% in the past year alone²⁷—meaning home values in San Diego County are much higher today. While annual residential building permits issued in 2021 were almost equivalent to the number issued in 2016, far fewer new units were being constructed than in the early 2000s before the Great Recession (Figure 26). Collaborative efforts like the San Diego Foundation's recent grant of \$10 million to the County of San Diego to build 10,000 affordable housing units will also help make housing more accessible.

About half (46%) of San Diego County residents are renters, and 45% of renters spend 35% or more of their gross income on housing (Figure 25). This figure is substantial and means that these households have less ability to save and less disposable income to spend back in the local economy. Furthermore, homeownership varies by race and ethnicity. While Hispanic or Latino families account for 26% of households in San Diego County, they account for only 19% of homeowners. Similarly, Black or African American households account for 5% of households in the county but only 2.7% of homeowners (Figure 26). This inequality in housing ownership exacerbates the differences in economic distress faced by different populations within the County.

Commuting

While the average commuting time in San Diego County (26.5 minutes) is lower than the state (29.8) and national (26.9) averages (Figure 3), people who live and work in San Diego County understand that the existing transportation networks present challenges. It is also noteworthy that over 72,000 workers commute to San Diego County from surrounding counties, and 42,000 San Diegans commute to other counties.²⁸ A glance at where job opportunities are in the county compared to where the working-age population lives shows that large populations have to commute every day from northern and inland parts of the county to only a few zip codes in and surrounding the City of San Diego (Figure 19 & Figure 20).

Commercial Real Estate

Commercial Real Estate in San Diego County is expensive as well; San Diego had the highest market rent for Industrial space in Q1 2022 in the entire nation, at \$19.03/SF, higher than New York City, Orange County, and Los Angeles. San Diego also commanded the third-highest market sale price per square foot,

²⁴ U.S. Census Bureau.

²⁵ Census Bureau data used here because, even though it is lagged, it removes some of the noise and volatility that more current sources have.

²⁶ Times of San Diego. Housing Market Expected to Stay Hot Through Early 2022 As Local Home Values Rise 16.5%. May 21, 2021. <https://timesofsandiego.com/business/2021/05/21/housing-market-expected-to-stay-hot-through-early-2022-as-local-home-values-rise-16-5/>.

²⁷ Zillow. San Diego County (91990) Home Values. May 31, 2022. <https://www.zillow.com/ca-91990/home-values/>.

²⁸ San Diego County to County Commuting Estimates. State of California Employment Development Department.

at \$297/SF, only surpassed by Orange County and Vancouver. Although Office and Retail space did not similarly top the national charts, the market rental rate is within a few dollars of the rental rates of Boston, Miami, and Los Angeles.²⁹ High commercial real estate prices can particularly affect small businesses, as Figure 38 shows, four in ten small and micro businesses in the county have considerable difficulty securing commercial real estate.

Internet Access

The pandemic made it clear that internet access is as important to economic well-being as access to water and electricity. Broadband internet access is a clear strength of San Diego County. About 90% of residents have broadband internet access, compared to 75% of the state.³⁰ However, there are significant disparities in access; 29.6% of San Diego County households with incomes below \$20,000 do not have an internet subscription (Figure 28).

Border Access and Activity

The CaliBaja Region—which includes San Diego County, Imperial County, Ensenada, Rosarito, San Quintin, Tecate, Tijuana, and Mexicali—is home to more than 7 million people and has a Gross Regional Product of \$250 billion.³¹ In 2019, the region had an estimated \$70 billion in cross-border trade flows, equating to about \$200 million in cross-border trade flows daily. Additionally, more than 50 million people cross the border between San Diego County and Tijuana every year, and 54,000 people cross the border each day to commute to work or school. This extensive regional flow of goods, services, and people is a significant economic driver for the region. Programs like SENTRI, a fast pass for pedestrians and vehicles crossing the border, and Cross Border Xpress (CBX), a pedestrian bridge that allows US air passengers to access the Tijuana Airport from the United States easily, ensure that people can move easily across borders.

There are recent efforts to improve entry points for both people and goods. The development of the Otay Mesa East II Port of Entry will open in 2024 and support the transfer of more than \$48 billion in trade that currently flows through the Otay Mesa and Tecate ports every year. Additionally, Caltrans is leading the California Integrated Border Approach strategy, which aims to improve Point of Entry infrastructure, including roadways, interchanges, rail/ mass transit, non-motorized transit such as pedestrian walkways and bikeways, and improving wait times at the border.

Regional Resiliency

The first two years of the 2020s have emphasized the importance of resiliency in various forms, including economic resiliency, institutional resiliency, the resiliency of organizations, and social resiliency. Climate change will increasingly require climate resiliency. Incorporating resiliency strategies into long-term

²⁹ Q1 2022 Industrial Overview. Lee & Associates Commercial Real Estate Services.

³⁰ California Dream Index

³¹ Knauss School of Business University of San Diego. “The CaliBaja Regional Economy”. 2022
<https://drive.google.com/file/d/1MD6CkcG8eA90b7OP4RScECG35eT4xHw7/view>

planning will be essential in ensuring the people and businesses of San Diego County can continue to thrive despite any future volatility.

Debt to Income Ratio

A household's balance sheet provides insight into its ability to weather economic volatility—one way to measure this is using the average household debt-to-income ratio. The median debt-to-income ratio in San Diego was 1.99 in July 2021 compared to 1.66 statewide (Figure 11). This data from the U.S. Federal Reserve means that the median San Diego household has nearly two dollars of debt³² for every dollar of annual income. If a household's income declines due to an economic recession or firm closure, higher debt levels may suggest lower economic agility and resiliency.

Addressing Climate Change

In January 2021, the County of San Diego Board of Supervisors approved new policy guidelines for the Climate Action Plan Update to establish actions to meet a net zero greenhouse gas emissions (GHG) reduction goal by 2035-2045. This new plan is expected to be presented to the Board in Spring 2024. In the meantime, the County continues to advance its sustainability measures and reduce greenhouse gas emissions. The County has identified 26 measures to track and monitor its progress on climate action. These measures include a) reducing vehicle miles by 15% by 2030; b) 90% renewable energy by 2030; c) 80% waste diversion by 2030; and d) 700 centerline miles of multi-modal roadway improvements. Efforts like the County's online permitting platform helped install more than 8,300 homes with rooftop solar installations. San Diego Gas and Electric has also released research that outlines the steps needed to meet decarbonization goals, including the Path to Net Zero and Accelerate³³ to Zero Emissions.³⁴

In order to take regional leadership in addressing climate change, the San Diego County Board of Supervisors directed the creation of a Regional Decarbonization Framework. The technical study for this framework was led by the University of California San Diego's School of Global Policy and Strategy, and the University of San Diego's Energy Policy Initiatives Center. The study includes strategies and initiatives to achieve zero carbon emissions in the region by mid-century to align with State targets. The County is now beginning to design implementation pathways for the decarbonization of key sectors of the regional economy in partnership with other local governments, the private industry, and environmental, community, and labor groups. A workforce development study, "Putting San Diego County on the High Road: Climate Workforce Recommendations for 2030 and 2050", has been prepared to ensure that San Diego regional climate policies generate safe, family-sustaining career-track jobs; broaden professional and economic opportunities for workers from underrepresented communities; and support workers and communities whose livelihoods depend on carbon-intensive industries at risk of decline as decarbonization proceeds.

³² Household debt is calculated from FRBNY Consumer Credit Panel/Equifax Data, and household income is reported by the Bureau of Labor Statistics.

³³ <https://www.sdge.com/sites/default/files/documents/netzero2.pdf>

³⁴ https://www.sdge.com/sites/default/files/2021-12/a2z_factsheet_en.pdf

Natural Disasters and Emergencies

Since 1965 San Diego County has had 44 federal disaster declarations, half of which were due to fires. Other potential disasters include earthquakes, flooding, terrorism, water shortages, or drought, among other potential disasters.³⁵ To address these potential emergencies and assist all the cities in developing emergency plans, the San Diego County Operational Area (OA) was formed. The OA has been charged with developing an Emergency Operations Plan describing the roles of all county (and city) departments and the relationship between the county and jurisdictions within the county. This plan ensures a basic blueprint for responsibilities in case of a disaster.

Investments in Science, Technology, Engineering, and Mathematics (STEM) Fields

Investments in educational institutions and infrastructure for STEM programs create a pipeline of workers that attracts employers to the region. These industries have strong resilience for the future and line up with the county's current workforce. Investments from the public or private sector can boost infrastructure for current and future students and foster a strong STEM industry in the long run.

Investments in STEM for educational institutions in the county are important. California State San Marcos College in North San Diego County opened in early 2022 its Engineering Pavilion with \$1.5 million in funding from Viasat to stimulate a strong workforce of software and electrical engineers in this part of San Diego County. Such investments promote the inclusion of less affluent students into resilient STEM industries and allow access to high-quality education in these fields in a different part of the region other than the Central and North Central Regions, where other colleges such as UC San Diego and San Diego State University are concentrated. There is a continued need to develop STEM skills across the workforce, particularly for those going into traditionally non-STEM-related industries, such as hospitality, retail, and logistics.

³⁵ Operational Area Emergency Operations Plan. September 2018. Unified San Diego County Emergency Services Organization and County of San Diego.

SWOT Analysis

This section identifies the strengths, weaknesses, opportunities, and threats to economic development in San Diego County.

Strengths

1. A highly educated bi-national population relative to the state and national averages.
2. Strong innovation industry sectors including Defense, Aerospace, and Transportation Manufacturing; Biotechnology; and Information and Communication Technologies.
3. A robust Leisure and Hospitality economy that brings in billions of dollars every year.
4. The county lies on an international border with one of the country's largest trading partners.
5. Top research universities and colleges spend billions on research and development every year, contributing to the high volume of patents issued in San Diego County.
6. Strong k-12 public school systems in many communities throughout the county.
7. High quality of life, with the ability to attract talent from a broad range of profiles.
8. Significant levels of public sector employment and investments, which may mitigate the economic downside experienced in the private sector.
9. A sizeable and active military population.
10. Unparalleled weather and natural landscapes.

Weaknesses

1. The county has not had a unified economic development strategy in several years that connected all the areas (City of San Diego, East, North, and South County) of the county.
2. There is a high level of inequality in economic opportunity and outcomes.
3. Economic opportunity is geographically concentrated in a few areas within the county.
4. A start-up and venture capital ecosystem that does not fully represent San Diego County residents.
5. High costs of living, including housing, transportation, and health insurance. This also presents challenges for businesses looking to attract and retain employees.
6. A high concentration of housing is located in suburbs that are a considerable distance from work centers. This results in many daily commuters in personal vehicles and relatively low public transit usage.
7. A lack of transportation infrastructure that connects the Northern part of the county to the Eastern or Southern parts of the county.
8. Environmental threats such as drought, wildfires, and air or water pollution.

Opportunities

1. The county is now developing a comprehensive strategy and is looking to build partnerships and coalitions across the county.
2. Investments in infrastructure that have immediate effects on improving life around the county and regional economic resilience (energy, water, transportation, high-speed internet).
3. Building capacity to complete infrastructure projects with local and representative workforces, thereby retaining much of the economic benefit of infrastructure projects.

4. An innovation economy that will continue to grow, resulting in more employment opportunities and capital flowing into the region.
5. Increasing economic opportunities closer to where workers live, including in Opportunity Zones and existing employment centers.
6. Strong leadership and public support for clean energy and clean technologies.
7. Continued international trade partnerships.

Threats

1. Growing living costs and inequality have driven a net exodus of workers from the county.
2. Of the lower-income workers who can live in the county, high living costs make them less likely to have savings to fall back upon if an economic disruption occurs.
3. Worsening inequality degrades the quality of life and suppresses the county's economic growth potential.
4. A potentially slowing global economy that invests less in innovation companies and technologies.
5. High risks of drought and wildfire, as well as rising sea levels.
6. Lack of housing opportunities for younger, lower income, and transitioning workers, particularly near work centers.
7. A tight regional labor market that, if it continues or worsens, could incentivize businesses to leave the region.

Strategic Action Plan

The following list of goals and objectives was developed through conversations with the advisory committee and other economic development stakeholders. This list builds upon central themes and efforts identified by stakeholders, but it is not exhaustive of the county's economic development activities and aspirations. This list will be revisited and revised on an annual basis.

1. Support Talent Development for San Diegans of All Backgrounds

- **Objective 1:** Make high-quality employment opportunities more accessible to individuals regardless of background.
 - a) Remove barriers to work, including childcare, transportation, internet access, remedial education, and more.
 - b) Engage and support employers looking to start or expand pre-apprenticeships, apprenticeships, on-the-job training, and other “learn and earn” opportunities that allow people to train while still providing for their families. Labor unions may be an important partner in these efforts.
 - c) Ensure that facilitation of the county’s infrastructure projects can be supported by workers from disadvantaged populations, potentially through the use of Community Benefits Agreements or Project Labor Agreements.

- **Objective 2:** Connect students of all backgrounds to San Diego County’s innovation and entrepreneurial economy.
 - a) Build upon the success of Talent Pipeline Management Initiatives, such as San Diego Regional Economic Development Corporation’s Advancing San Diego and San Diego Workforce Partnership’s CyberHire.
 - b) Support educational attainment strategies and investments to support populations with lower educational outcomes, whether they are along racial, ethnic, or geographic lines.

- **Objective 3:** Increase accessibility to career navigation and clear pathways to key populations, including veterans and hard-to-reach populations
 - a) Partnership between Community-Based organizations, educational institutions, and workforce and economic development programs.
 - b) Support education and workforce programs that facilitate cross-border training and activity.

- **Objective 4:** Develop innovative methods and collaborative programs to examine workforce development efforts that plan around a ten-year horizon, including the identification of foundational skills and potential technologies that are exposed to students in middle school and high school.

2. Increase Economic Opportunities for Underserved Communities, Populations, and Areas within San Diego County

- **Objective 1:** Increase economic opportunities near existing population centers.
 - a) Support the construction of more housing near regional mobility hubs and places of employment.
- **Objective 2:** Assist in private investor attraction within the San Diego Promise Zone and the Opportunity Zones throughout the county.
 - a) Review regulations and incentives to make investments attractive and feasible.
 - b) Increase economic opportunity in Opportunity Zones and the San Diego Promise Zone while ensuring that current residents are not priced out of their homes.

3. Foster Local Business Growth and Entrepreneurship

- **Objective 1:** Continue to invest in diverse entrepreneurs through programs like the Small Business Development Center (SBDC).
- **Objective 2:** Leverage the connections of Community-Based Organizations to increase awareness and usage of SBDC programs and opportunities.
- **Objective 3:** Examine county procurement efforts through a Diversity, Equity, and Inclusion lens, and offer support to incorporated areas in the county that are interested in refining their procurement process.
- **Objective 4:** Develop a more robust strategy to communicate and educate regional small businesses and entrepreneurs about the opportunities associated with the county's upcoming infrastructure investments.

4. Support the Growth & Resilience of San Diego County's Innovation Economy

- **Objective 1:** Explore opportunities to break down industry silos and foster cross-pollination of inter-industry innovations, particularly in non-traditional industry partnerships, such as life sciences and hospitality or recreation and ICT (Information & Communications Technologies).
 - a) Increase communication between capital, academia, and the public and private sectors to identify and build out areas where innovation sectors converge around next-generation technologies.
- **Objective 2:** Utilize San Diego's innovation economy to attract other innovation and economic activity.
 - a) Highlight cutting-edge facilities—including the Research and Development District downtown—to attract more innovation employers or satellite offices.
 - b) Foster venture capital's presence in San Diego County

- c) Promote San Diego County’s innovation economy to attract more business travel into San Diego County.
 - d) Ensure adequate commercial space is available to interested businesses to fulfill the necessities of incoming innovation businesses.
- **Objective 3:** Revisit and strengthen industry-specific strategies that support key industries in the county.
 - a) Foster the growth of key industries such as cleantech, cybersecurity, defense, leisure and hospitality, life sciences, and telecommunications by ensuring an educational pipeline to provide businesses with qualified workers.
- **Objective 4:** Leverage the county’s strong binational ties and connections to Imperial County to identify strategies that benefit all regions involved.
 - a) Link San Diego County’s cleantech innovation activity to clean energy transition efforts in surrounding areas, such as the Lithium Valley in Imperial County, and decarbonization efforts across the border.
- **Objective 5:** Identify and prioritize investments to expand technology enablement, particularly in new and small businesses as well as in industries that traditionally are less likely to incorporate new technologies to increase productivity and innovation.

5. Support the growth of high-quality, sustainable jobs that allow residents to work, live and thrive in the region

- **Objective 1:** As a region, prioritize the quality of job growth and not just the quantity of jobs in considering potential economic development strategies and investments.
- **Objective 2:** Invest in programs and prioritize strategies that support employment opportunities and career pathways with sustainable wages that provide employees the ability to live in the County without additional support or another job.

6. Facilitate Investment in Regional Infrastructure that Supports Economic Growth, Environmental Sustainability, and Regional Resilience

- **Objective 1:** Invest in human and organizational infrastructure, which underpins the county's economic activity and support services.
- **Objective 2:** Regional collaboration, including the public and private sectors, to implement zero-carbon activities developed through the Regional Decarbonization Framework.
- **Objective 3:** Improve regional transit as outlined in SANDAG’s 2021 Regional Plan.

- **Objective 4:** Expand and enhance border connection points to facilitate the fast and secure transfer of people and goods.
- **Objective 5:** Continue to diversify and expand the county’s water supply.
- **Objective 6:** Encourage and facilitate the adoption of clean technologies, including Electric Vehicles and charging infrastructure, renewable electric power generation, energy storage, and smarter and more resilient grid infrastructure.
 - a) Prepare an updated Climate Action Plan for the County of San Diego.
 - b) Coordinate public and private organizations to work towards decarbonization actions outlined in the Climate Action Plan.
- **Objective 7:** Plan for the impacts of climate change and invest in infrastructure that will transition the county to a low- or no-carbon economy.
 - a) Evaluate the greatest threats of environmental changes and the areas these changes are most likely to affect throughout the county.
 - b) Take action to prevent or mitigate these changes, including undergrounding transmission wires, trimming vegetation, and implementing new technologies to monitor and even predict damages to systems.
- **Objective 8:** Reinforce cybersecurity infrastructure to enhance the region’s economic resiliency.
 - a) Work collaboratively with the cybersecurity industry, academic, and research community to continually identify and support the needs of this critical industry.
- **Objective 9:** Support investments in the regional food system to expand the circular economy and align with the County’s Regional Decarbonization Framework.

7. Protect and Improve San Diego County’s Quality of Life

- **Objective 1:** Ensure San Diego County remains a financially competitive place to live.
 - a) Engage public and private stakeholders to increase the supply of affordable housing, particularly near employment and transit hubs.
 - b) Support paths to sustainable ownership as a way of building household wealth.
- **Objective 2:** Continue to support efforts to tackle homelessness
 - a) Support a coalition of public, private, and non-profit organizations to address the underlying factors driving homelessness.
 - b) Identify and communicate opportunities to support efforts to reduce and end homelessness.
- **Objective 3:** Bolster existing initiatives to support the mental health and well-being of the San Diego County community.
 - a) Increase awareness and referral to resources.
 - b) Bolster efforts that offer affordable mental health services.

8. Ensure Economic Development Planning and Strategy in San Diego County is Dynamic and Collaborative

- **Objective 1:** Facilitate and engage strong networks of economic development stakeholders to continue to refine, identify, and communicate economic development goals.
- **Objective 2:** Continually identify and promote regional priorities for economic development, including investments and infrastructure.
- **Objective 3:** Increase communication and connectivity between the organizations and individuals leading and planning economic development in the county.

9. Leverage Data to Inform Countywide Economic Development Planning and Strategy

- **Objective 1:** Find consensus around standardized and shared metrics and indicators that evaluate economic development activity across the county and within specific localities.
- **Objective 2:** Identify and/or develop shared tools to better understand the county's economic development needs and opportunities.
- **Objective 3:** Utilize countywide resources and planning efforts to examine challenges and opportunities at the local level.

Evaluation Framework Indicators and Performance Measures

Support Talent Development for San Diegans of All Backgrounds

OBJECTIVES	REGIONAL PARTNERS	METRICS
Make high-quality employment opportunities more accessible to individuals regardless of background.	Education and Training Providers, Workforce Development Boards, Community-Based Organizations, Economic Development Organizations, Labor Unions, Cities, County	Number of subsidized childcare seats available in the county
Connect students of all backgrounds to San Diego County’s innovation and entrepreneurial economy.		Annual completions through Talent Pipeline Management Initiatives
Increase accessibility to career navigation and clear pathways to key populations, including veterans and hard-to-reach populations, via Community-Based Organizations and workforce and economic development programs.		Number of Community-Based Organizations involved in workforce communication efforts
Develop innovative methods and collaborative programs to examine workforce development efforts that plan around a ten-year horizon.		Number of Learn-and-Earn, On-the-Job, Apprenticeships, and other hands-on learning activities
		Demographics and geographic location of workforce program participants
		Educational completion rates by population demographics

Increase Economic Opportunities for Underserved Communities, Populations, and Areas within San Diego County

OBJECTIVES	REGIONAL PARTNERS	METRICS
Increase economic opportunities near existing population centers.	Employers, Economic Development Organizations, Cities, County	Tracking of the ratio of jobs to working age population by geography
Assist in investor attraction within Opportunity Zones (OZs) throughout the county.	Cities, County	Use a Customer Relations Management tool to track interactions with investors interested in OZs

Foster Local Business Growth and Entrepreneurship

OBJECTIVES	REGIONAL PARTNERS	METRICS
Continue to invest in entrepreneurs of all backgrounds through programs like the Small Business Development Center (SBDC).	Economic Development Organizations, Cities, County	Continue to track SBDC Metrics on business starts, capital raises, diversity of founders, and workers hired by SBDC companies
Leverage the connections of Community-Based Organizations to increase awareness and usage of SBDC programs and opportunities.		Number of Community-Based Organizations engaged in SBDC activities
Examine county procurement efforts through a Diversity, Equity, and Inclusion lens, and offer support to incorporated areas in the county that are interested in refining their procurement process.	County of San Diego County	Longitudinal tracking of business characteristics of county awards
Develop a more robust strategy to communicate and educate regional small businesses and entrepreneurs about the opportunities associated with the county's upcoming infrastructure investments.		SBDC Metrics combined with Economic Development opportunities that target small businesses

Support the Growth & Resilience of San Diego County's Innovation Economy

OBJECTIVES	REGIONAL PARTNERS	METRICS
Explore opportunities to break down industry silos and foster cross-pollination of inter-industry innovations.	Incubators and Accelerators, Venture Capital, Economic Development Organizations, Educational Institutions, Cities, County	Number of cross-industry gatherings and events
Utilize San Diego's innovation economy to attract other innovation and economic activity.		Number and value of venture capital deals for San Diego County businesses
Revisit and reinforce industry-specific strategies that support key industries in the county.		Number of venture capital firms engaged with San Diego County businesses
		Number of incubators and coworking spaces
		Number of patents issued by inventors within the county

<p>Leverage the county’s strong binational ties and connections to Imperial County to identify strategies that benefit all regions involved.</p>	<p>Education and Training Providers, Workforce Development Boards, Community Based Organizations, Economic Development Organizations, Cities, County</p>	<p>Track cross-border and cross-regional economic partnerships and collaborative efforts</p>
<p>Identify and prioritize investments to expand technology enablement, particularly in new and small businesses as well as in industries that traditionally are less likely to incorporate new technologies to increase productivity and innovation.</p>		<p>Track economic partnerships, business characteristics, and technology investments in specific industries</p>

Support the growth of high-quality, sustainable jobs that allow residents to work, live and thrive in the region

OBJECTIVES	REGIONAL PARTNERS	METRICS
<p>Prioritize job quality in the analysis of potential economic or employment impacts</p>	<p>SANDAG, Economic Development Organizations, Workforce Development Boards, Cities, County, Employers and Research Entities</p>	<p>Track job quality (Tier 1, Tier 2, Tier 3) in analyzing potential economic and/or employment impact</p>
<p>Invest in programs and strategies that prioritize sustainable wages and pathways</p>	<p>SANDAG, Economic Development Organizations, Workforce Development Boards, Cities, County, and Research Entities</p>	<p>Track the % of employment opportunities from different programs or strategies that offer or could eventually provide sustainable wages</p>

Facilitate Investment in Regional Infrastructure that Supports Economic Growth, Environmental Stability, and Regional Resilience

OBJECTIVES	REGIONAL PARTNERS	METRICS
Invest in human and organizational infrastructure, which underpins the county's economic activity and support services.	SANDAG, Economic Development Organizations, Workforce Development Boards, Cities, County	Investment in existing and newly formed organizations that promote economic activity
Regional collaboration, including the public and private sectors, to implement zero carbon activities developed through the Regional Decarbonization Framework.	Chambers of Commerce, Industry Associations, Cities, County, Economic Development Organizations, Workforce Development Boards	Continued tracking of the climate goals outlined in the County's Climate Action Plan
Improve regional transit as outlined in SANDAG's 2021 Regional Plan.	SANDAG, Economic Development Organizations, Workforce Development Boards, Cities, County	Investment in transportation infrastructure
Expand and enhance border connection points to facilitate the fast and secure transfer of people and goods.		Public transit ridership rates Average commute times by mode of transportation
Continue to diversify and expand the county's water supply.	Cities, County, Economic Development Organizations, Workforce Development Boards	Border crossing rates Average crossing times
Encourage and facilitate the adoption of clean technologies, including Electric Vehicles and charging infrastructure, renewable electric power generation, energy storage, and smarter and more resilient grid infrastructure.		Share of water imported from outside the county
Plan for the impacts of climate change and invest in infrastructure that will make the county more resilient to these environmental changes.		Clean infrastructure investment Number of EVs on the road Mix of energy use that is from renewable sources
Reinforce cybersecurity infrastructure to enhance the region's economic resiliency.		Investment in climate change resiliency infrastructure, such as "green" infrastructure Investment in cybersecurity infrastructure

Protect and Improve San Diego County’s Quality of Life

OBJECTIVES	REGIONAL PARTNERS	METRICS
Ensure San Diego County remains a financially competitive place to live.	Cities, County, Economic Development Organizations, Workforce Development Boards	Number of housing starts by zip code
Continue to support efforts to tackle homelessness		Point-in-time counts Temporary housing offerings
Bolster existing initiatives to support the mental health and well-being of the San Diego County community.		Track the usage of services offered Number of discounted or free mental health services offered

Ensure Economic Development Planning and Strategy in San Diego County is Dynamic

OBJECTIVES	REGIONAL PARTNERS	METRICS
Foster and engage strong networks of economic development stakeholders to continue to refine, identify, and communicate economic development goals.	Cities, County, Economic Development Organizations, Community Development Councils	Number of stakeholders involved in economic development discussions
Continually identify and promote regional priorities for economic development, including investments and infrastructure.		Number of community meetings for collaborative strategy discussion and development
Increase communication and connectivity between the organizations and individuals leading and planning economic development in the County.		

Leverage Data to Inform Countywide Economic Development Planning and Strategy

OBJECTIVES	REGIONAL PARTNERS	METRICS
Develop shared tools to better understand economic development needs and opportunities in the county.	County, Cities, Economic Development Organizations, Community Development Councils, SANDAG	Data that is presented at the county level but available at the more granular zip code and census tract level
Utilize countywide planning to examine challenges and opportunities at the local level.		
Consider the need for standardized and shared metrics that evaluate economic development activity across the county.		

Appendix A: Economic and Workforce Data

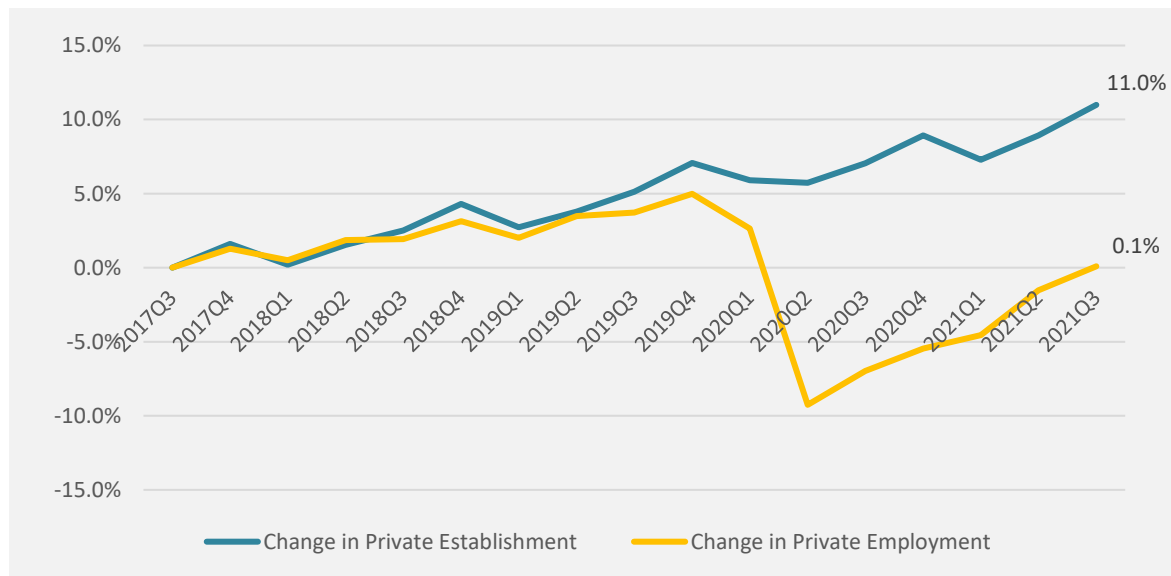
Economic Trends in San Diego County

This section dives into some key economic data that highlight key economic metrics and activity, particularly considering the recovery effort from COVID-19 and the effects across different demographics.

EMPLOYMENT AND ESTABLISHMENTS IN SAN DIEGO COUNTY

Before the pandemic, San Diego County had seen a steady rise in the number of private establishments and employment. The pandemic led to a substantial drop in employment and has virtually erased all private employment growth between 2017Q3 and 2019Q4. During this same time, the number of private establishments in the county has continued to grow, reaching levels 11% higher in 2021Q3 than in 2017Q3 (Figure 18).

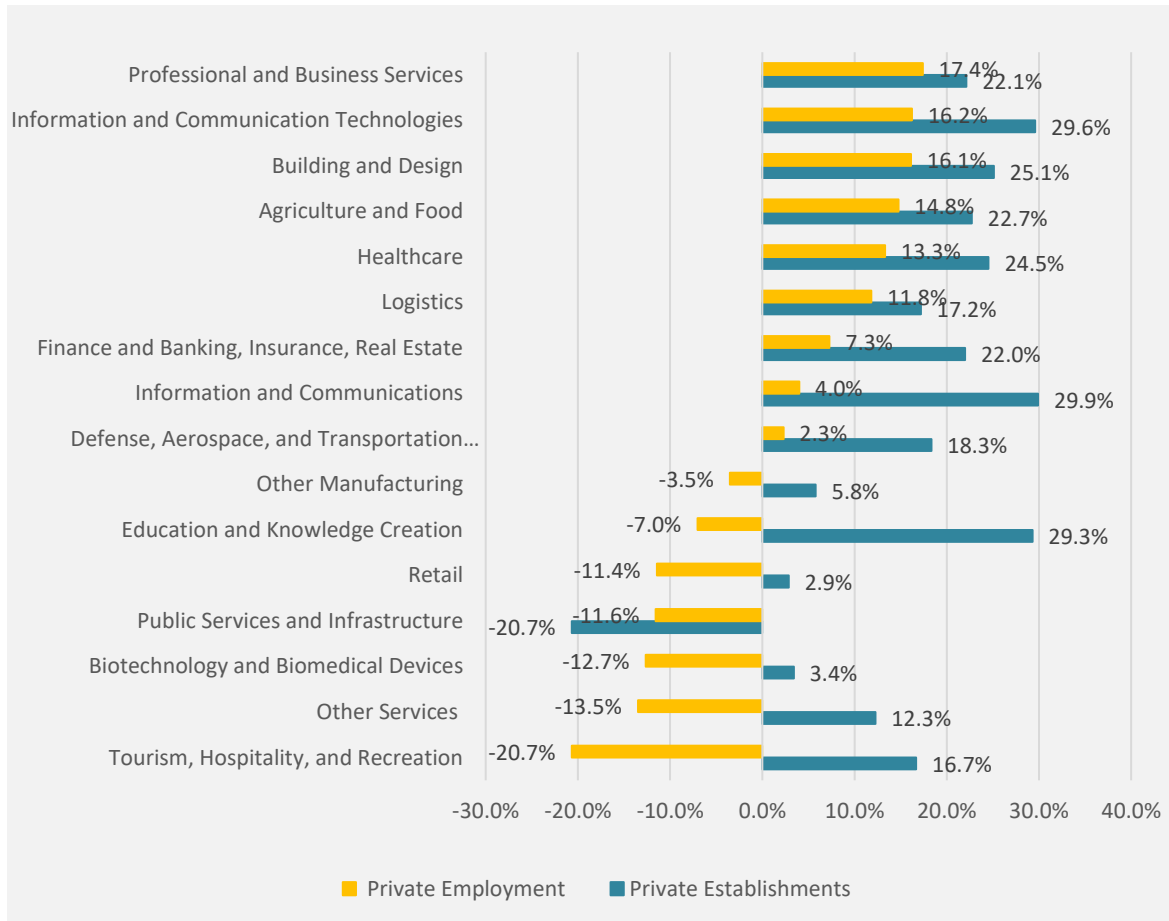
FIGURE 1. GROWTH IN PRIVATE EMPLOYMENT AND ESTABLISHMENTS (2017-2021)³⁶



Professional and Business Services, Information and Communication Technologies, and Building and Design were the fastest growing industry clusters by employment in the county between 2015 and 2020. Each of these industries grew between 16% and 17% during this time. Tourism, Hospitality, and Recreation, and Other Services (including firms like nail salons and autobody repair shops) saw the greatest declines in employment during this time (Figure 19).

³⁶ Bureau of Labor Statistics QCEW.

FIGURE 2. CHANGE IN PRIVATE EMPLOYMENT AND ESTABLISHMENTS (2015-2020)³⁷



The Quarterly Census of Employment and Wages (QCEW) provides data on the relative size of each industry in San Diego County.³⁸ The industries with the greatest employment at the end of 2021 are Professional and Technical Services, Real Estate, and Rental and Leasing, Arts, Entertainment, and Recreation, and Accommodation and Food Services. The industries with the lowest employment were Mining, Transportation and Warehousing, Agriculture, Forestry, Fishing and Hunting, and Wholesale Trade (Figure 3).

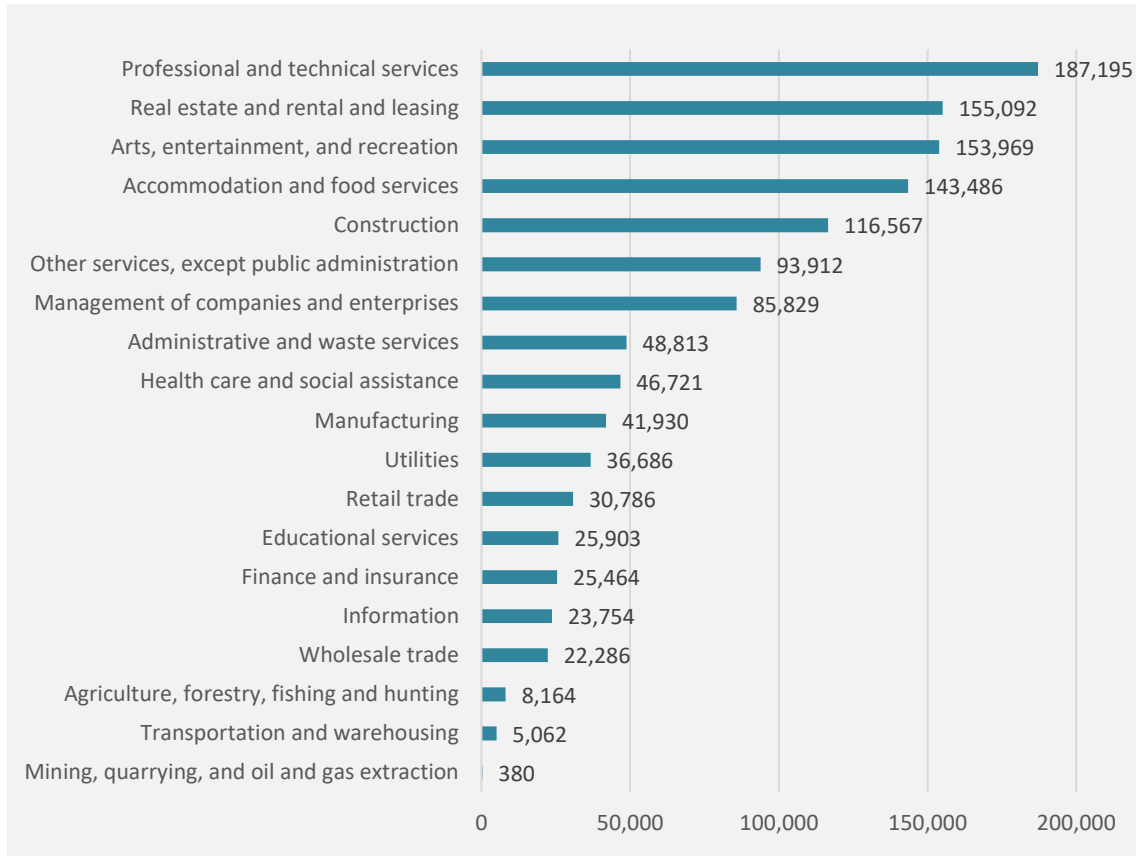
The sectors in Figure 3 are broad categorizations and can be further broken down into subsectors and industries. Because of this, many of San Diego County’s notable industries are included as a part of their larger sectors but not explicitly named in the analysis below. Industries worth highlighting are the innovation and cleantech industries; companies in San Diego’s innovation economy employed over

³⁷ Bureau of Labor Statistics QCEW.

³⁸ Only industries at the two-digit NAICS code level are included in the analysis. For more information on NAICS code structure, visit: <https://www.census.gov/programs-surveys/economic-census/guidance/understanding-naics.html>.

164,000 workers, and San Diego County’s cleantech industry employed 40,000 workers in 2019.³⁹ This cleantech activity can be found across a range of industries.

FIGURE 3. SAN DIEGO EMPLOYMENT BY INDUSTRY, DECEMBER 2021⁴⁰



The location quotient (LQ) is a metric used to “compare the concentration of an industry within a specific area to the concentration of that industry nationwide”.⁴¹ Location quotients are used in Figure 4 to compare the distribution of employment by industry in San Diego County and the United States. An LQ equal to 1 indicates that an industry’s share of employment in San Diego County is the same as its share in the United States. If an industry’s LQ is less than 1, its employment is more concentrated in the U.S. than in San Diego County. If an industry’s LQ is more than 1, its employment is more concentrated in San Diego County than in the United States.

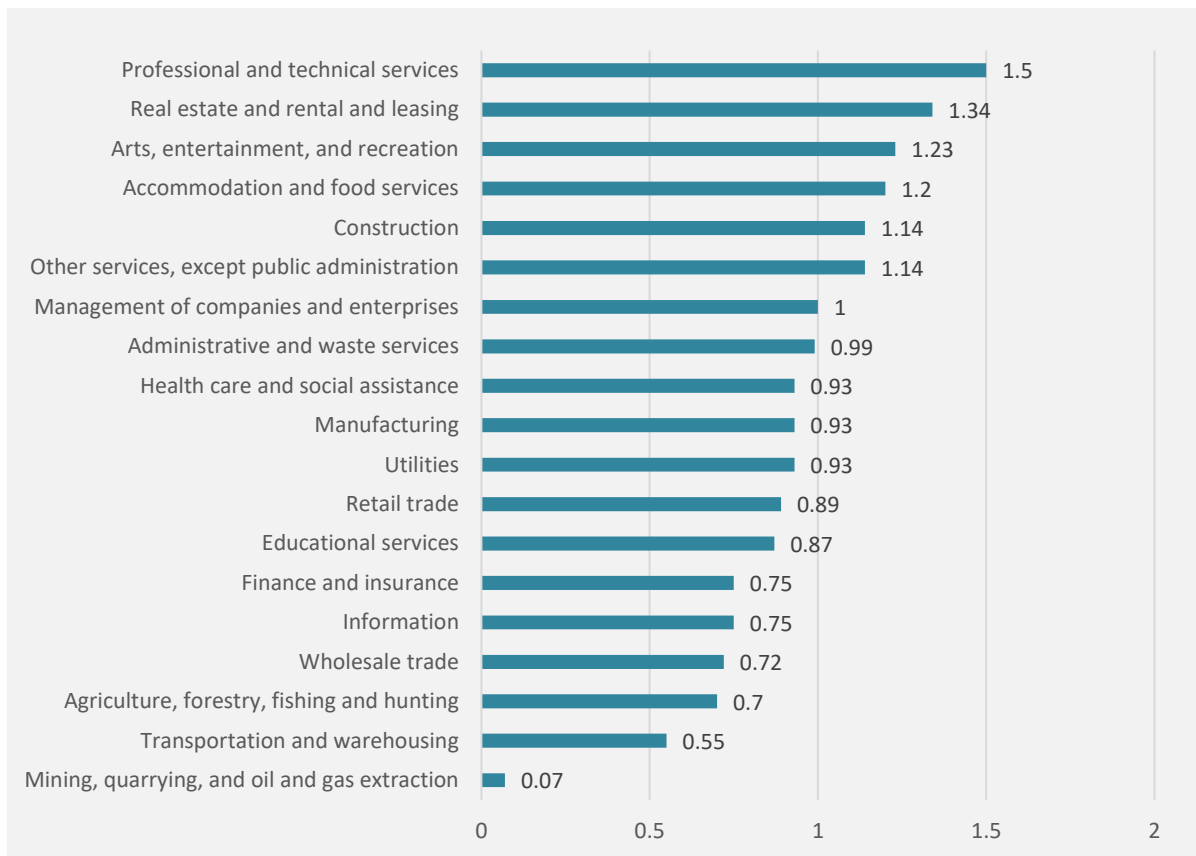
³⁹ San Diego Innovation Report 2019; Cleantech San Diego. San Diego’s Regional Cleantech Economy. June 2019.

⁴⁰ Bureau of Labor Statistics QCEW.

⁴¹ Bureau of Labor Statistics. QCEW Location Quotient Details. <https://www.bls.gov/cew/about-data/location-quotients-explained.htm#:~:text=Location%20quotients%20are%20ratios%20that,all%20LQs%20within%20the%20files.>

Only six of the industries at the 2-digit NAICS code level in San Diego County have more concentrated employment than the United States. In contrast, twelve industries have less concentrated employment than the United States. One industry—Management of Companies and Enterprises—has the same employment concentration in the U.S. and San Diego County. At 1.5, Professional and Technical Services have the largest location quotient, meaning jobs in the Professional and Technical Services industry were 1.5 times more concentrated in San Diego County than in the United States in December 2021. Mining has the smallest location quotient; jobs in the Mining, Quarrying, and Oil and Gas Extraction industry were 0.7 times less concentrated in San Diego County than in the United States in December 2021.

FIGURE 4. LOCATION QUOTIENT BY INDUSTRY, DECEMBER 2021⁴²

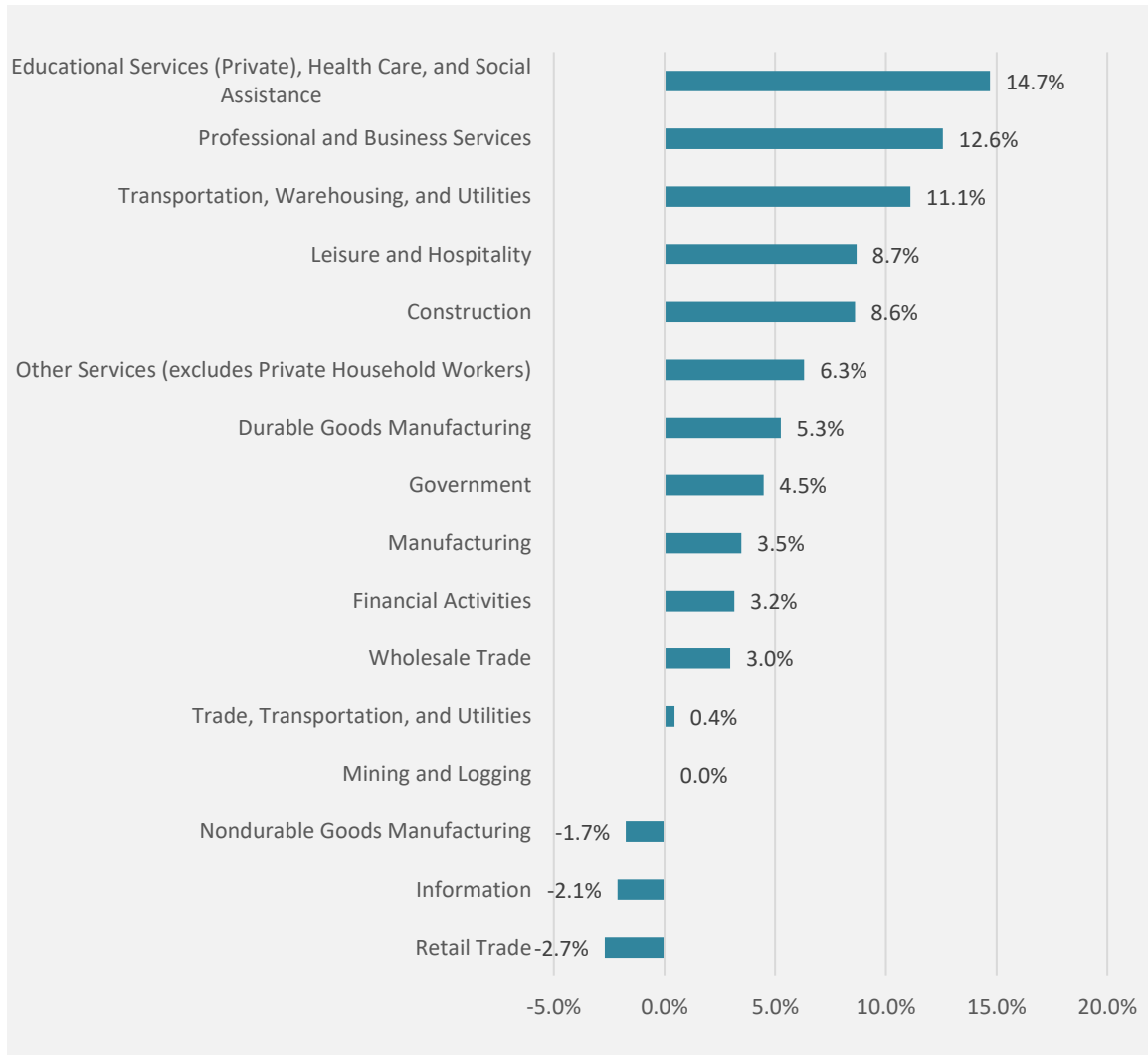


According to employment estimates by the California Employment Development Department (CA EDD) and the Bureau of Labor Statistics, Educational Services, Healthcare, and Social Assistance; Professional and Business Services; and Transportation, Warehousing, and Utilities are projected to add the most jobs between 2018 and 2028. Nondurable Goods Manufacturing, Information, and Retail Trade are projected to decline during this time (Figure 5). The industries driving the greatest projected growth are Architectural, Engineering, and Related Services; Warehousing and Storage; and Ambulatory Health Care

⁴² Bureau of Labor Statistics QCEW.

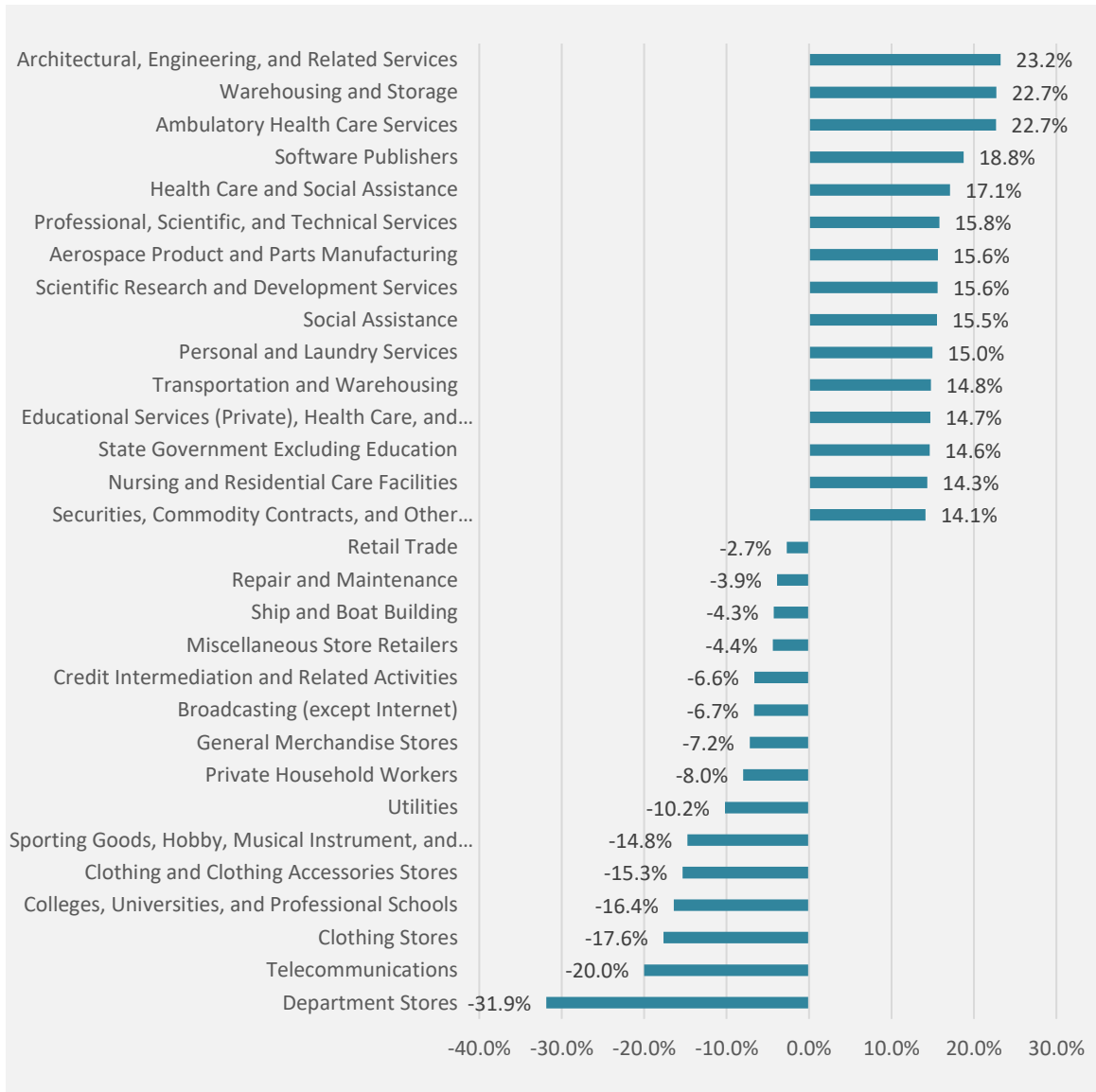
Services. Department Stores, Telecommunications, and Clothing Stores are the industries seeing the greatest projected employment losses.

FIGURE 5. PROJECTED LONG-TERM (2018-2028) EMPLOYMENT GROWTH IN SAN DIEGO COUNTY⁴³



⁴³ Data from CA EDD Long-term Industry Projections

FIGURE 6. INDUSTRIES PROJECTED TO HAVE THE LARGEST EMPLOYMENT GAINS AND LOSSES (2018-2028)⁴⁴

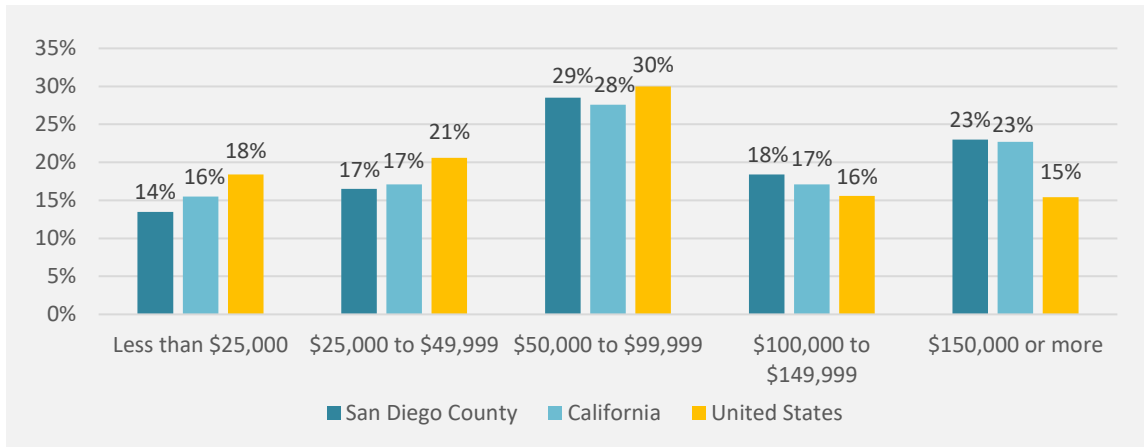


HOUSEHOLD ECONOMIES

The median household income in San Diego County was \$82,426 in 2020, and on average, San Diego County residents have a higher median household income than the state (\$78,672) and nation (\$64,994). The percentage of households falling within the two lowest income brackets—those making less than \$25,000 and those making between \$25,000 and \$49,999—is 4 percent lower in San Diego County than in California. San Diego County also has a slightly higher proportion of those earning \$100,000 or more per year than the state (Figure 7).

⁴⁴ Data from CA EDD Long-term Industry Projections

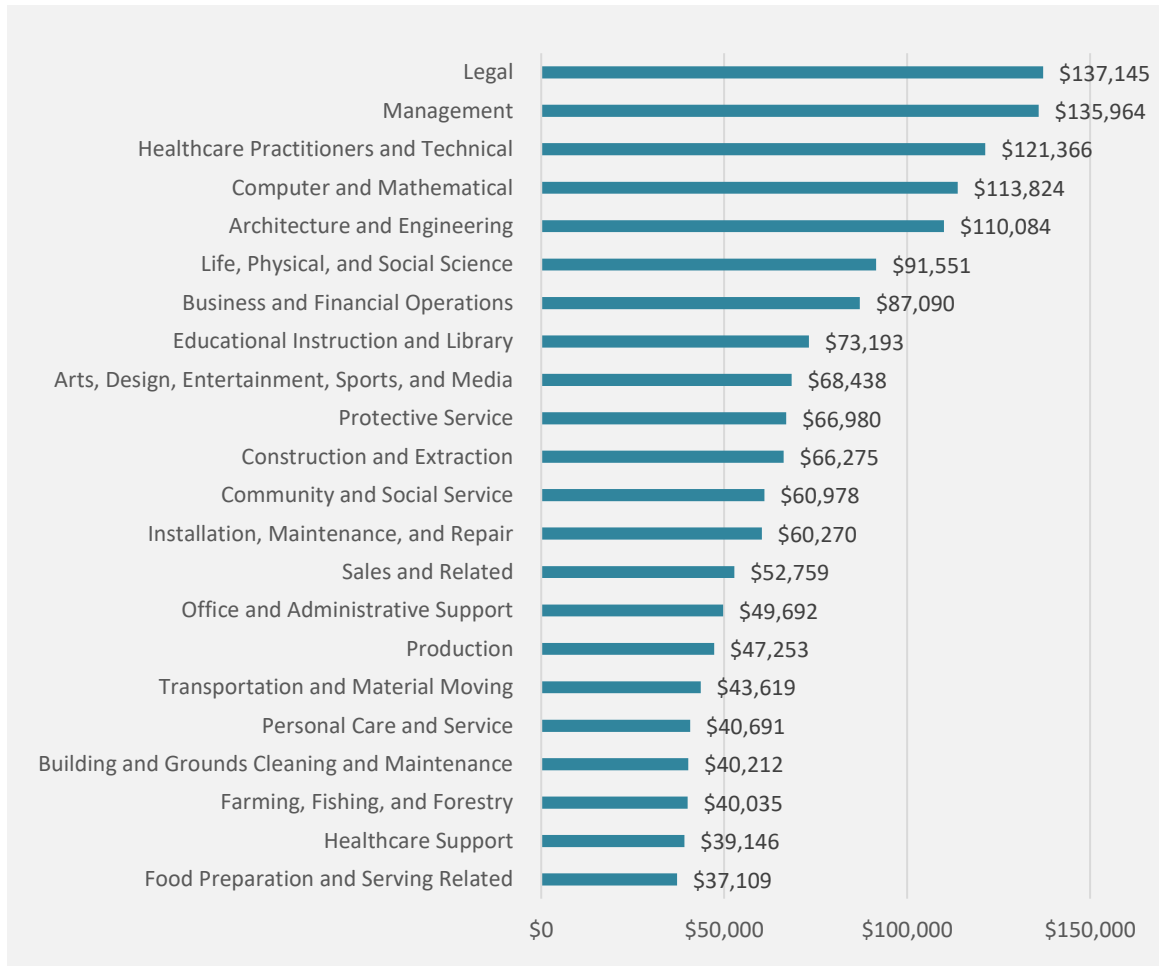
FIGURE 7. SAN DIEGO COUNTY INCOME DISTRIBUTION, 2020⁴⁵



Data from the California EDD provides a breakdown of wages by occupation in San Diego County in the first quarter of 2022. The occupations with the highest mean annual wage in San Diego County are legal, management, healthcare practitioners, computer and mathematical, and architecture and engineering occupations. The occupations with the lowest mean annual wage are food preparation, healthcare support, farming, fishing, and forestry, building cleaning and maintenance, and personal care and service.

⁴⁵ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

FIGURE 8. MEAN ANNUAL WAGE BY OCCUPATION IN SAN DIEGO COUNTY, 2022⁴⁶



Median household income varies greatly by geography within the county. Incomes along the coast and central portions of the county tend to be higher than the county median (in blue), while zip codes in the City of San Diego, Chula Vista, along the border, east, and north portions of the county tend to be lower than the median (in red) (Figure 9). SANDAG’S list of zip codes for Disadvantaged Workers similarly reflects these trends (Figure 10).

⁴⁶ Data from CA EDD Employment by Wages and Occupation data tables.

FIGURE 9. DIVERGENCE IN MEDIAN HOUSEHOLD INCOME FROM COUNTY MEDIAN⁴⁷

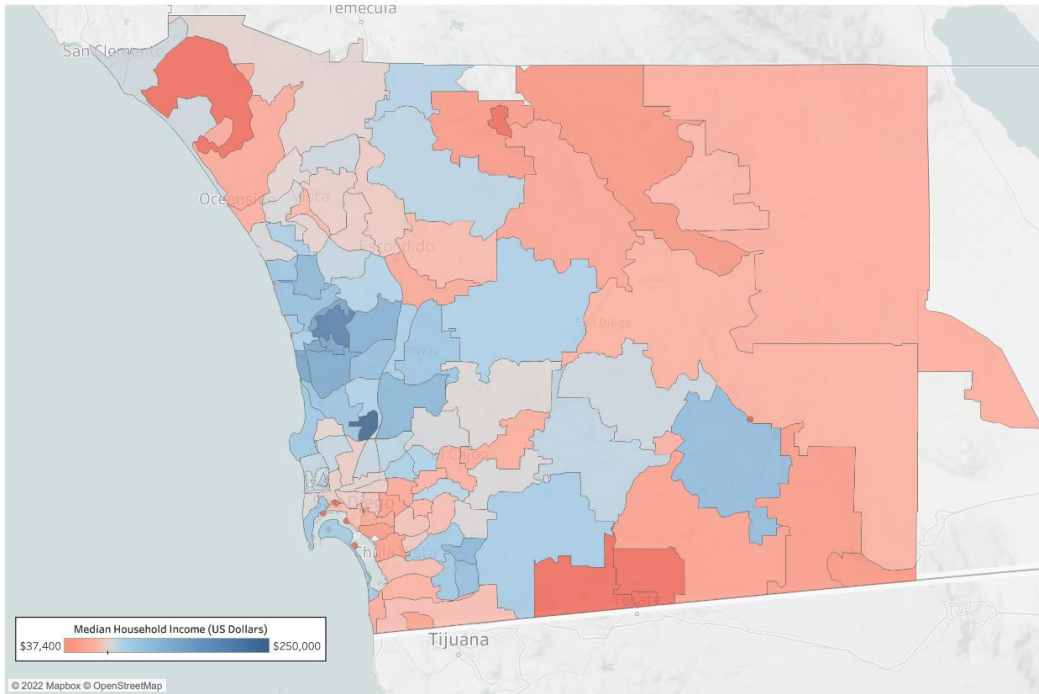
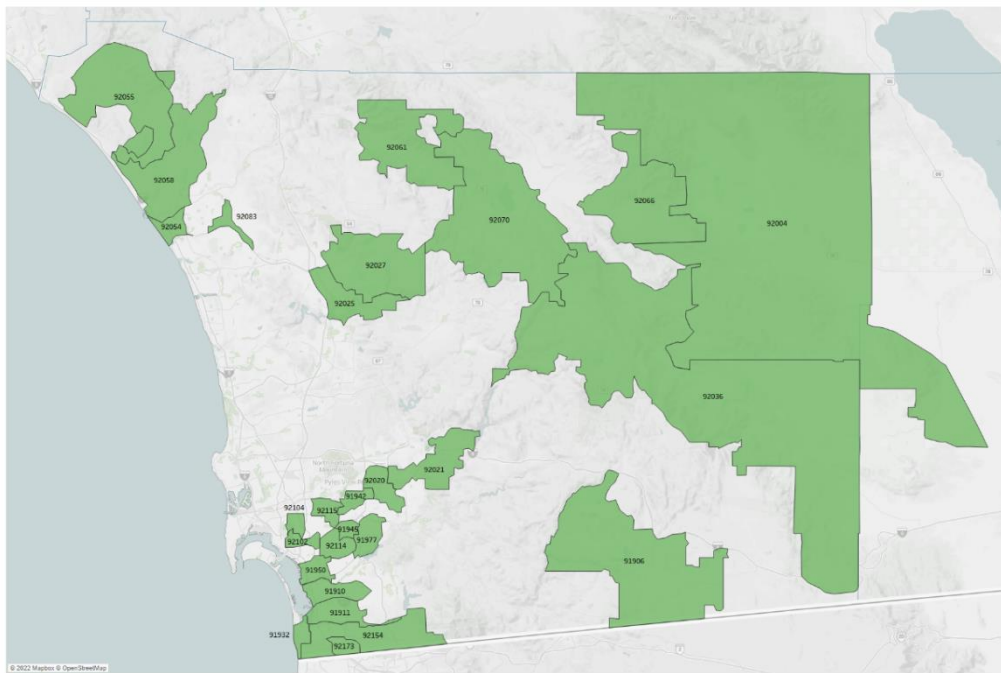


FIGURE 10. SANDAG'S ECONOMICALLY DISADVANTAGED WORKER ZIP CODES



⁴⁷ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

Household income only tells part of the household's financial story. The debt-to-income ratio (DTI) is the ratio of outstanding household debt to annual household income. A household DTI less than 1 means that the amount of household debt is less than the household income. A household DTI greater than 1 means that the total amount of household debt is greater than the annual household income. On the state and county levels, the DTI is found by calculating the ratio of the region's aggregate household debt (including student loan debt) to its aggregate income.⁴⁸

The DTI ratio is one indicator of economic resilience. On a county level, a higher DTI can lead to worse outcomes and longer recovery in the case of an economic downturn. Leading up to the 2007-2008 financial crisis in the United States, a dramatic increase in credit availability led to a rapid increase in household debt. Both the timing and severity of the recession that followed were linked to the rising DTI between 2002 and 2006—counties with higher DTI experienced a steeper decline in consumer spending and an increase in unemployment. Households with a high DTI that experience the effects of increasing unemployment could default on their loan payments and fare worse during a recessionary period than households with a lower DTI.⁴⁹

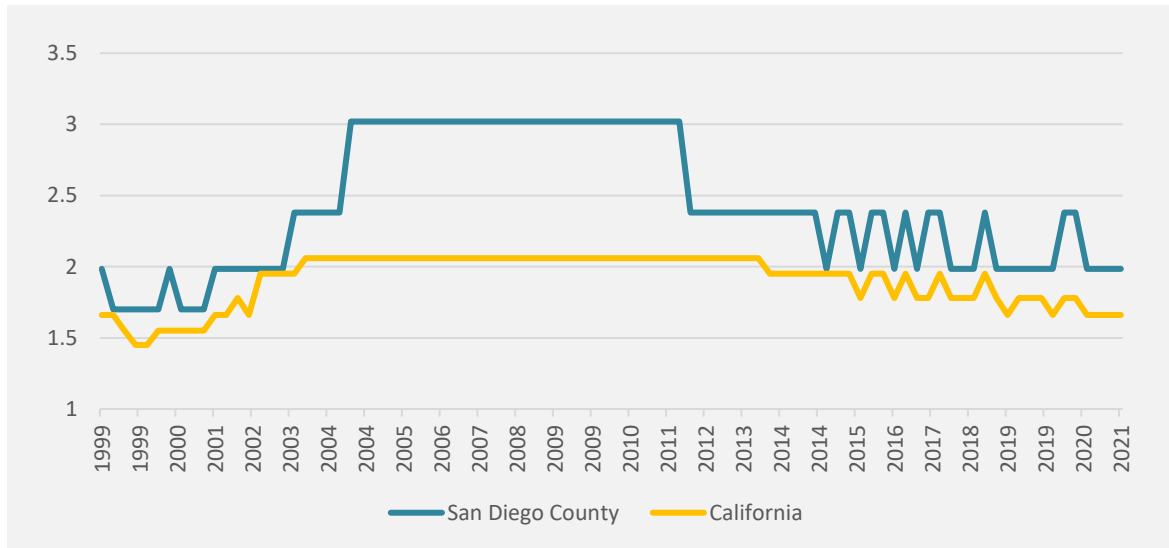
The median debt-to-income ratios for San Diego County and California have moved together over the past 22 years, though the DTI in San Diego County has been consistently higher. For the past five years, the median debt-to-income ratio in San Diego County has been oscillating between 1.99 and 2.38, sitting at 1.99 as of the third quarter of 2021. Though 1.99 is the lowest the median debt-to-income ratio has been since April 2003, it's still only 0.07 points lower than California's peak median DTI (Figure 11. Median Debt-to-Income Ratio).

A median DTI of 1.99 means half of the households in San Diego County have debt that is greater than twice their income, and half of the households have debt that is less than twice their income. With such a high DTI, San Diego County and its individual households may be less resilient to economic changes.

⁴⁸ FEDS Notes: Household Debt-to-Income Ratios in the Enhanced Financial Accounts. Board of

⁴⁹ Governors of the Federal Reserve System. January 2018. Mian, Atif, and Amir Sufi (2010). "Household Leverage and the Recession of 2007-2009." IMF Economic Review, Vol. 58.

FIGURE 11. MEDIAN DEBT-TO-INCOME RATIO⁵⁰



San Diego County Competitive Advantages

San Diego County has several key industries identified at the beginning of this report. These industries are:

- Cleantech
- Cybersecurity
- Defense
- Leisure and Hospitality
- Life Sciences
- Telecommunications

Alongside these industries, many key competitive advantages make San Diego County’s economy as strong and innovative as it is. The sections below highlight some of the regional advantages.

INTERNATIONAL TRADE AND COOPERATION

CaliBaja, the regional economy that is defined as San Diego County, Imperial County, Ensenada, Rosarito, San Quintin, Tecate, Tijuana, and Mexicali, is home to around 7 million inhabitants and has a GRP of \$250 billion. In 2019, the region had an estimated \$70 billion in cross-border trade flows. This equates to about \$200 million in cross-border trade flows each day. About \$44.1 billion of goods and services were imported from Mexico via truck at land ports, and a total of \$25.8 billion in goods and services were

⁵⁰ State-Level Debt-to-Income Ratio, 1999 - 2021. Enhanced Financial Accounts: Household Debt. Board of Governors of the Federal Reserve System; County-Level Debt-to-Income Ratio, 1999 - 2021. Enhanced Financial Accounts: Household Debt. Board of Governors of the Federal Reserve System.

exported to Mexico. While trade dropped by over \$6 billion at the beginning of 2020 due to the COVID-19 pandemic, it has since recovered to 2019 levels.

In terms of pedestrian border crossings, over 50 million people cross the border annually between San Diego and Tijuana. Over 54,000 people cross the border daily from Baja California, to work in San Diego and Imperial counties. About 4,700 workers cross the border from San Diego and Imperial counties to work in Mexico.⁵¹

Current Border Crossings Programs in Place

Foreign-Trade Zone (FTZ) Program: The Foreign-Trade Zone program allows for substantial cost savings on imported goods. Foreign goods brought into the United States from Mexico can be shipped to a FTZ without being held at U.S. Customs. An FTZ can be used for storage, supply chain management, and production. This allows for major cost savings while optimizing cash flows and creating competition with other offshore and overseas firms. Specific benefits for companies shipping to a FTZ include the following: Duty Deferral, where imports can be admitted to an FTZ site and held indefinitely; Duty Reduction, where companies can elect to pay a duty rate for either the component material or finished product; and Duty Elimination, where companies do not have to pay duties on imports that are re-exported from an FTZ. There are also multiple benefits when it comes to logistics, including the ability to file a single U.S. customs entry for all goods in one business week, expedited shipping through a Direct Delivery Procedure, and transferring imports throughout the US between FTZs.⁵²

Maquiladoras/Twin Plants: Maquiladoras are Mexico-based manufacturing facilities operated by a foreign company, such as the United States. This system allows companies to benefit from a cheaper labor force in Mexico while facilitating business in the U.S. and advanced manufacturing capacity. Companies often send equipment and supplies to be assembled in Mexico, and the finished products are then shipped back to the United States. This process allows companies to save up to one million dollars a year in labor costs while generating significant economic gains on both sides of the border.⁵³

Customs and Border Protection and Aduanas: This program supports joint screenings of agricultural goods at the Otay Mesa Point of Entry. This cuts down on wait times and allows cargo to move more easily through the border crossing.⁵⁴

Currently, there are 3 Points of Entry (POE) between San Diego County and Mexico. Additionally, the San Diego Trolley provides direct pedestrian rail service between downtown San Diego and the San-Ysidro-

⁵¹ Knauss School of Business University of San Diego. "The CaliBaja Regional Economy". 2022 <https://drive.google.com/file/d/1MD6CkcG8eA90b7OP4RScECG35eT4xHw7/view>

⁵² "San Diego Foreign Trade Zone". The City of San Diego. 2022 <https://sandiego.maps.arcgis.com/apps/Cascade/index.html?appid=ebbd39240a5745a69fe339564e841280>

⁵³ "Economic Development: Maquiladoras". The City of San Diego. 2022 <https://www.sandiego.gov/economic-development/sandiego/trade/mexico/maquiladoras>

⁵⁴ "SANDAG 2021 Annual Report". SANGAG. 2021. https://www.sandag.org/uploads/publicationid/SANDAG_2021AnnualReport.pdf

Puerta México POE. There is also a greyhound bus service between downtown San Diego and downtown Tijuana.⁵⁵

SENTRI: SENTRI, a fast pass for pedestrians and vehicles crossing the border, now accounts for almost 37% of northbound crossings between Tijuana and San Diego County. Many pedestrians who work in San Diego County but live in Tijuana can now more easily transport from Mexico to the US.

Cross Border Xpress (CBX): This pedestrian bridge allows US air passengers to easily access the Tijuana Airport from the United States. The bridge, which opened in December 2015, attracts nearly 2 million passengers annually.⁵⁶

Improving Points of Entry:

Otay Mesa East II Port of Entry: One of the main projects on the border between San Diego and Mexico is the development of a new land entry east of the Otay Mesa entrance, which is projected to open by 2024. Currently, truck transit across the border is responsible for 90% of trade between the United States and Mexico. In 2019 alone, the Otay Mesa and Tecate ports of entry generated \$48.3 billion in bilateral trade revenue. Opening a new border entry will expand the economic opportunity created by trade and cut down on wait times.

California Department of Transportation (Caltrans): Caltrans leads the California Integrated Border Approach strategy, which is meant to improve mobility and traveler experiences in border communities. Caltrans's role is to identify new policy and legislative issues to improve pedestrian access and accessibility across the CaliBaja region. They are currently working to improve data collection efforts defining cross-border pedestrian travel characteristics. They are also working to improve ports of entry infrastructure, including roadways, interchanges, rail/ mass transit, non-motorized transit such as pedestrian walkways and bikeways, and improving wait times at the border.⁴

THE CREATIVE ECONOMY

The Creative Economy, defined as “non- and for-profit businesses and individuals involved in producing cultural, artistic and design goods or services, and intellectual property” represents a significant portion of the City of San Diego’s economy.

There are close to 70,000 creative jobs in San Diego across the 77 creative occupations and the eight occupational groups defined by the San Diego EDC’s Creative Economy study. Two of the eight occupational groups— namely Arts, Design, Entertainment and Media, and Computer Professions— account for nearly 80 percent of the 70,000 jobs. Computer Professions—the second highest paying occupation group with a median income close to \$107,000 per year—are poised to experience the most growth (10 percent) by 2024. The highest paying occupation group, Managers, with a median annual income of approximately \$124,000, is expected to grow by approximately 7 percent by 2024. San Diego

⁵⁵ Cross Border Xpress. Smart Border Coalition. 2019.
<https://smartbordercoalition.com/storage/files/CBX%20Presentation.pdf>

⁵⁶ Ibid

has about 13,000 self-employed creative professionals, most of whom are involved in the Visual and Performing Arts industry.⁵⁷

Of the 71 identified industries, Publishing and Printing, Visual and Performing Arts, and Architecture and Interior Design occupy the largest share of the Creative Economy in absolute numbers. Industries that are projected to grow the most between 2019 and 2024 are Fine and Performing Art Schools, Museums, and Events. Of the total economic value added by creative industries, Digital media, Entertainment, and Publishing and Print Media account for approximately two-thirds of the value added.

The survey effort also found that the majority of creative firms prioritize experience and technical training over four-year degrees. The Creative Economy values industry-related experience more than it does a formal, industry-recognized credential. Creative firms are mostly satisfied with the skills possessed by the workforce in San Diego and are most pleased with training and networking opportunities in the city. Overall, creative economy companies are positive in their assessment of the city of San Diego as a place to conduct business.

BLUETECH

BlueTech is the technology sector of the maritime industry that is dedicated to sustainable innovation. A 2020 report found that San Diego's Maritime, Water, and BlueTech economy includes businesses ranging from seafood wholesalers, shipyards, electronics, water treatment equipment, and technologies.

In 2020, San Diego had 4,320 Maritime, Water, and BlueTech businesses, which generated \$16.2 billion in revenues and employed about 114,000 individuals. This sector accounted for 5% of all business establishments in San Diego County and about 9% of total employment across the area. Within the BlueTech industry alone⁵⁸, 24,000 individuals were employed, and over \$4 billion in revenue was generated. This yielded an economic impact of \$9.5 billion in the City of San Diego and \$9.9 billion across the county.⁵⁹

SEED FUNDING AND VENTURE CAPITAL

Data from Crunchbase provides insight into venture capital flowing into innovation companies. In 2021, more than 430 different companies raised capital resulting in nearly \$51 billion in venture funding flowing into businesses headquartered in the county. While this represents a 7% decline from 2020 capital raised by technology firms in the county, venture capital increased by 69% in the five years between 2016 and 2021 (Figure 12 Figure 12. Venture Capital in San Diego County).

⁵⁷ The City of San Diego, San Diego Regional EDC. San Diego's Creative Economy. https://www.sandiego.gov/sites/default/files/creative_economy_study.pdf

⁵⁸ Businesses that provide technologies used in maritime and water/wastewater activities.

⁵⁹ "The San Diego Maritime, Water, and Bluetech Economy in 2020." TBD Economics, ERISS, The University of San Diego, and TMA BlueTech. https://uploads-ssl.webflow.com/5cfe4b2804ff07093bd09cdb/626c32091f009307150d578d_FINAL%20-%20SD%20Maritime%20Water%20and%20BlueTech%20Economy%202020.pdf

Of the 433 venture capital deals to San Diego County businesses in 2021, only 52 were with companies founded or led by women or non-White entrepreneurs. 5.1% are among women-founded firms, and another 3.5% are women-founded and women-led. 0.7% are Black or African American founded and/or led firms, 0.2% are East Asian-founded firms, and 1.2% are Hispanic- or Latino-founded and/or led firms.

FIGURE 12. VENTURE CAPITAL IN SAN DIEGO COUNTY⁶⁰

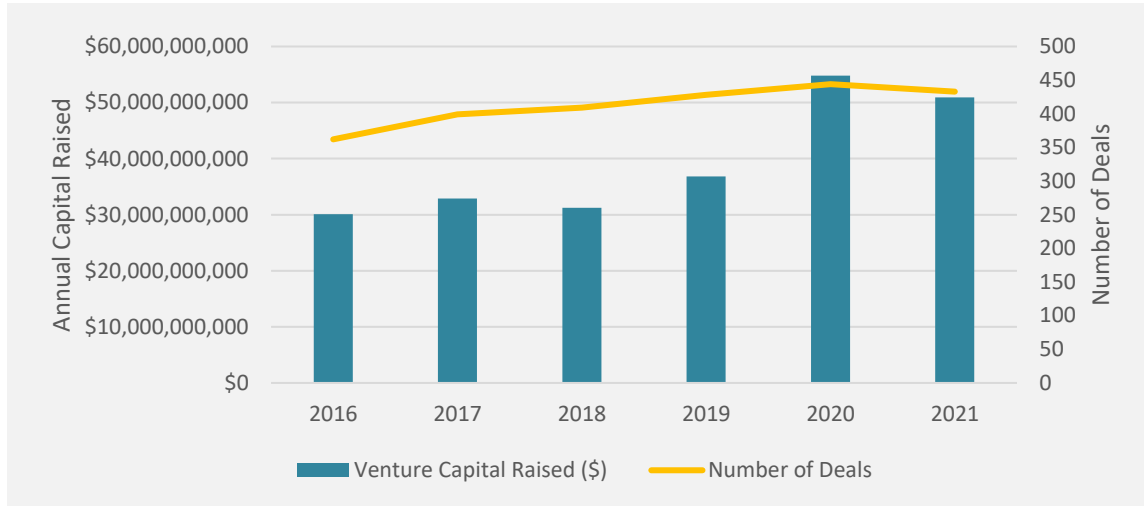
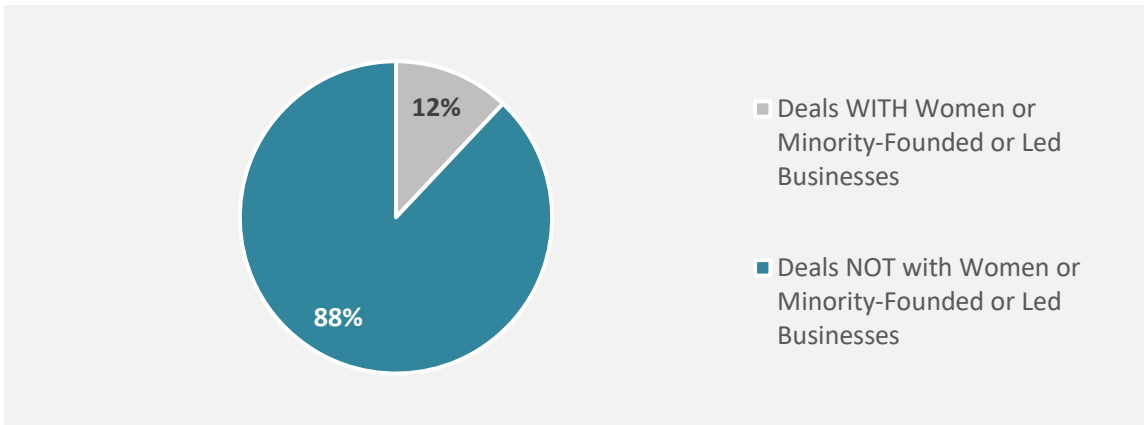


FIGURE 13. VENTURE CAPITAL DEALS BY BUSINESS FOUNDER OR LEADER DEMOGRAPHICS⁶¹



RESEARCH AND DEVELOPMENT

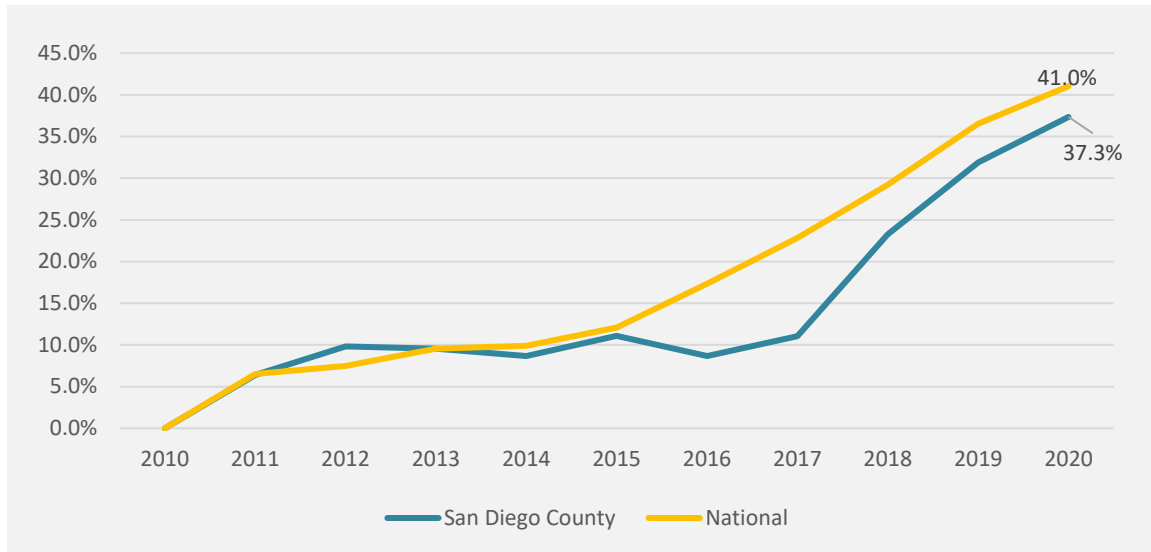
Academic institutions in San Diego County spent nearly \$2 billion on research and development (R&D) activities in 2020, representing more than 2% of the nation’s R&D spending by academic institutions. While this sum is significant and represents a 37% increase from 2010 spending, national R&D spending grew by 41% during this time (Figure 24). San Diego County institutions remain internationally renowned

⁶⁰ Data from Crunchbase

⁶¹ Data from Crunchbase

for R&D activities and maintaining its role as a national leader is an important economic development priority.

FIGURE 14. ACADEMIC INSTITUTION RESEARCH AND DEVELOPMENT SPENDING⁶²



Community Trends in San Diego County

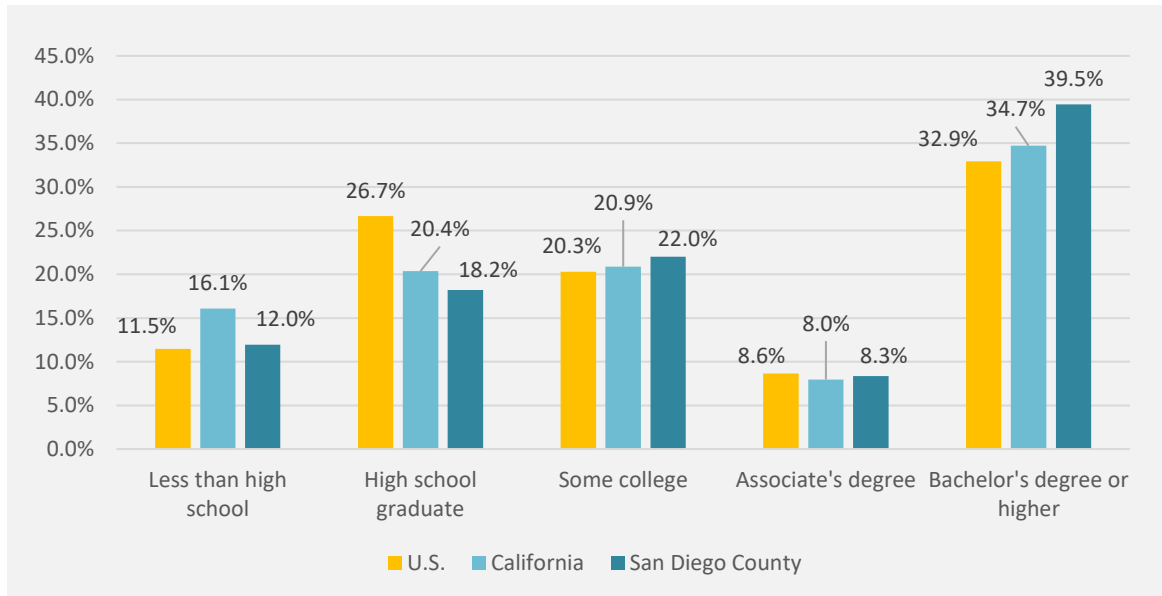
This section focuses on metrics that illustrate some of the primary systemic challenges that the county faces. While some of these challenges may seem to have little direct impact on economic development, these factors often feed into decision-making that affects economic development. For example, because of high housing costs, employers may struggle to find workers that they can afford and that are willing to live and work in the county. Addressing these challenges will require a broad coalition that includes the county’s economic development staff.

EDUCATION

San Diego County residents aged 25 and over exhibit similar or higher rates of educational attainment compared to the rest of California and the United States (Figure 10). About 12 percent of residents in San Diego County and the United States do not have a high school diploma, which is about four percentage points lower than the California average. San Diego County (18.2 percent) has the lowest percentage of residents who have a high school diploma as their highest level of educational attainment, behind California (20.4 percent) and the U.S. (26.7 percent). The largest gap in educational attainment stems from the number of residents with a bachelor’s degree or higher; San Diego County leads the U.S. and California in this category. About four in ten (39.5 percent) of its residents have a bachelor’s degree or more. California falls about 5 percentage points behind at 34.7 percent, and the U.S. is about 7 points behind at 32.9 percent.

⁶² National Science Foundation. Higher Education Research and Development. <https://nces.nsf.gov/pubs/nsf21314#data-tables>

FIGURE 15. SAN DIEGO COUNTY EDUCATIONAL ATTAINMENT, 2020, 25 YEARS AND OVER⁶³



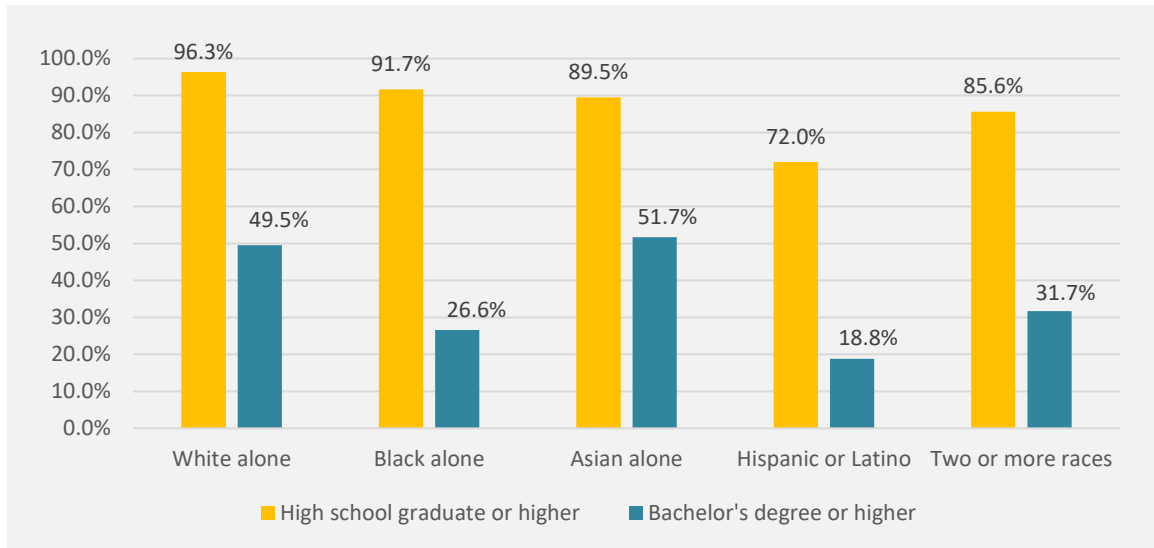
However, educational attainment varies widely by race and ethnicity. San Diego County’s White residents have the highest overall educational attainment. They have the highest percentage of high school completion (96.3 percent), followed by Black residents (91.7 percent) and Asian residents (89.5 percent). Although Black residents trail behind White residents in their high school completion level by less than 5 percentage points, the gap between the two groups’ educational attainment widens at the collegiate level. About half (49.5 percent) of White residents in San Diego County have completed a bachelor’s degree or more, whereas only about a quarter (26.6 percent) of Black residents have received the same level of education. While Asian residents have only the third-highest percentage of high school completion, the group leads in educational attainment at the college level; over half (51.7 percent) of Asian residents in San Diego County have at least a bachelor’s degree (Figure 11).

Hispanic and Latino residents have the lowest educational attainment out of all racial and ethnic groups in San Diego County—only 72.0 percent of Hispanic or Latino residents have graduated from high school, and only 18.8 percent have a bachelor’s degree or higher. Behind non-Hispanic White residents, Hispanic and Latino residents are the second largest racial or ethnic group in San Diego County, making up about a third of the population. By 2050, SANDAG projects that Hispanic and Latino residents will make up the largest portion (about 40 percent) of the population in the San Diego region.⁶⁴ While San Diego County fares well in its overall educational attainment, a large portion of the population has fallen behind.

⁶³ U.S. Census Bureau. American Community Survey 5-Year Estimates, 2020.

⁶⁴ 2021 Regional Plan, Appendix F: Regional Growth Forecast and Sustainable Communities Strategy Land Use Pattern. The San Diego Association of Governments (SANDAG). December 2021.

FIGURE 16. SAN DIEGO COUNTY EDUCATIONAL ATTAINMENT BY RACE, 2020⁶⁵



Though San Diego County’s Hispanic and Latino population has the lowest educational achievement out of all racial and ethnic groups, it has risen in recent years. Between 2010 and 2020, the county’s Hispanic and Latino population was the only racial or ethnic group to see an increase in their college enrollment rates. The percentage of 18- to 24-year-old Hispanic or Latino residents enrolled in college was about 32 percent in 2010 and about 36 percent in 2020—roughly a 4 percent increase. The group’s enrollment reached a 10-year peak of 39 percent in 2016 before falling to 36 percent the following year.

During this same period, White residents’ college enrollment rate decreased from 43 percent to 41 percent, Black residents’ enrollment rate decreased from 38 percent to 36 percent, and multiracial residents’ enrollment rate decreased from 38 percent to 34 percent. Asian residents started and ended the decade with a college enrollment rate of about 63 percent (Figure 12).

⁶⁵ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

FIGURE 17. PERCENTAGE OF SAN DIEGO COUNTY RESIDENTS AGED 18-24 ENROLLED IN COLLEGE BY RACE, 2015-2020⁶⁶

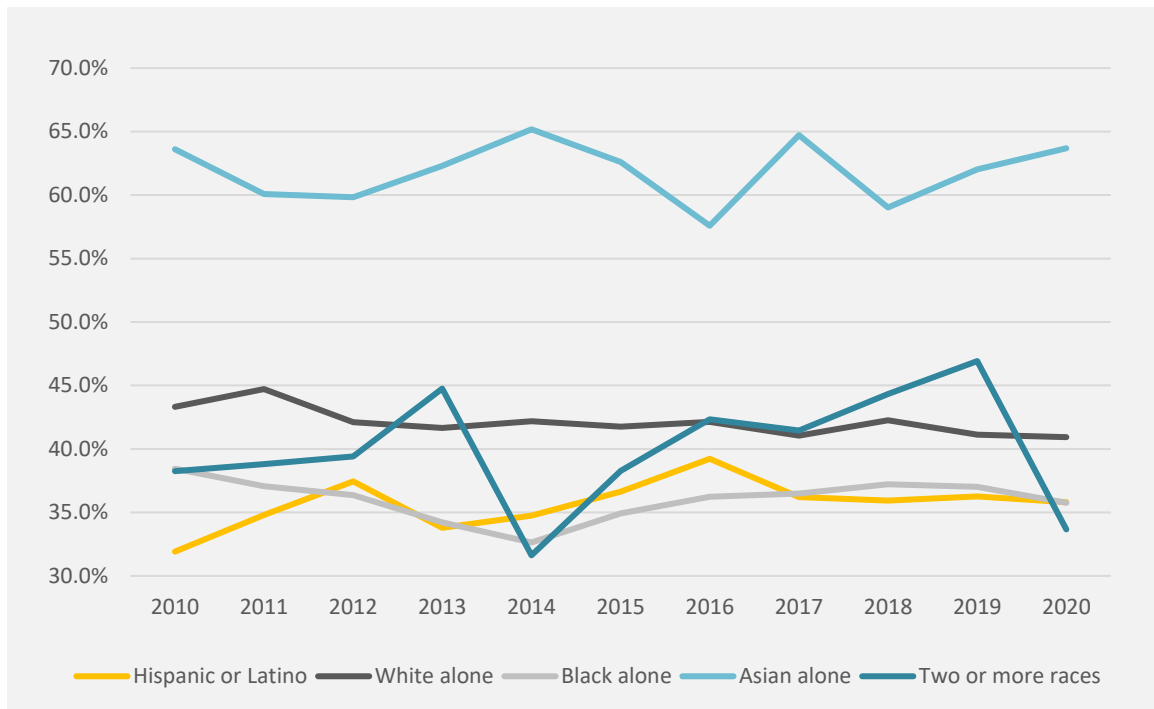
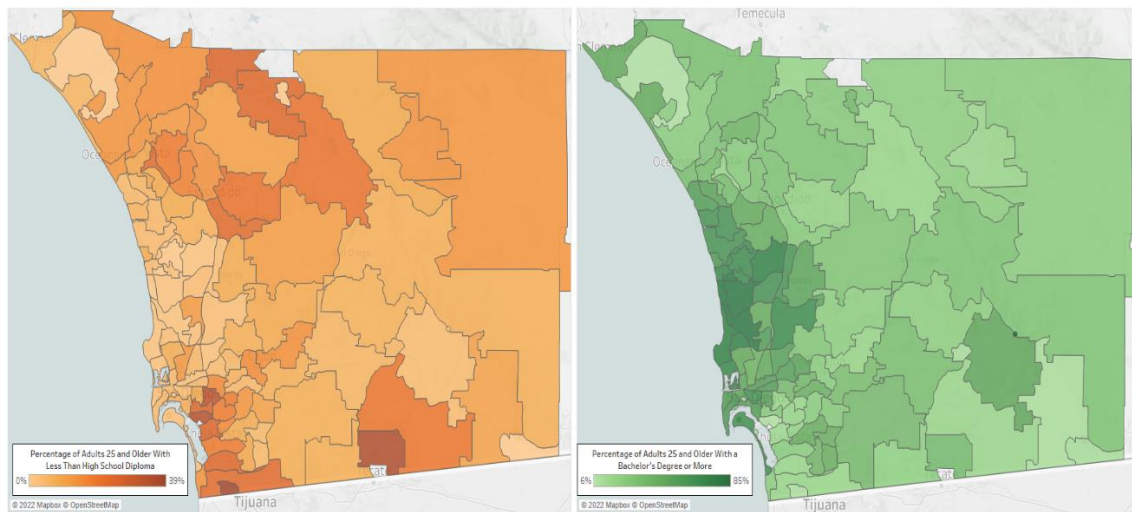


FIGURE 18. EDUCATIONAL ATTAINMENT BY ZIP CODE (POPULATION 25 YEARS AND OLDER)⁶⁷



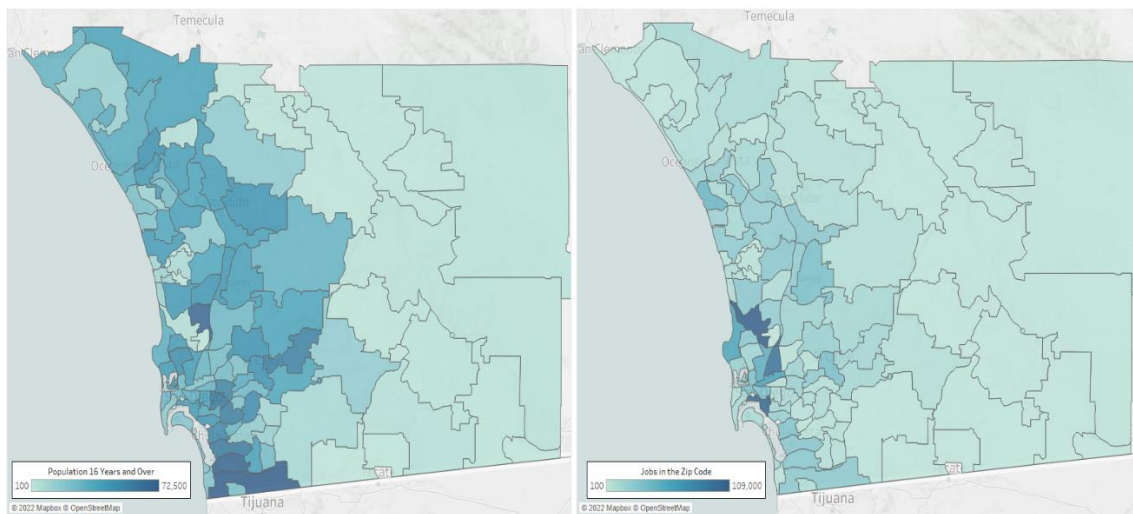
⁶⁶ U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), 2015-2020. See Digest of Education Statistics, table 302.60.

⁶⁷ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

COMMUTING

Although the average commute time in San Diego County is lower than the state average, populations are not concentrated around places of employment. Figure 24 shows the relative concentrations of the working-age population (map on the left) compared to the relative concentration of where jobs in the county are (map on the right). This data clearly shows that employment tends to be concentrated in a few zip codes within the county, primarily around Carmel Valley, La Jolla, Kearny Mesa, and the downtown of the City of San Diego. In contrast, the working age population (16 and older) is heavily concentrated along the western half of the county, meaning most workers must all commute to only a few central locations in the county.

FIGURE 19. GEOGRAPHIC DISTRIBUTION OF POPULATION AND JOBS⁶⁸

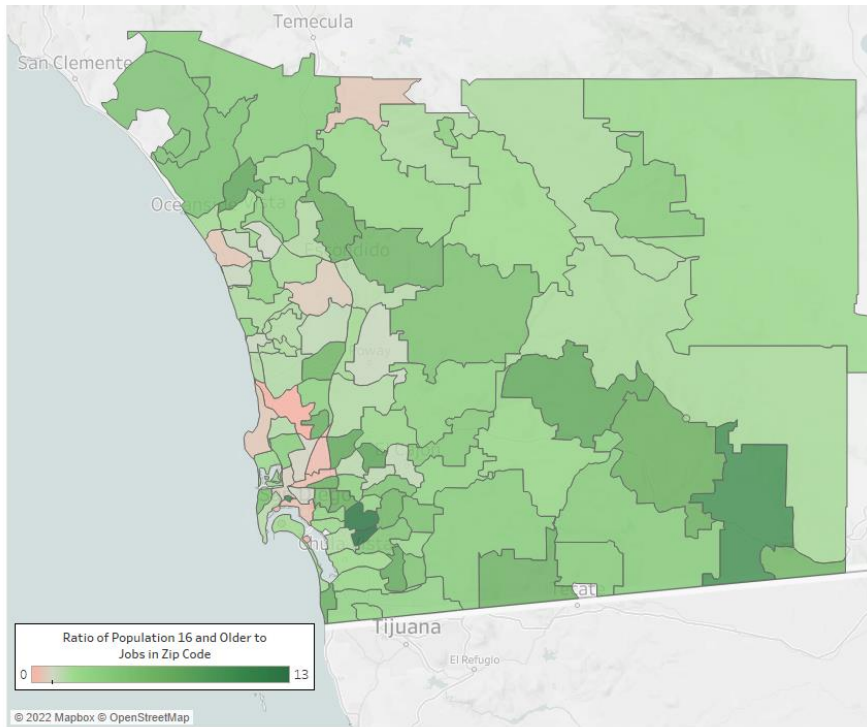


Another way of showing this is by examining the ratio of the working-age population to jobs in a zip code. Zip codes in red are areas where jobs outnumber the working age population, while zip codes in green represent where the greatest number of the working population lives (Figure 24). This highlights that most economic opportunities are in a few zip codes that are often not where workers live.

⁶⁸ (Population – Left) U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

(Jobs – Right) JobsEQ. Chmura Economics & Analytics.

FIGURE 20. RATIO OF WORKING AGE POPULATION TO JOBS BY ZIP CODE⁶⁹



Over 72,000 workers commute to San Diego County from other counties (Figure 6), and over 42,000 workers from San Diego County commute to other counties (Figure 7), meaning San Diego County has a net in-flow of over 30,000 workers every day. While there are similar rates of commuter inflow and outflow from Imperial, Orange, Los Angeles, and San Bernardino Counties, only 6,795 workers from San Diego County commute to Riverside County, whereas 42,835 workers from Riverside County commute to San Diego County.

⁶⁹ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020. And JobsEQ. Chmura Economics & Analytics.

FIGURE 21. COMMUTING FLOWS INTO SAN DIEGO COUNTY, 2009-2013⁷⁰

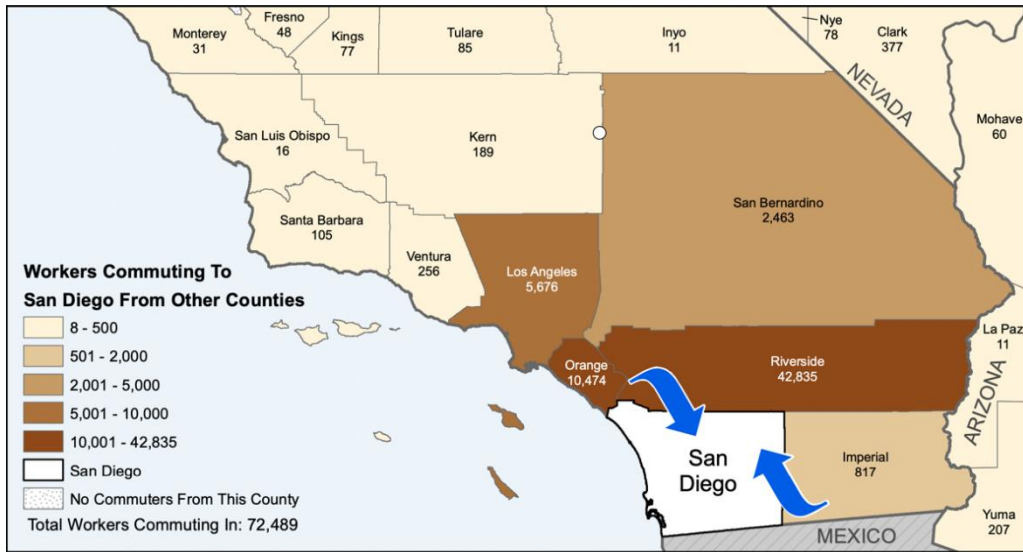
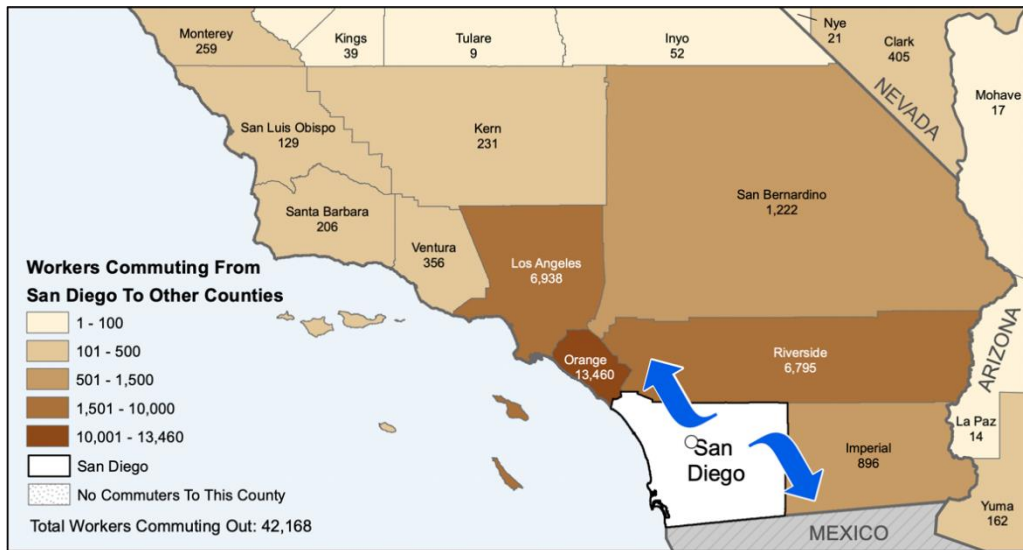


FIGURE 22. COMMUTING FLOWS OUT OF SAN DIEGO COUNTY, 2009-2013⁴

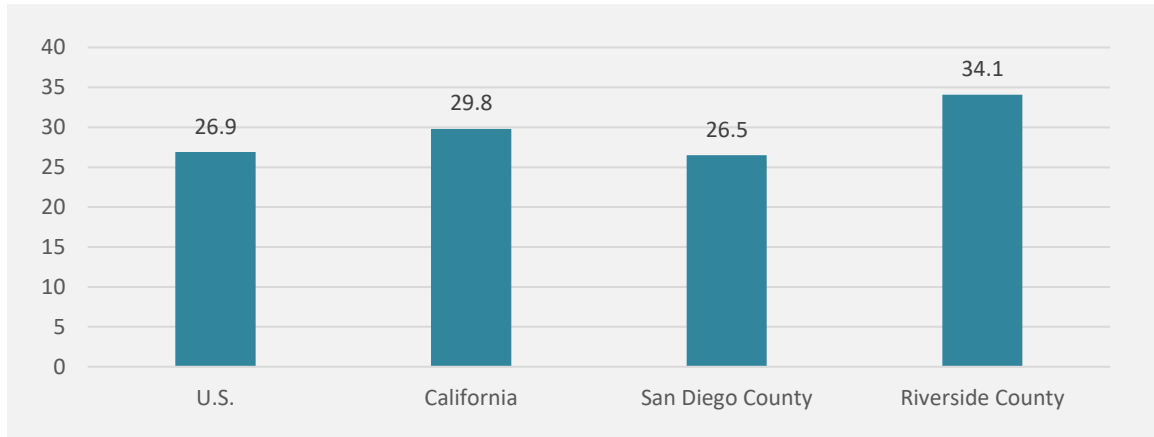


The average commute time for workers living in San Diego County is 26.5 minutes—less than a minute below the average commute time nationally and three minutes faster than the state average (29.8 minutes). While the commute time for those living within San Diego County is low in comparison to California and the United States, it doesn't reflect the commute time for everyone who works in San Diego County. Riverside County—the county which has the largest commuter inflow to San Diego

⁷⁰ San Diego County to County Commuting Estimates. State of California Employment Development Department.

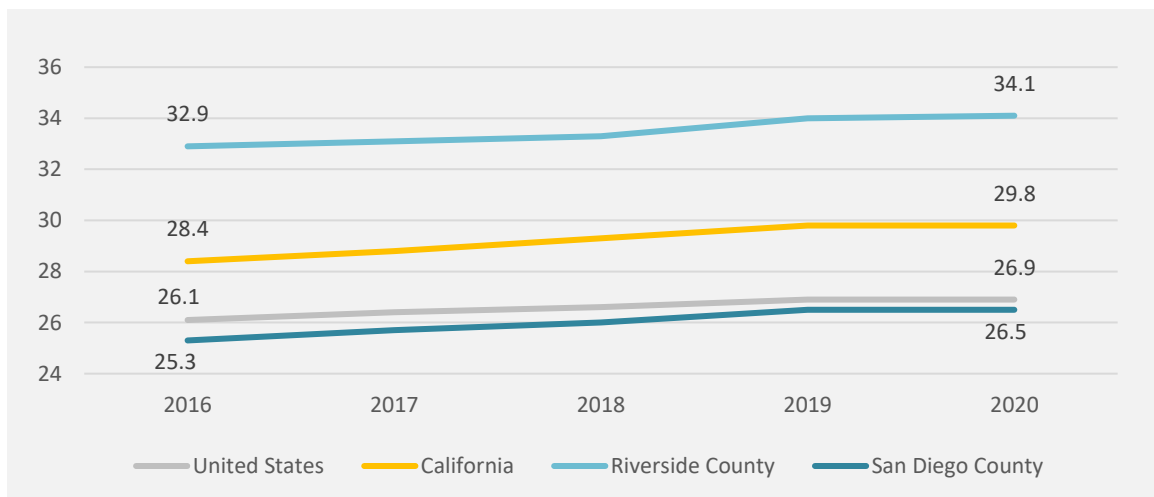
County—has an average commute time of over 34 minutes (Figure 8). Commute times may also worsen as the county continues to grow.

FIGURE 23. AVERAGE COMMUTE TIME IN MINUTES, 2020⁷¹



Since 2016, the average commute has gotten longer across all regions (Figure 9). All areas saw steady growth in the average commute time between 2016 and 2020. Between 2016 and 2020, the average commute time in Riverside County and San Diego County increased by 1.2 minutes. California saw the largest increase (1.4 minutes) in its average commute time during this period, while the United States experienced the smallest increase (0.8 minutes).

FIGURE 24. AVERAGE COMMUTE TIME IN MINUTES, 2016-2020⁷²



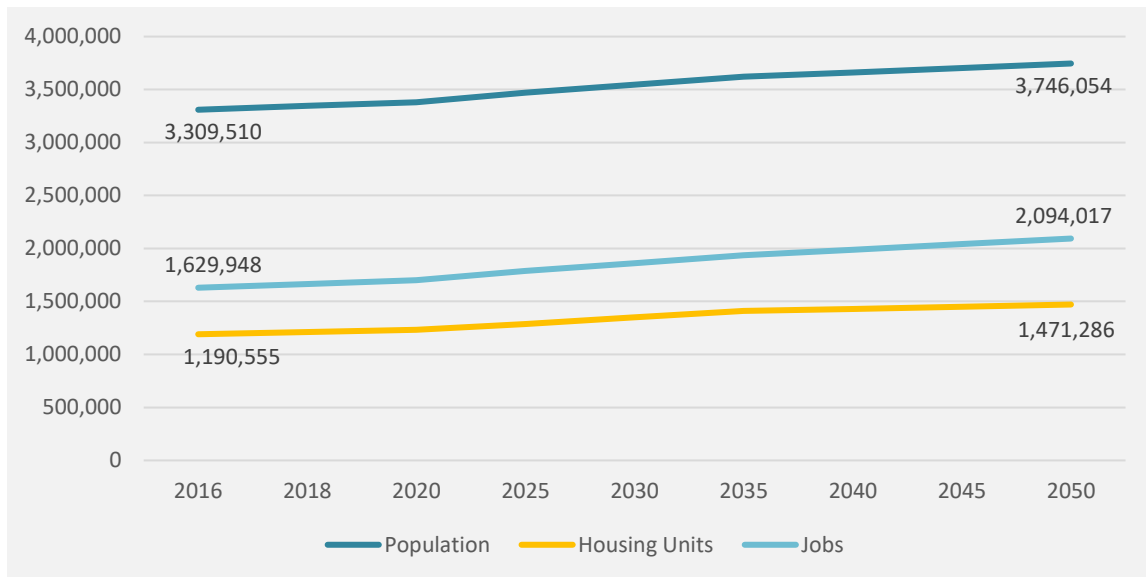
⁷¹ Bureau of Labor Statistics: ACS 5-Year Estimates, 2020.

⁷² Bureau of Labor Statistics: ACS 5-Year Estimates, 2016-2020.

HOUSING AND HOMELESSNESS

Housing is frequently identified as a challenge and driver of inequality in San Diego County. The San Diego Association of Governments (SANDAG) 2021 Regional Plan projects the population of the San Diego region will grow by about 437,000 people between 2016 and 2050. In the same time frame, about 440,000 jobs will be added to the regional economy, and more than 280,000 housing units will be created. In terms of percent growth, the population is slated to increase by 13.2 percent between 2016 and 2050 while the total number of jobs is projected to increase by 26.7 percent, and the total number of housing units is projected to increase by 23.6 percent (Figure 25).

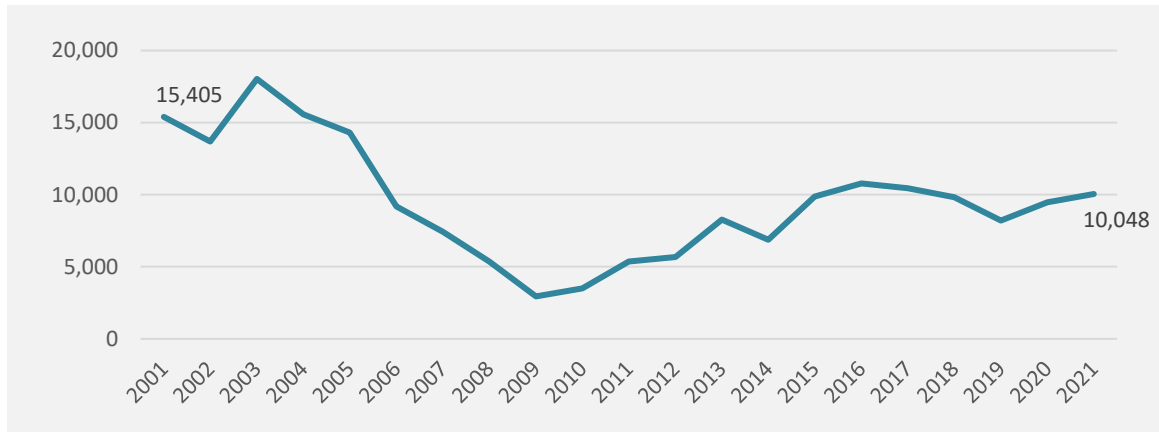
FIGURE 25. POPULATION, JOBS, AND HOUSING FORECAST, SAN DIEGO REGION 2016-2050⁷³



A notable takeaway from SANDAG’s 2021 Regional Plan is the projected relationship between population growth and housing creation. The projected rate of population growth has decreased compared to past forecasts due to increased migration out of the San Diego region and lower birth rates within the region, both projected and observed. Additionally, recent changes in state and local housing policy have prioritized accelerating housing production, increasing the projected number of housing units in the region, though annual data suggest that annual residential building permit approvals remain much lower than their highs in the early 2000s (Figure 26). While housing costs in the San Diego region are high and the vacancy rate for housing units is low, this has the potential to change with slowing population growth and increased housing development in the region.

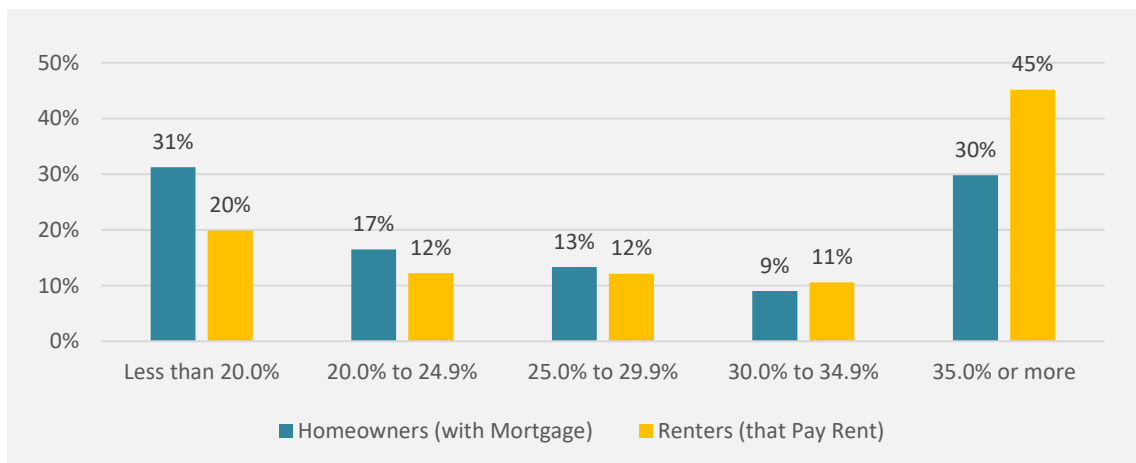
⁷³ 2021 Regional Plan, Appendix F: Regional Growth Forecast and Sustainable Communities Strategy Land Use Pattern. The San Diego Association of Governments (SANDAG). December 2021.

FIGURE 26. ANNUAL RESIDENTIAL BUILDING PERMIT APPROVALS⁷⁴



Roughly half (46%) of San Diego County residents are renters, and many (45%) of renters spend 35% or more of their income on housing expenses. Even 30% of homeowners with a mortgage similarly spend 35% or more of their incomes on housing. This high rate of expenditures on housing can have significant impacts on economic development; companies and workers may be cautious about moving to a location with such high housing costs, and workers in the county have less disposable income to spend throughout the county’s economy and have lower savings to rely upon in the event of a financial disruption.

FIGURE 27. SHARE OF INCOME SPENT ON HOUSING (AMONG THOSE WITH MORTGAGES OR RENT PAYMENTS)⁷⁵



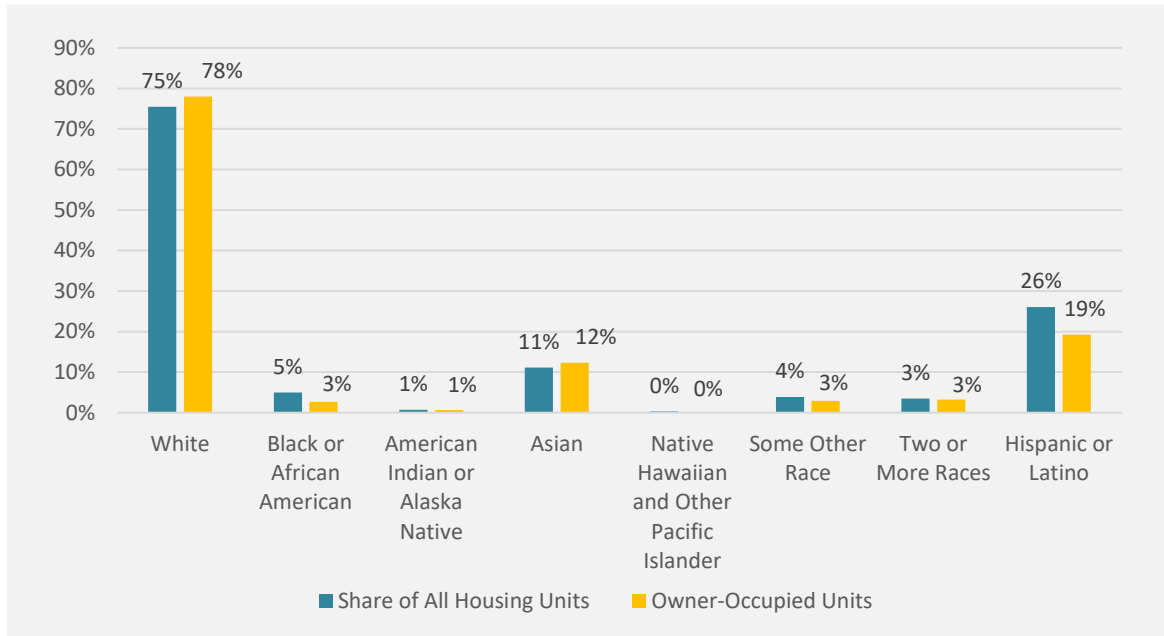
It is also notable that homeownership, which is a significant source of wealth creation for many, differs across racial and ethnic categories within San Diego County. Hispanic or Latino households account for 19% of owner-occupied units despite accounting for 26% of all occupied housing units. Home ownership

⁷⁴ Building Permits Survey. U.S. Census Bureau

⁷⁵ 2019 1-Year Estimates. US Census Bureau

rates are notably lower for Black or African American residents and residents who self-identified as Some Other Race (Figure 26. Annual Residential Building Permit Approvals).

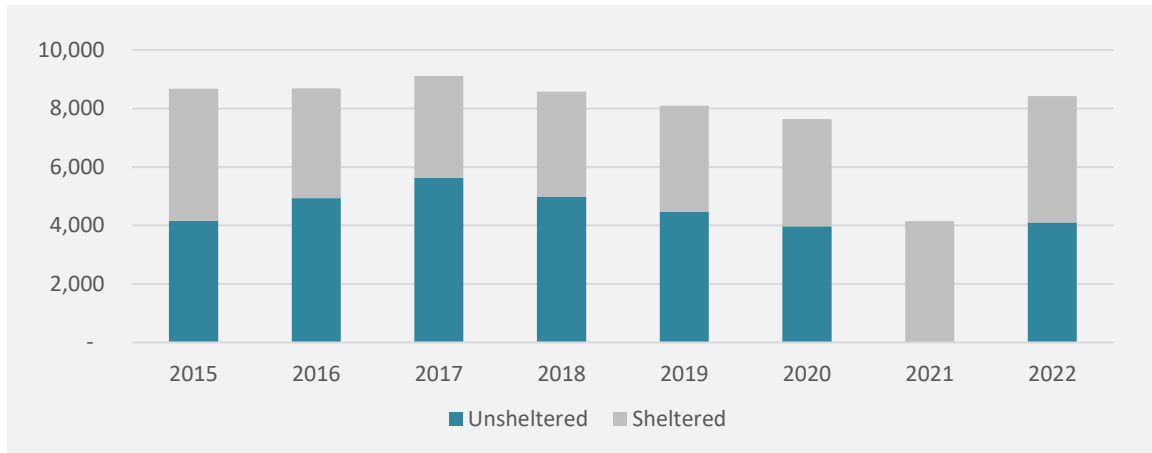
FIGURE 28. SHARE OF OWNER-OCCUPIED UNITS BY RACE AND ETHNICITY⁷⁶



With high housing costs comes an increased risk of homelessness. In 2022 there were more than 8,400 people experiencing homelessness in San Diego County (Figure 29. Sheltered and Unsheltered Counts of Those Experiencing Homelessness). While this reflects a slight increase from the most recent years, the absolute number of those experiencing homelessness is below levels in 2015-2018. Homelessness is a traumatic experience that can have long-term negative impacts on the health and safety of those individuals. Additionally, high rates of homelessness affect local communities and can dampen economic activity.

⁷⁶ 2019 1-Year Estimates. US Census Bureau

FIGURE 29. SHELTERED AND UNSHELTERED COUNTS OF THOSE EXPERIENCING HOMELESSNESS⁷⁷



ACCESS TO CHILDCARE

There are only enough licensed childcare spaces for 30.0% of children between the ages of 0-12 with parents in the labor force in San Diego County.⁷⁸ Even for the seats that are available, access is a challenge; the average cost for infant care ranges from more than \$10,000 per year to nearly \$17,000. Childcare for preschool-aged children costs less, between \$10,000 and \$12,000, though these costs remain out of reach for many families in the county (Table 1. Annual Cost of Childcare). Furthermore, access to childcare has only gotten worse with the pandemic. Childcare can have a substantial impact on economic development, as many parents may choose, or be forced, to remain out of the labor force in order to remain at home with their child.

TABLE 1. ANNUAL COST OF CHILDCARE⁷⁹

TYPE OF FACILITY	INFANT	PRESCHOOLER
Childcare Center	\$16,760	\$11,762
Family Child Care Home	\$10,389	\$9,828

EQUITY IN INTERNET ACCESS

As work, healthcare, news, and entertainment increasingly move online, internet may be viewed more as a utility than a luxury, making internet access a challenge—and an opportunity—for equity. Lower-income households in San Diego County are more likely to have internet than the broader state or national average. However, a considerable equity concern remains, particularly given the increasingly online nature of work. In San Diego County, roughly three-in-ten households with annual earnings below

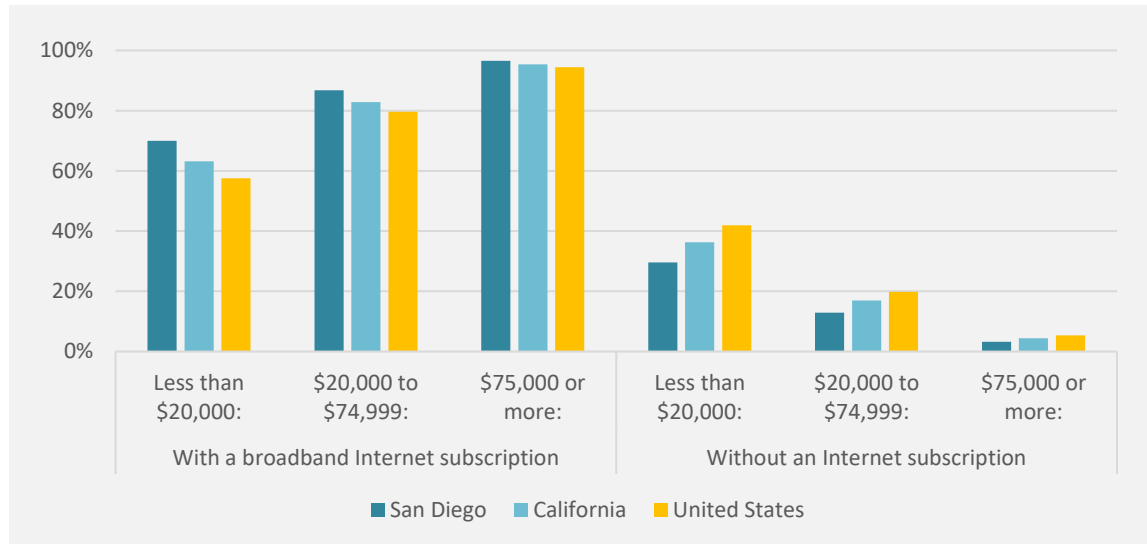
⁷⁷ San Diego Regional Task Force on Homelessness. Because of COVID-19, the 2021 Point-in-Time estimate was not completed for unsheltered individuals.

⁷⁸ California Child Care Resource and Referral Network.

⁷⁹ Ibid.

\$20,000 per year do not have internet access. The rate of households earning between \$20,000 and \$74,999 per year without internet is also high at 13% (Figure 30. 2019 Internet Access by Household Income).

FIGURE 30. 2019 INTERNET ACCESS BY HOUSEHOLD INCOME⁸⁰



WATER INFRASTRUCTURE

Currently, the City of San Diego imports 85 percent of its water supply from the Colorado River and Northern California Bay Delta.⁸¹ The Pure Water San Diego initiative aims to mitigate this reliance on imported water by providing more than 40 percent of San Diego’s water supply through water reclamation efforts by 2035.⁸² The phased and multi-year Pure Water San Diego program is meant to make investments into local water purification and capturing systems with the goal of localizing the water supply. Phase One operations of the program—projected to cost \$1.5 billion for the planning, design, and construction phases— will be located in North City, and Phase Two will be located in Central Area.

Phase One of the Pure Water Program includes eleven different projects that, when fully operational, will produce nearly 30 million gallons of recycled water. Construction of major water infrastructure, including pipelines, pump stations, and treatment facilities, is taking place in the Morena, Bay Park, Clairemont, University City, Miramar, and Scripps Ranch communities. The City of San Diego entered into an agreement for the construction of Phase One projects with the San Diego Building Construction Trades, craft unions, and the contractors performing work on the covered projects. The agreement’s goals include hiring San Diego residents and individuals from target populations like veterans, homeless individuals, and former foster youth.

⁸⁰ 2019 1-Year Estimates. US Census Bureau. Households with dial-up connections (<1%) are excluded from this chart.

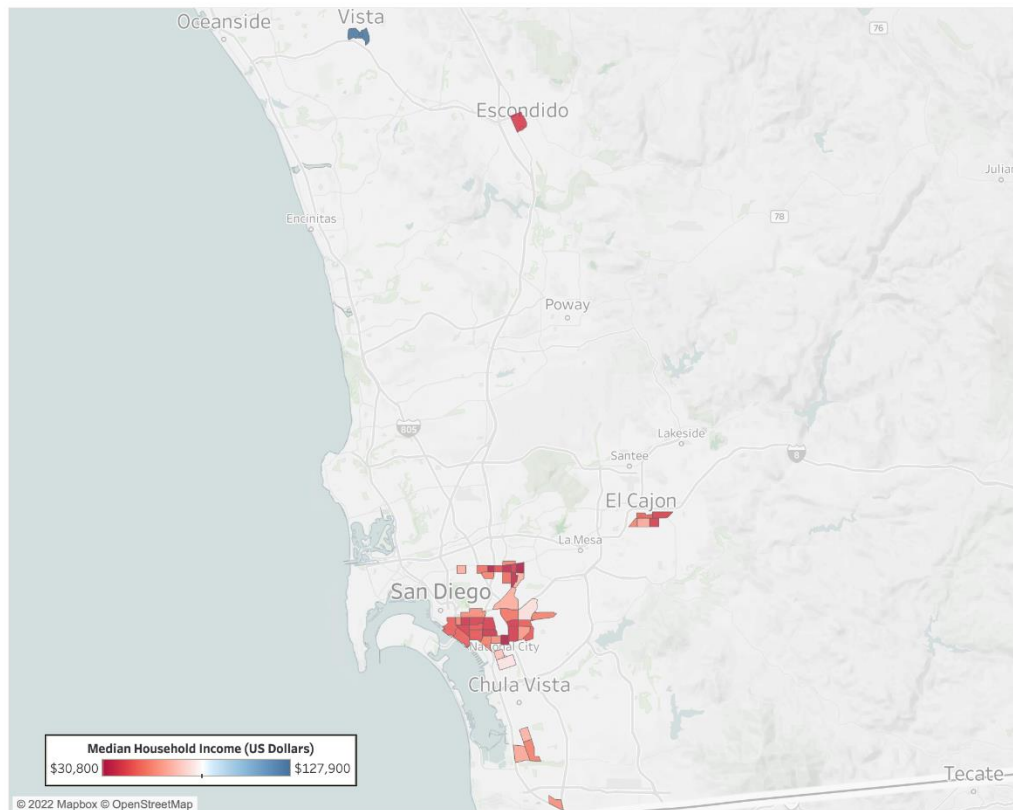
⁸¹ City of San Diego: Public Utilities. Pure Water San Diego Program Fact Sheet. December 2021. https://www.sandiego.gov/sites/default/files/pure_water_main_fact_sheet_1.12.22.pdf.

⁸² City of San Diego: Public Utilities. Pure Water San Diego. <https://www.sandiego.gov/public-utilities/sustainability/pure-water-sd>.

Appendix B: Opportunity Zones

There are 47 census tracts designated as Opportunity Zones in San Diego County. Opportunity Zones were created under the Tax Cuts and Jobs Act of 2017. The program was developed to incentivize taxpayers to invest in these low-income and distressed areas around the United States.⁸³ Figure 31. Median Household Income in Opportunity Zones shows that most of these opportunity zones are found between San Diego and National City, as well as Chula Vista, El Cajon, Escondido, and Vista. These areas have notably lower median household incomes than the countywide median. Labor force participation in these areas is also generally much lower than the county average overall (Figure 32. Labor Force Participation Among Opportunity Zones), suggesting that there is significant unrealized economic opportunity and potential among the population that lives here.

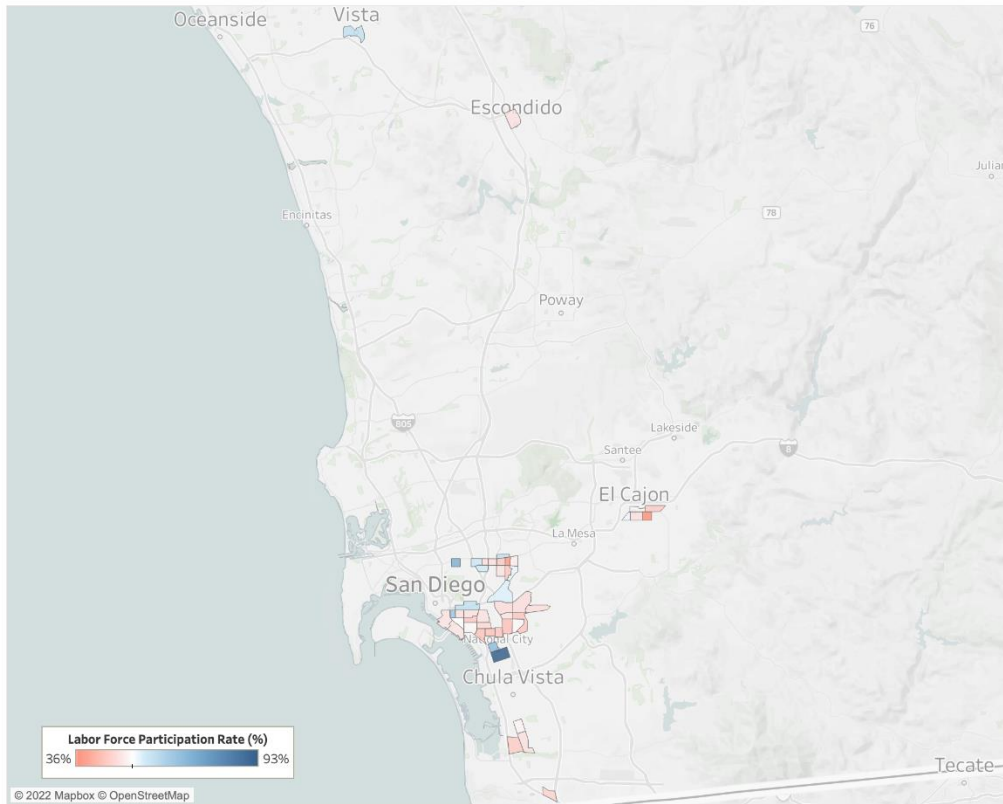
FIGURE 31. MEDIAN HOUSEHOLD INCOME IN OPPORTUNITY ZONES⁸⁴



⁸³ For more information, please see <https://www.irs.gov/credits-deductions/businesses/opportunity-zones#:~:text=Low%2Dincome%20communities%20and%20certain,Zone%20locations%20by%20census%20tract>.

⁸⁴ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

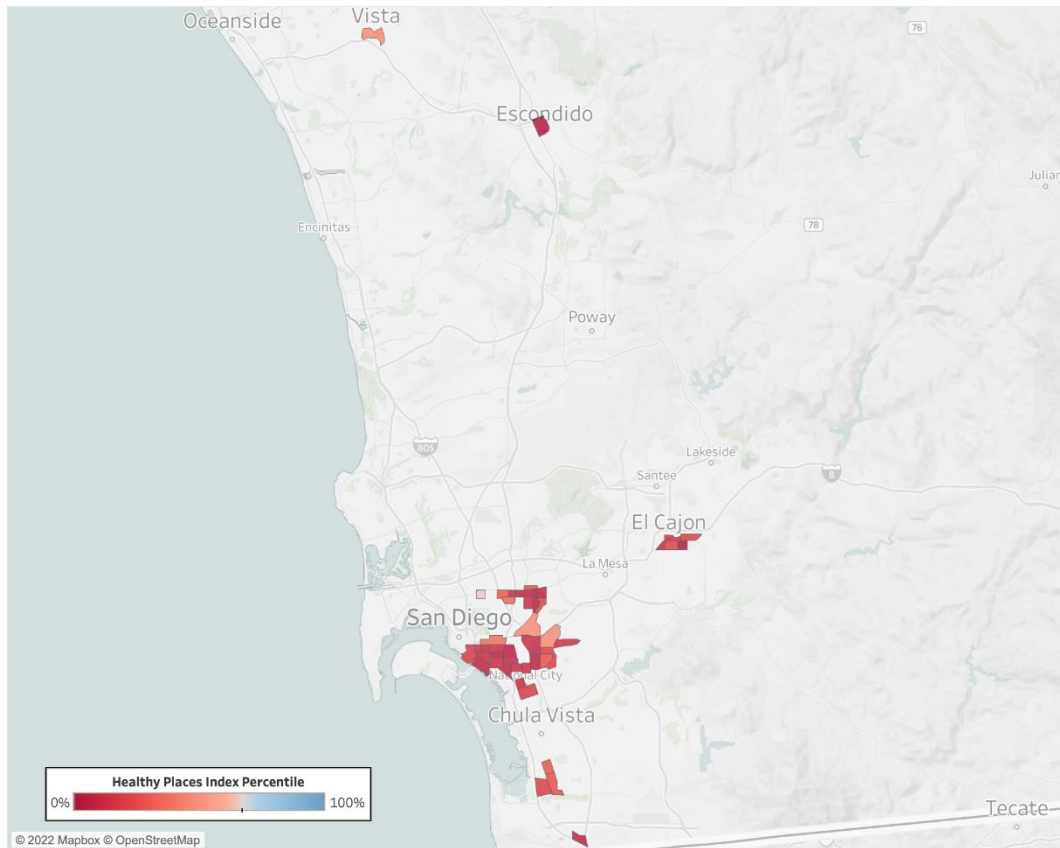
FIGURE 32. LABOR FORCE PARTICIPATION AMONG OPPORTUNITY ZONES⁸⁵



⁸⁵ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

Alongside lower earnings and labor force participation rates, populations in Opportunity Zones have lower health indicators. The Healthy Places Index, developed by the Public Health Alliance of Southern California, evaluates the relationship between 23 known drivers of health and life expectancy at birth and provides an area with a score ranging from 1 to 99. San Diego County as a whole falls under the 67th percentile, which is relatively strong. However, 13 of the 47 Opportunity Zone census tracts are below the 10th percentile, and 32 are under the 20th percentile (Figure 33. Healthy Places Index Scores Among Opportunity Zones). This clearly shows that the roughly 240,000 people in San Diego County Opportunity Zones are substantially disadvantaged.

FIGURE 33. HEALTHY PLACES INDEX SCORES AMONG OPPORTUNITY ZONES⁸⁶



⁸⁶ U.S. Census Bureau. American Community Survey 5-Year Estimates. 2020.

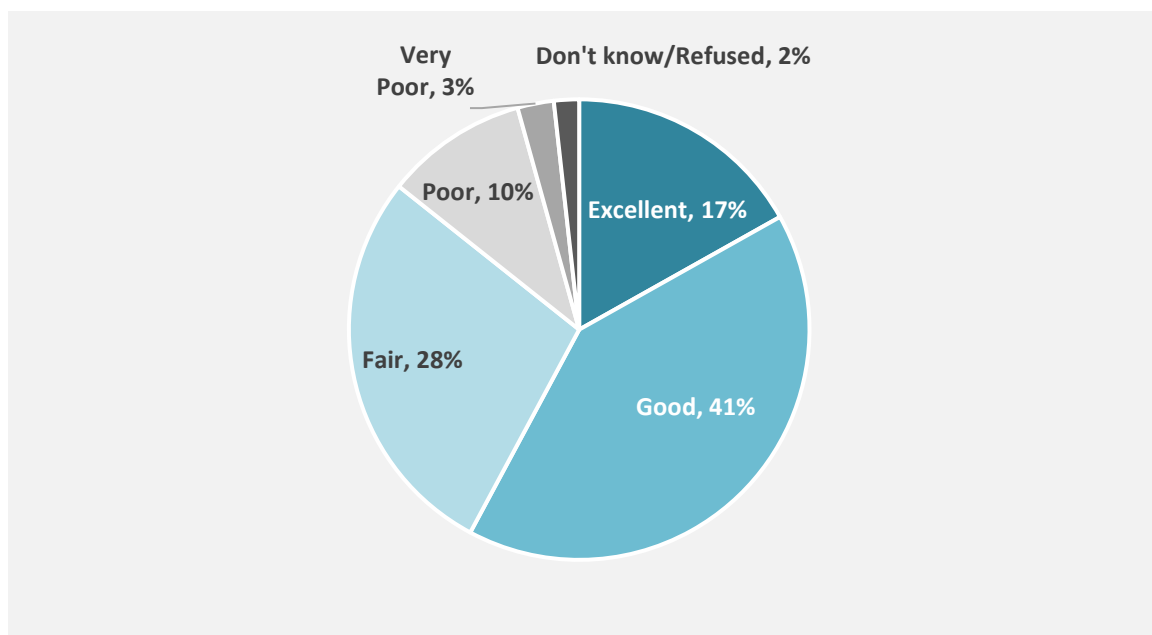
Appendix C: Survey of San Diego County Businesses

The research team fielded a survey to businesses in San Diego County between January 11 and February 2, 2022. The survey was available via web and phone and offered in English and Spanish, and those looking to complete the survey in other languages were directed to a county translator. The team received 510 completed surveys. Some figures may equal more or less than 100% due to rounding.

BUSINESS CLIMATE

Most (58%) of respondents reported that the county is an ‘excellent’ or ‘good’ place to do business, and another 28% reported it is ‘fair’. Just over one in ten (13%) reported that it was ‘poor’ or ‘very poor’ (Figure 34. How is the County of San Diego County as a Place to do Business?).

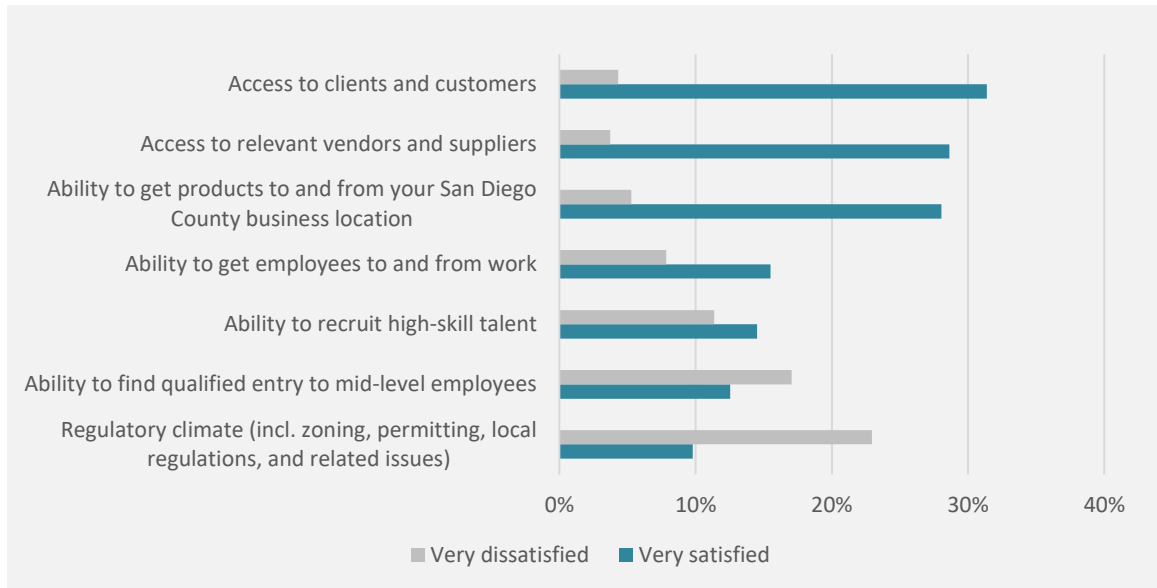
FIGURE 34. HOW IS THE COUNTY OF SAN DIEGO COUNTY AS A PLACE TO DO BUSINESS?⁸⁷



Businesses are most satisfied with their access to clients and customers, relevant suppliers and vendors, and their ability to get products to and from their business location. Employers reported the greatest dissatisfaction with the regulatory climate, ability to find qualified entry- and mid-level employees, and ability to recruit high-skill talent (Figure 35. Satisfaction with Factors in Business Operations). The length of time to secure a building permit was the most frequently cited troublesome regulation.

⁸⁷ Some figures may equal more or less than exactly 100% due to rounding.

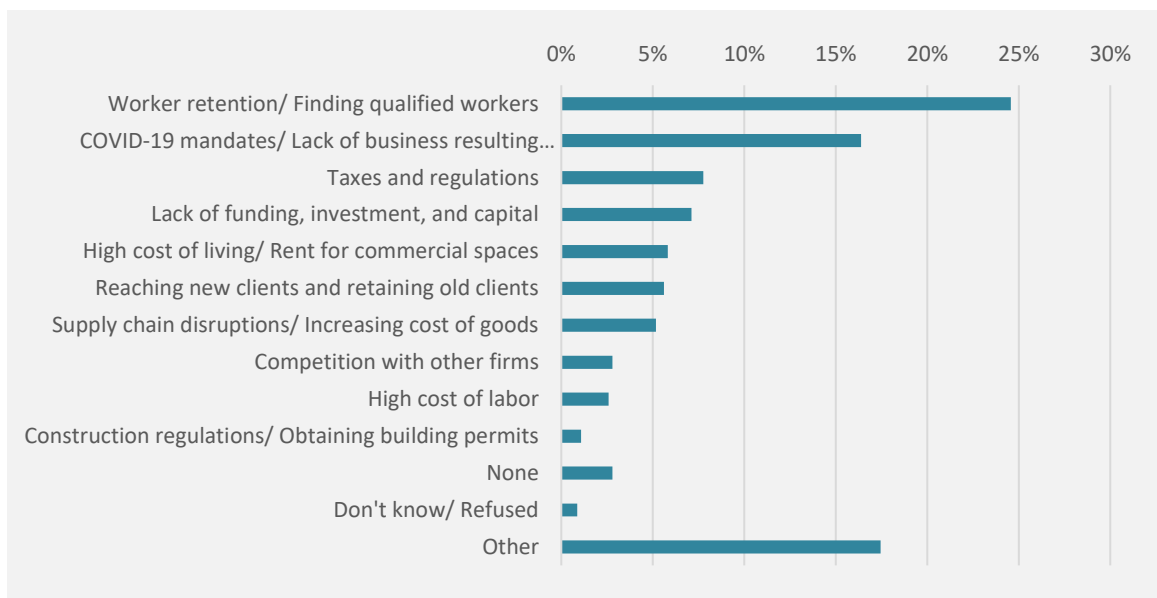
FIGURE 35. SATISFACTION WITH FACTORS IN BUSINESS OPERATIONS



BUSINESS CHALLENGES

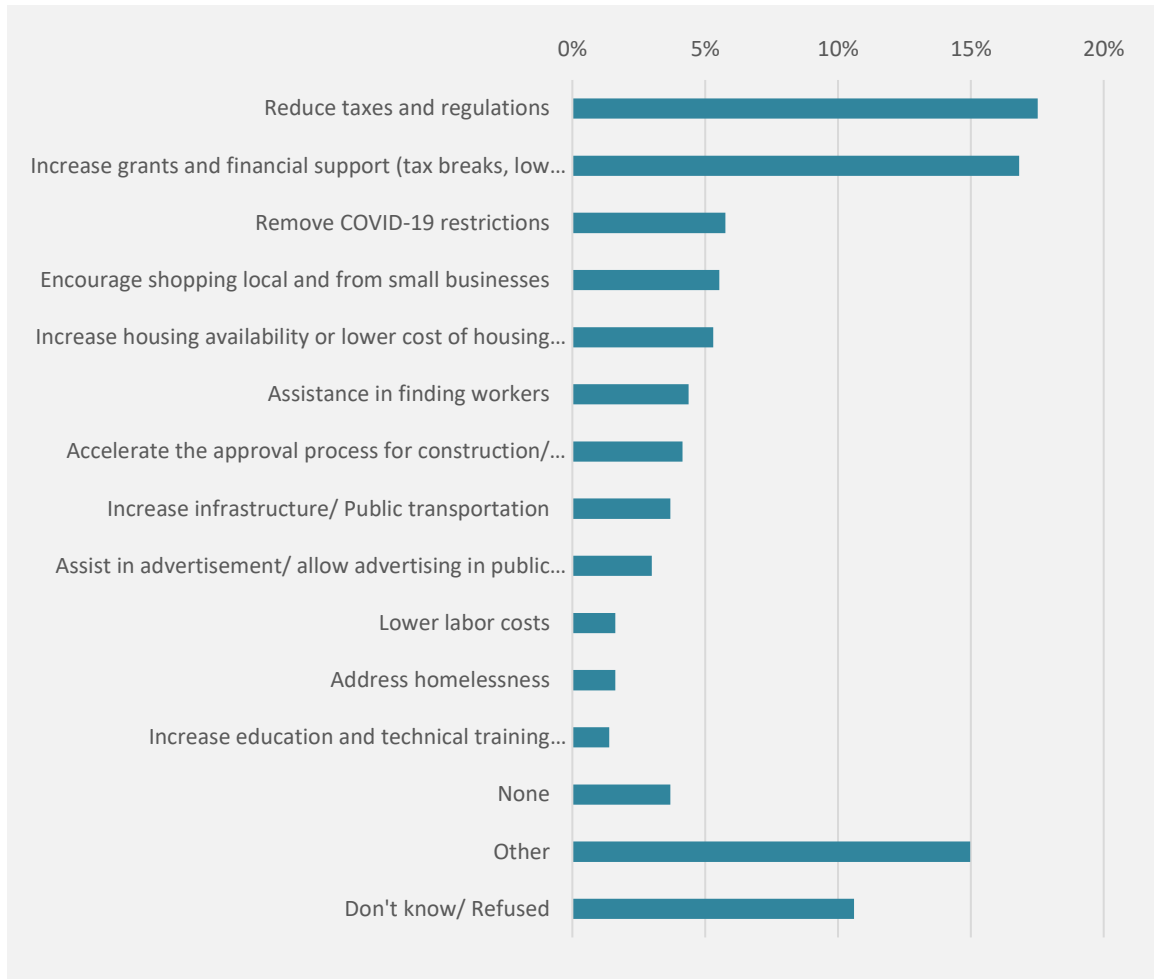
Roughly one-in-four business decision makers cited worker retention and finding qualified workers as the greatest challenge their business faced. COVID-19 and the accompanying restrictions, along with taxes and regulations, were the second- and third-most cited challenges to starting or growing a business (Figure 36. Greatest Challenge in Starting or Growing a Business). Business owners who are self-identified minorities were more likely to report that worker retention and finding qualified workers was the greatest challenge and twice as likely to report that a lack of funding, investment, and capital was the greatest challenge.

FIGURE 36. GREATEST CHALLENGE IN STARTING OR GROWING A BUSINESS



Reducing taxes and regulations, increasing grants or financial assistance, and removing COVID-19-related restrictions were the most cited ways the county could support local businesses (Figure 37. How could the County Help Grow or Support your Business?). Minority business owners were nearly three times more likely to state that increasing grants and financial support would help their businesses grow.

FIGURE 37. HOW COULD THE COUNTY HELP GROW OR SUPPORT YOUR BUSINESS?



Finding affordable commercial real estate, recruiting and finding qualified talent, and navigating rules and regulations for local businesses were the factors that business operators reported the greatest difficulty with (Figure 38. Small Businesses with 'Considerable Difficulty'). Finding affordable commercial real estate was identified as the greatest challenge for small (3 to 5 employees) and micro (fewer than 3 employees) businesses.

FIGURE 38. SMALL BUSINESSES WITH ‘CONSIDERABLE DIFFICULTY’



COVID-19-related rules and regulations, building permits, and wage and labor requirements were the three rules and regulations that business decision makers cited as presenting the greatest challenge to their business (Figure 39. Rules and Regulations that Present the Greatest Challenges to Businesses). Building permits, zoning, and hazardous waste regulations were cited as the most burdensome licensing and permit requirements (Figure 40. Licenses and Permits that Present the Greatest Challenges to Businesses). There were many other specific licenses cited, but these were specific to firms or their industries and did not meaningfully overlap with one another.

FIGURE 39. RULES AND REGULATIONS THAT PRESENT THE GREATEST CHALLENGES TO BUSINESSES

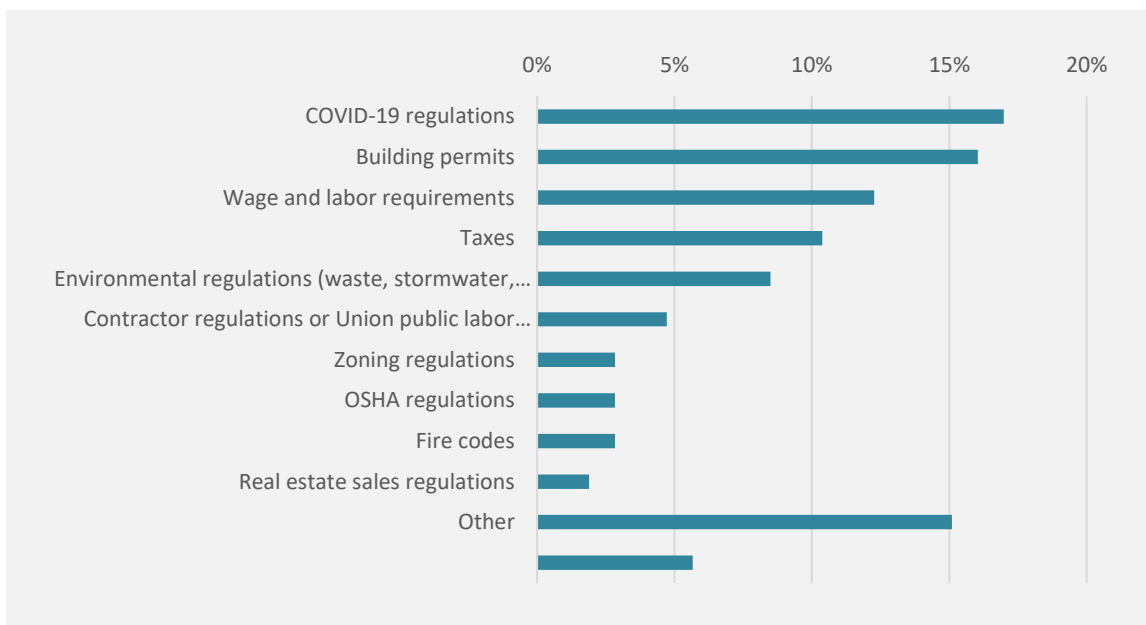
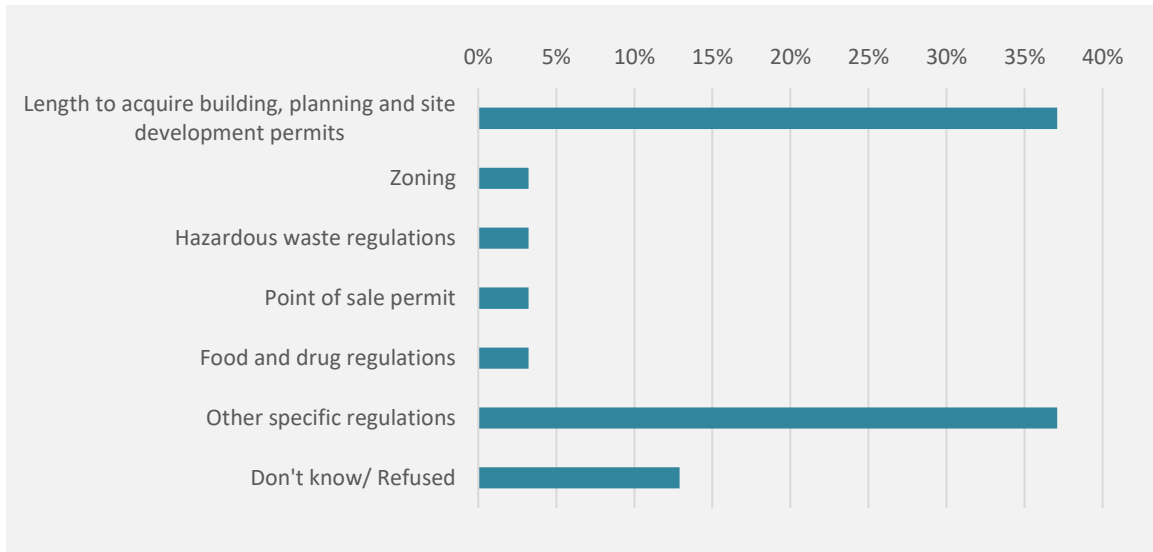


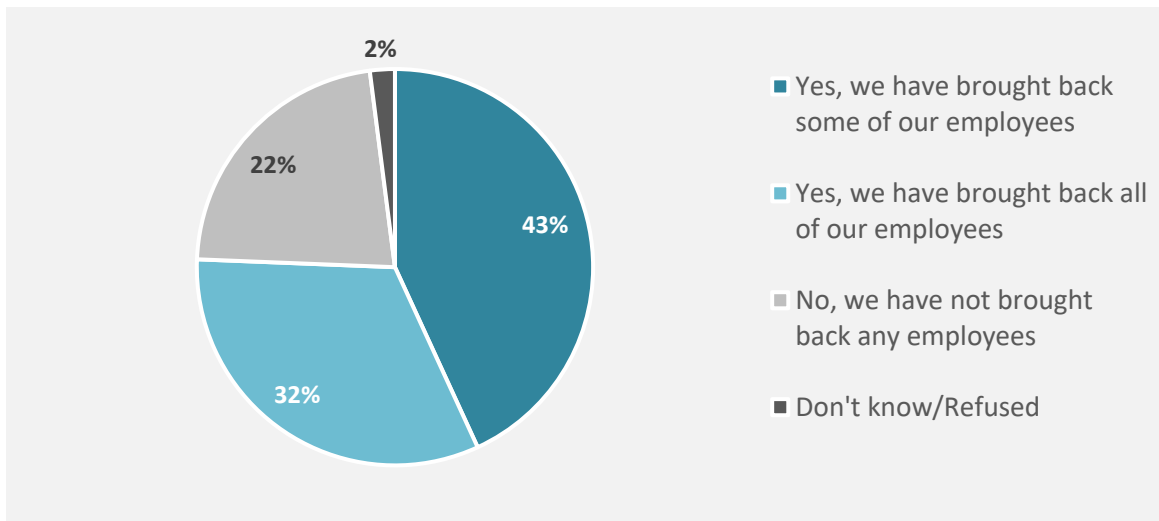
FIGURE 40. LICENSES AND PERMITS THAT PRESENT THE GREATEST CHALLENGES TO BUSINESSES



IMPACTS OF COVID-19

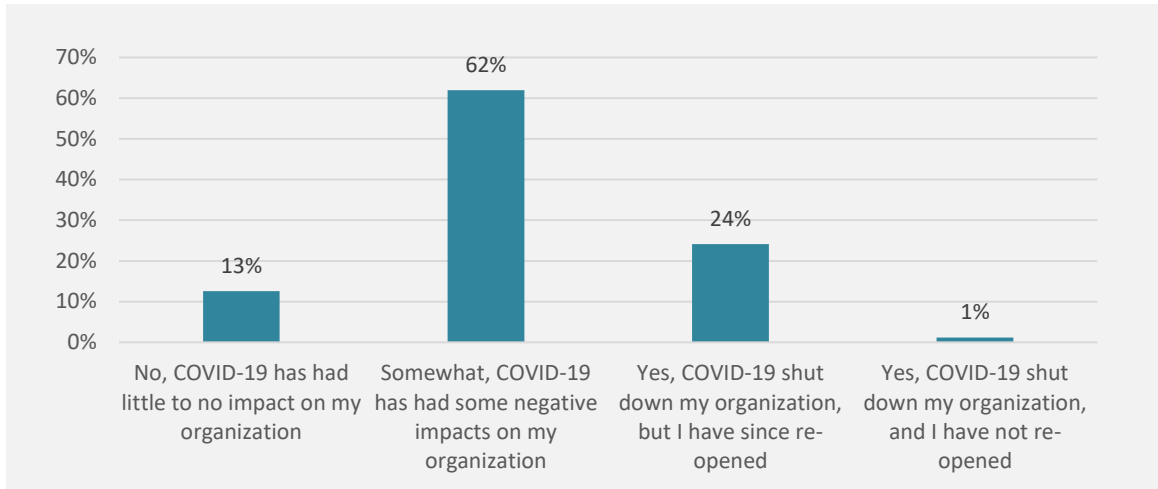
Four in ten (39%) businesses reported that they had to lay off workers because of the pandemic. Of those firms, a third (33%) reported that they have brought back all of their employees, and 43% only brought back some of their employees. Another 22% reported not having brought back any of their employees (Figure 41. Have You Brought Back Some or All of Your Employees?). Businesses with five or fewer employees were more likely to report they had not brought back any of their employees. Minority business owners were also more likely to report that their business had declined because of the pandemic.

FIGURE 41. HAVE YOU BROUGHT BACK SOME OR ALL OF YOUR EMPLOYEES?



Most (62%) firms reported that the pandemic had some negative effects on their business, though 13% reported little or no impacts from the pandemic. Nearly a quarter (24%) had to shut down their organization but have since re-opened, though 1% reported not re-opening (Figure 42. Has COVID-19 Had an Impact on Your Business?).

FIGURE 42. HAS COVID-19 HAD AN IMPACT ON YOUR BUSINESS?



The recovery is still uncertain for most businesses; a third (34%) report they are not sure when their business will fully recover. Another 30% expect to fully recover in the next few months, and 23% have already recovered. Roughly one in ten (11%) feel that they will never fully recover from the impacts of the pandemic (Figure 43. When Will Your Business Recover?). Minority-owned businesses were also more likely to be uncertain about when their business will fully recover and less likely to report that their business had fully recovered (Figure 44. When Will Your Business Recover (Minority Business Ownership)?).

FIGURE 43. WHEN WILL YOUR BUSINESS RECOVER?

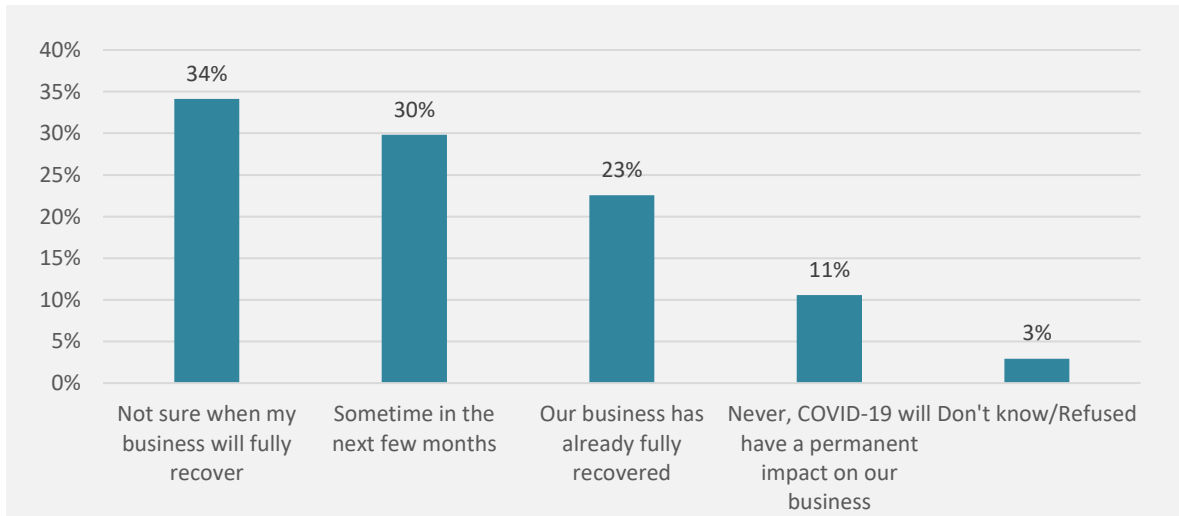
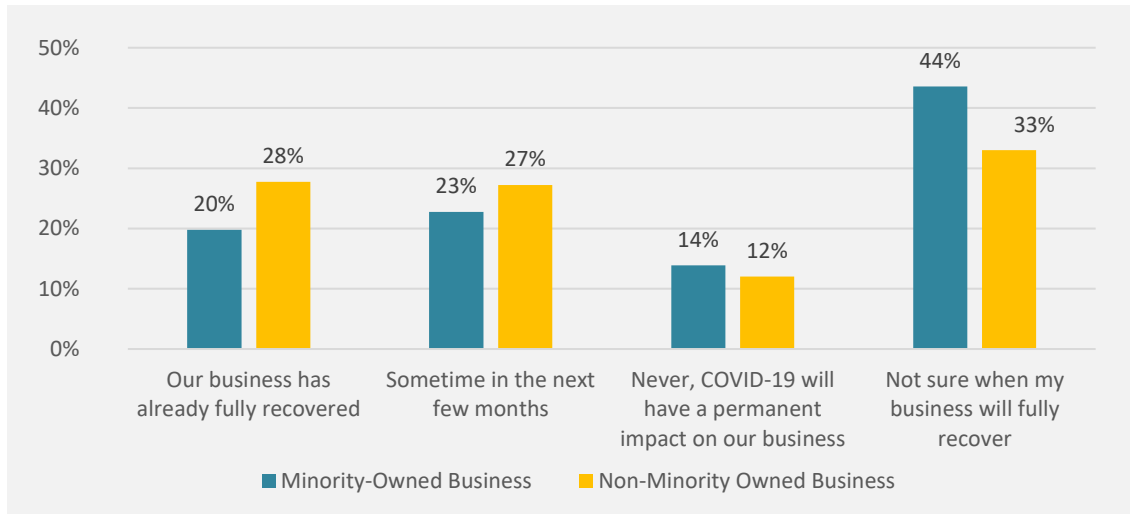


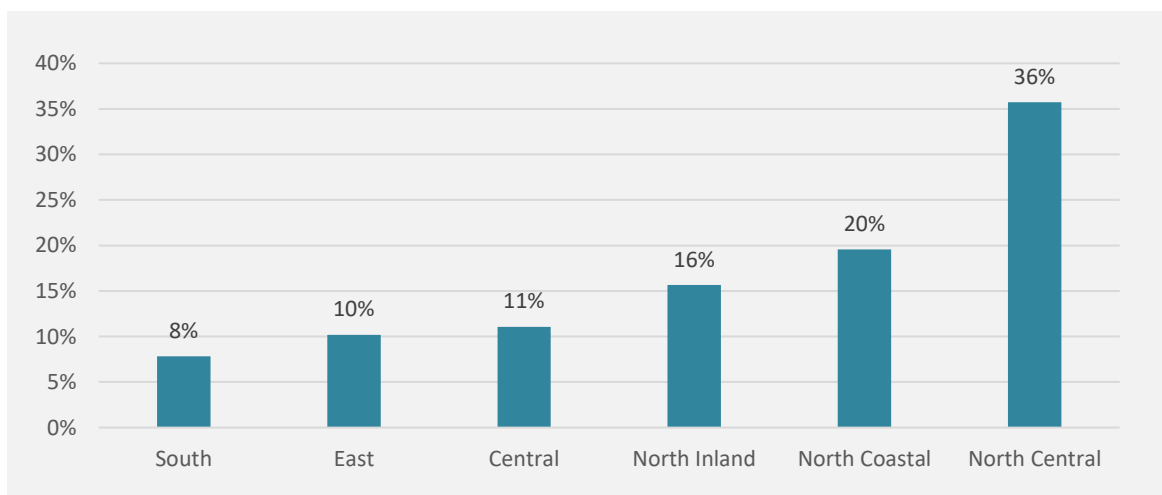
FIGURE 44. WHEN WILL YOUR BUSINESS RECOVER (MINORITY BUSINESS OWNERSHIP)?



PAYCHECK PROTECTION PROGRAM LOANS

The Paycheck Protection Program (PPP) approved nearly \$8.8 billion to San Diego County businesses, about \$7.1 billion of which had been forgiven as of the end of 2021. More than a third (36%) of the amount of forgiven funds went to businesses in North Central region⁸⁸ of the county. Another 20% of funds went to North Coastal businesses. Conversely, businesses in the East and South regions of the county received about 10% and 8% of total forgiven PPP loans each (Figure 45. Share of County PPP Loans).

FIGURE 45. SHARE OF COUNTY PPP LOANS⁸⁹



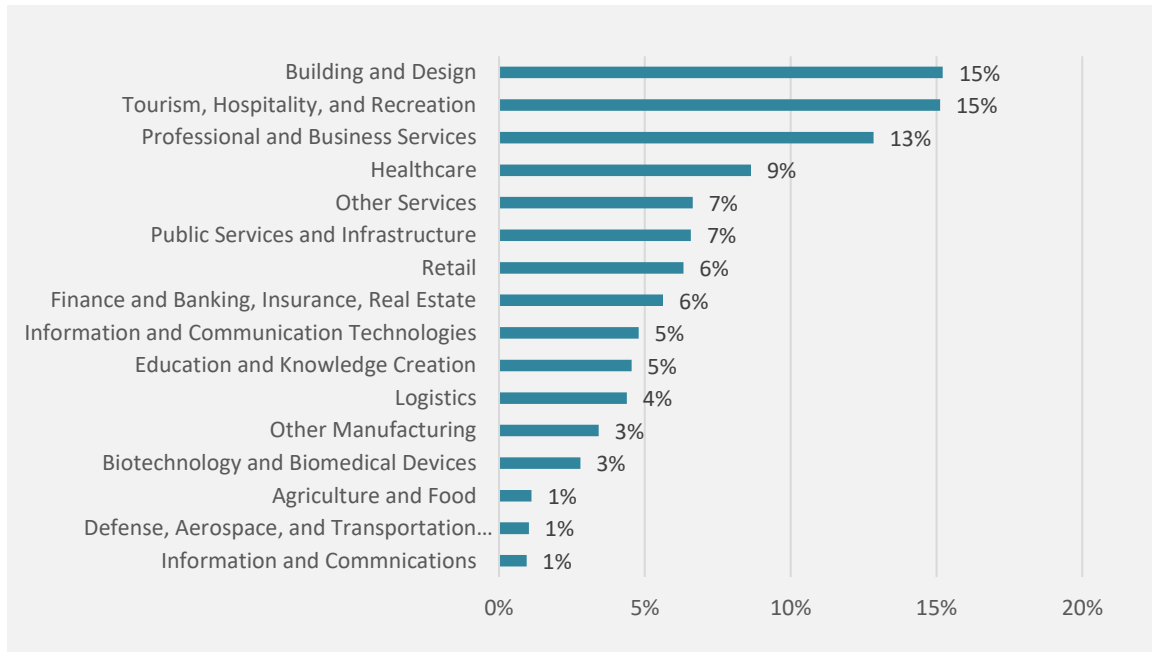
⁸⁸ Regional Definitions are from the County of San Diego Health and Human Services Strategic Planning & Operational Support, Office of Strategy Management.

https://www.sandiegocounty.gov/content/dam/sdc/hhsa/programs/sd/community_action_partnership/26%20HSA%20sdcnty_zipcode.pdf

⁸⁹ Loan amount forgiven. Forgiven loan amounts were used

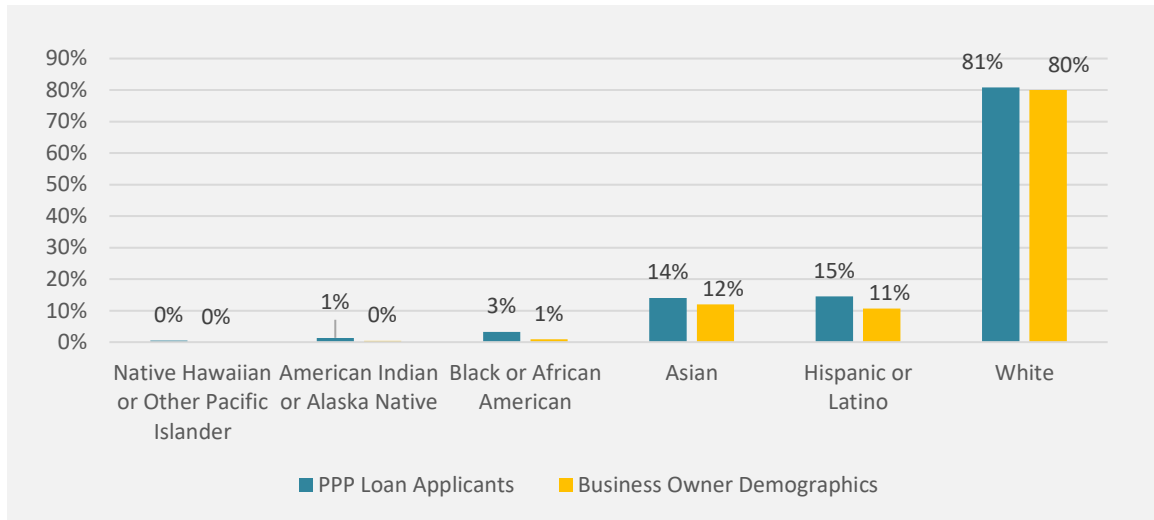
The Building and Design, Tourism, Hospitality, and Recreation, and Professional and Business Services industries received the greatest share of forgiven loans (Figure 46. PPP Loans by Industry). About 2% of borrowers were for non-profit organizations, securing an average of \$184,900 per loan compared to \$68,400 among for-profit organizations.

FIGURE 46. PPP LOANS BY INDUSTRY



While 80% of borrowers did not report their race or ethnicity, 81% of those who did report their demographics identified as White, fifteen percent of borrowers identified as Hispanic or Latino, and another 14% identified as Asian. These figures align with the demographics of business owners in the county.

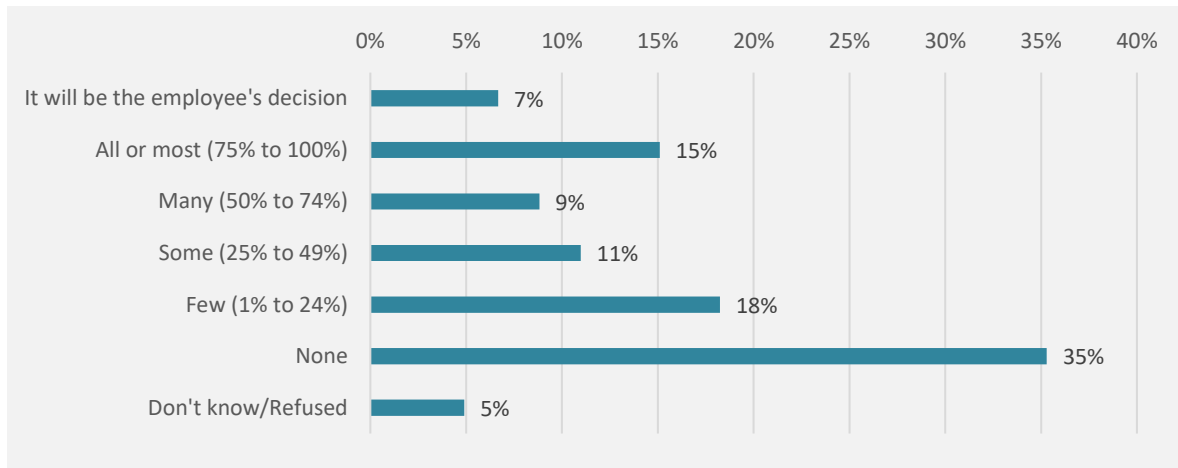
FIGURE 47. RACE AND ETHNICITY OF LOAN APPLICANT⁹⁰



THE FUTURE OF WORK IN SAN DIEGO COUNTY

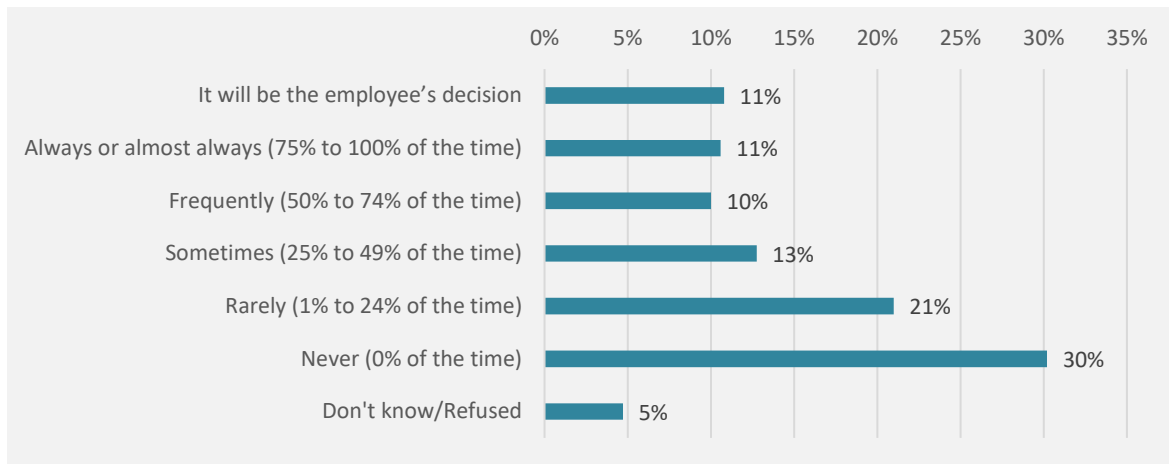
Six-in-ten businesses report that at least some of their employees will be able to work remotely, though a third (35%) report that none of their employees will be able to work remotely (Figure 48. How Many of Your Employees will be Able to Work Remotely?). Many of these workers will be increasingly remote; 31% of workers will be able to work remotely at least 50% of the time (Figure 49. How Often will Employees be Able to Work Remotely?).

FIGURE 48. HOW MANY OF YOUR EMPLOYEES WILL BE ABLE TO WORK REMOTELY?



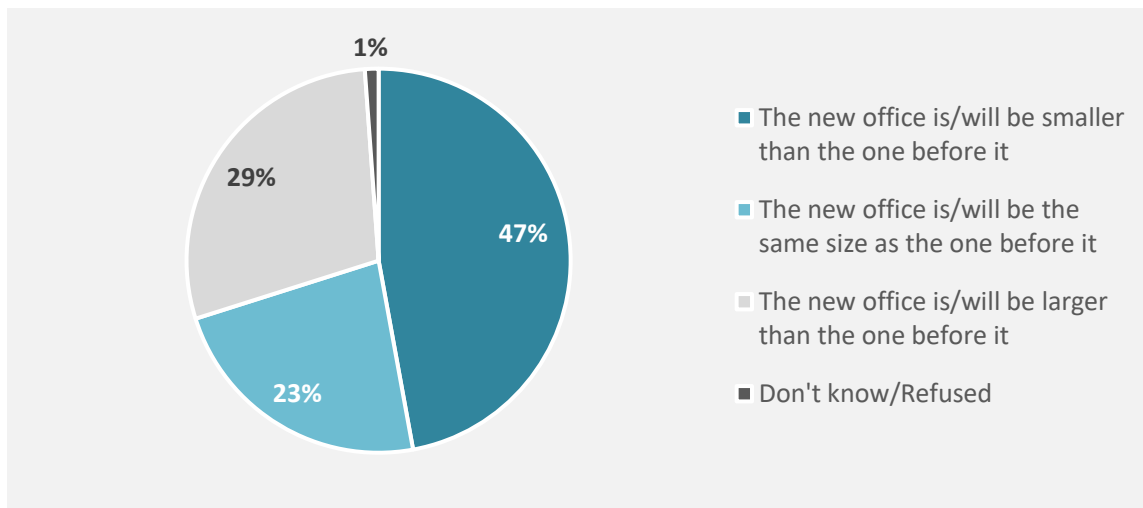
⁹⁰ The U.S. Census Bureau defines Hispanic or Latino as an ethnicity, and the remaining categories as races. Because of this definition, this chart totals more than 100%.

FIGURE 49. HOW OFTEN WILL EMPLOYEES BE ABLE TO WORK REMOTELY?



This will likely have a substantial impact on commercial real estate; 9% of businesses report looking for a new office, and another 8% have already moved offices since the pandemic began. Of those looking for a new office or those who recently moved, nearly half (47%) will be looking for an office that is smaller than the previous one. Twenty-nine percent report seeking an office that is larger, and 23% seek an office that is roughly the same size as the previous one (Figure 50. Size of New Office Relative to Previous Office).

FIGURE 50. SIZE OF NEW OFFICE RELATIVE TO PREVIOUS OFFICE



Appendix D: Business and Stakeholder Survey Results

A. Please select one of the following that best describes the organization you work at: (n=319)

78.1% A business that sells goods or services for profit

21.9% An organization (including non-profits, NGOs, government agencies, etc.) that focuses on public interests or goals.

Section 1. Screener Questions (ONLY ASK FOR R1 RESPONDENTS – SKIP R2)

B. How many business locations does your company or organization have in San Diego County? (n=228)

94.3% One location

4.4% Two locations

0.9% Three locations

0.0% Four locations

0.4% Five or more locations

C. For this survey, only answer for your current San Diego County business location. If your firm has more than one location, please do not include their information. What is the zip of your current location? (n=224)

100.0% Record zip code

0.0% Not sure

Section 2. Business Profile (ONLY ASK FOR R1 RESPONDENTS – SKIP R2)

1. Including all full-time and part-time employees, how many **permanent** employees work at or from your current location? (n=222)

- 72.5%** Less than 5
- 11.7%** Between 5 and 9
- 6.3%** Between 10 and 24
- 3.2%** Between 25 and 49
- 0.9%** Between 50 and 99
- 0.9%** 100 or more
- 4.5%** Don't know/ Refused

2. If you currently have [TAKE Q1 #] full-time and part-time **permanent** employees at your current location, how many more or less employees do you expect to have 12 months from now? (n=222)

- 36.7%** More
- 2.4%** Fewer
- 49.5%** Same Number of Employees
- 11.4%** Don't know/Refused

More (n=77)

- 81.8%** Between 1 and 4
- 13.0%** Between 5 and 9
- 2.6%** Between 10 and 24
- 2.6%** Between 25 and 49
- 0.0%** Between 50 and 99
- 0.0%** 100 or more

Fewer (n=5)

- 20.0%** Less than 5
- 40.0%** Between 5 and 9
- 20.0%** Between 10 and 24
- 0.0%** Between 25 and 49
- 0.0%** Between 50 and 99
- 20.0%** 100 or more

Employer Projected Growth = 0.0%

3. Over the last three years, has your firm grown, declined, or stayed about the same in terms of permanent employment at your business location? (n=206)

- 18.0% Grown (by how many employees?)**
- 59.2% Stayed the same**
- 15.0% Declined (by how many employees?)**
- 7.8% Don't know/Refused**

Grown (n=35)

- 60.0% Between 1 and 4**
- 22.9% Between 5 and 9**
- 11.4% Between 10 and 24**
- 5.7% Between 25 and 49**
- 0.0% Between 50 and 99**
- 0.0% 100 or more**

Declined (n=29)

- 82.8% Less than 5**
- 6.9% Between 5 and 9**
- 3.4% Between 10 and 24**
- 3.4% Between 25 and 49**
- 3.4% Between 50 and 99**
- 0.0% 100 or more**

4. What industry or industries best describes the work that your firm is involved in and connected to? [DO NOT READ, ALLOW MORE THAN ONE RESPONSE] – *Multiple responses permitted; Percentages may sum to more than 100%. (n=198)*

- 15.2% Professional or Business Services**
- 10.6% Construction or Building and Design**
- 10.1% Restaurant or Food Services**
- 9.1% Finance, Insurance, Real Estate, or Property Management**

- 9.1% Retail or Wholesale Trade
- 8.6% Healthcare
- 7.6% Other Services (salons, pet grooming, automotive repair etc.)
- 5.6% Public Sector or Education
- 4.5% Childcare
- 3.0% Arts, Entertainment, and Recreation
- 2.5% Manufacturing
- 2.5% Information and Communications Technology
- 2.0% Transportation and Warehousing
- 1.0% Tourism & Hospitality
- 1.0% Life Sciences
- 1.0% Energy or Utilities
- 6.6% Other (please specify)
- 0.0% Don't know/Refused

5. Please tell us if your firm is directly, indirectly, or not involved in the following industries? (n=191)

	<u>Yes, directly involved</u>	<u>Indirectly involved</u>	<u>No, not involved</u>	<u>Don't know/ No Answer</u>
A. Leisure & Hospitality	14.1%	12.6%	67.5%	5.8%
B. Life Sciences	5.8%	8.4%	78.5%	7.3%
C. Cleantech	6.3%	7.3%	78.5%	7.9%
D. Blue-tech	2.6%	3.7%	83.2%	10.5%
E. Cybersecurity	5.2%	5.8%	81.7%	7.3%
F. Defense	4.2%	9.4%	80.1%	6.3%
G. Advanced Manufacturing	4.7%	6.8%	82.2%	6.3%
H. Telecommunications	6.8%	11.0%	75.9%	6.3%
I. Building & Design	16.2%	11.0%	67.5%	5.2%
J. Technology	19.9%	11.0%	64.4%	4.7%
K. Transportation & Related Infrastructure	7.3%	9.9%	75.9%	6.8%
L. Water & Related Infrastructure	4.2%	7.9%	81.7%	6.3%

Section 3. Business Community Assessment

6. How would you rate San Diego County as a place to do business? (n=255)

- 26.3% Excellent**
- 35.7% Good**
- 25.9% Fair**
- 4.7% Poor**
- 3.1% Very Poor**
- 4.3% Don't know/ Not Applicable**

7. How would you rate California as a place to do business? (n=254)

- 20.5% Excellent**
- 31.9% Good**
- 26.0% Fair**
- 9.4% Poor**
- 9.8% Very Poor**
- 2.4% Don't know/ Not Applicable**

8. What do you see as the greatest strength or advantage of doing business in San Diego County? (n=240)

- 15.8% Climate**
- 12.9% Access to clients**
- 11.3% Diversity**
- 8.3% County support of businesses**
- 8.3% Community involvement/ support**
- 7.9% Access to resources/ opportunities**
- 5.0% Location**
- 3.8% Tourism**
- 2.5% Access to workforce**
- 6.3% None**
- 7.9% Other**
- 10.0% Don't know/ Refused**

9. What do you see as the greatest challenge or obstacle in doing business in San Diego County? (n=236)

- 23.3%** Taxes/ Fees (incl. license & permitting)
- 15.3%** Cost of living/ Cost of goods
- 13.1%** Regulations
- 6.4%** Rent (incl. commercial & residential)
- 5.5%** Funding/ Financing options
- 5.5%** Competition from other businesses
- 4.7%** County support/ Resources
- 3.4%** Difficulty finding clients
- 2.1%** Finding workers
- 2.1%** Transportation/ Infrastructure (incl. parking)
- 2.5%** None
- 8.5%** Other
- 7.6%** Don't know/ Refused

10. Please tell me if you think the following resources in San Diego County are a strength of the region or if they are a weakness. (n=217)

	<u>Strength</u>	<u>Neither Strength nor Weakness</u>	<u>Weakness</u>	<u>Don't know/ Refused</u>
A. Access to capital, banking, & funding	23.5%	33.2%	28.6%	14.7%
B. Access to clients and customers	45.2%	36.4%	11.5%	6.9%
C. Access to relevant vendors and suppliers	34.6%	35.0%	18.0%	12.4%
D. Access to networking & business development opportunities	40.1%	33.6%	17.1%	9.2%
E. Access to education and training facilities	44.7%	30.4%	12.9%	12.0%
F. Programs & resources to support small businesses	43.3%	23.5%	24.0%	9.2%
G. Programs & resources to support new businesses and entrepreneurs	37.3%	28.1%	22.1%	12.4%
H. Programs & resources to support businesses that are expanding	30.4%	29.0%	23.0%	17.5%

11. Thinking about the *positions* you hire at your San Diego County location(s), how much difficulty does your company have finding qualified entry to mid-level applicants who meet the organization's hiring standards? (n=214)

- 13.1%** Little to no difficulty
- 33.6%** Some difficulty
- 32.7%** Great difficulty
- 20.6%** Don't know/ Not applicable

12. Thinking about the *positions* you hire at your San Diego County location(s), how much difficulty does your company have finding qualified experienced industry professionals who meet the organization's hiring standards? (n=213)

- 11.7%** Little to no difficulty
- 32.9%** Some difficulty
- 31.5%** Great difficulty
- 23.9%** Don't know/ Not applicable

Section 4. Economic Development Vision & Priorities

13. What priorities or visions should San Diego County focus on to support the economic health and vitality of the region? (n=206)

- 22.3%** Increase assistance to small business/ startups
- 9.7%** Reduce government interference and regulations
- 8.7%** Increase affordable housing
- 7.3%** Increase workforce training
- 6.8%** Increase financial assistance (subsidies, grants, loans etc.)
- 4.9%** Reduce taxes
- 3.4%** Improve infrastructure (transportation, parking, etc.)
- 2.9%** Increase support for veterans/ veteran owned businesses
- 2.9%** Additional marketing and networking opportunities between businesses
- 2.4%** Increase awareness of current resources for businesses
- 2.4%** Increase affordable commercial space
- 1.5%** Increase assistance to low-income and homeless people
- 10.7%** Other
- 14.1%** Don't know/ Refused

14. Please tell us how important each of the following priorities are for the economy in San Diego County
[RANDOMIZE] (n=201)

	<u>Extremely Important</u>	<u>Somewhat Important</u>	<u>Not Important</u>	<u>Don't know/ No Answer</u>
A. Expand economic opportunities for all County Residents	66.2%	23.9%	6.5%	3.5%
B. Increase innovation and commercialization of new technologies	46.8%	41.3%	7.5%	4.5%
C. Increase entrepreneurship and the creation of new businesses in the County	64.2%	27.9%	5.5%	2.5%
D. Increase clean energy infrastructure investments in the County	53.7%	25.4%	17.9%	3.0%
E. Increase water infrastructure investments in the County	55.7%	29.4%	9.5%	5.5%
F. Increase technology infrastructure investments in the County	50.2%	34.3%	10.0%	5.5%
G. Increase transportation infrastructure investments in the County	49.8%	30.3%	15.4%	4.5%
H. Increase infrastructure investments to limit climate change in the County	48.3%	27.9%	19.9%	4.0%
I. Expand our capacity as a county for internal economic development and resilience	58.7%	26.4%	7.5%	7.5%
J. Increase support for economic development in under-served communities within the County	63.2%	23.9%	9.0%	4.0%
K. Increase economic resilience and recovery for businesses and industries negatively impacted by the pandemic	56.2%	28.9%	11.4%	3.5%

15. Now I'm going to read a list of statements that describe different attitudes and opinions regarding how to support economic vitality in San Diego County. Please indicate whether you generally agree, disagree, or neither agree nor disagree with the following statements. (n=195)

	<u>Strongly agree</u>	<u>Somewhat agree</u>	<u>Neither agree nor disagree</u>	<u>Somewhat disagree</u>	<u>Strongly disagree</u>	<u>Not Relevant</u>	<u>Don't know/Refused</u>
A. Countywide economic development should focus on bringing in resources and investments from outside the region into San Diego	35.4%	24.6%	17.4%	7.2%	7.7%	2.1%	5.6%
B. Countywide economic development should focus on identifying and promoting regional priorities for regional investments and infrastructure	53.3%	27.7%	10.3%	0.0%	2.1%	0.5%	6.2%
C. The county should prioritize the development and tracking of indicators & metrics to continually learn about the effectiveness of their investments	45.6%	31.3%	12.3%	3.1%	2.6%	0.5%	4.6%
D. Countywide economic development should focus on communicating and collaborating with regional partners to continually identify and update regional priorities f	47.7%	31.3%	10.8%	0.5%	3.1%	1.5%	5.1%

Section 5. Final Questions

16. Please share any local business support or economic development projects or investments that the planning team should be aware of: – *Multiple responses permitted; Percentages may sum to more than 100%. (n=185)*

	Business	Stakeholder
A. Increase support/ Investments into businesses	11.0%	5.0%
B. Increase infrastructure investments (incl. parking, roads, highways etc.)	5.5%	0.0%
C. Involve and inform community into actions taken by county government	2.8%	5.0%
D. San Diego Small Business Development Center	2.1%	12.5%
E. Small Business Administration	2.1%	2.5%
F. StartUp San Diego	1.4%	0.0%
G. SCORE San Diego	0.7%	0.0%
H. Veteran support organizations	0.0%	12.5%
I. La Mesa Entrepreneurship Accelerator Program	0.0%	2.5%
J. None	11.7%	5.0%
K. Other	12.4%	12.5%
L. Don't know/ Refused	51.0%	45.0%

17. Would you be willing to be contacted by researchers and/or planners who are developing new strategies and regional plans to support the San Diego County’s economy? (n=185)

- 55.7% Yes**
- 36.8% No**
- 7.6% Don't know/ Refused**

18. Would you like to be added to the communications list of the County’s newly developed Office of Economic Development and Government Affairs? (n=185)

- 61.1% Yes**
- 38.9% No**

Section 6. Closing & Demographics (ASK IF R1, OTHERWISE SKIP)

D. Which of the following race(s) do you identify with most? **[MULTIPLE CHOICE - SELECT ALL THAT APPLY]** – *Multiple responses permitted; Percentages may sum to more than 100%. (n=144)*

- 56.3% White**
- 12.5% Black or African American**
- 9.7% Asian**
- 6.9% American Indian or Alaskan Native**
- 0.7% Native Hawaiian or other Pacific Islander**
- 21.5% Other**

E. Do you identify as Hispanic or Latino/a/x? (n=144)

- 24.3% Yes**
- 75.7% No**

F. Do you consider yourself a member of a minority community in San Diego County? (n=144)

- 54.9% Yes**
- 45.1% No**

G. What is your gender? (n=143)

- 51.7% Woman**
- 40.6% Man**
- 1.4% Additional gender category/identity**
- 0.7% Trans man**
- 5.6% Prefer not to disclose**

H. Please select which of the following applies to your current housing situation. (n=143)

- 51.0% Homeowner**
- 39.2% Renter**
- 0.7% Unhoused**
- 2.1% Other**
- 7.0% Don't know/Refused**

I. Please select your highest level of education. (n=142)

0.7% Less than high school

4.2% High school diploma or GED

2.8% Vocational technical training or certification

14.8% Some college (no degree)

12.7% Associate's degree

35.9% Bachelor's degree

28.9% Master's degree or higher