

Chapter II

Economic Growth Trends

The economic wellbeing of a region and its host communities is significantly influenced by the ability to provide an attractive environment for business investment, employment and earnings growth, as well as ready access to quality housing, education, culture, and recreation opportunities. Dominant forms of activity that have traditionally shaped the fundamental structure of a regional economy are often rooted in natural resources that distinguish the region (aquatic richness of Monterey Bay, fertile soils of the Salinas Valley, etc.). By comparison, economic expansion in an established region is significantly influenced by the ability of industry sectors to establish and maintain competitive advantages that enable area business to expand the base of local employment and operation by selling products and services that are consumed outside the region.

Conditions that characterize the current socio-economic setting of the Salinas MSA and Greenfield provide valuable insight about economic realities and trends that have driven economic expansion during the recent past and can be expected to influence future growth over the mid-term.

Population-Employment-Housing Growth

The economy within the Salinas MSA is of relatively modest scale. In 2008, the regional economy supported approximately 171,000 government, farm, and non-farm payroll jobs in a region with an estimated population base of nearly 410,000 residents (excluding 20,000 individuals in group quarters). By comparison, Santa Clara County to the north supported an employment base 4.2 times larger (900,900 payroll jobs) in a region with 4.4 times as large a population base (1.8 million residents). For its part, Greenfield is also of relatively modest size with a population of less than 18,000 residents within the lower section of the Salinas Valley nearly 33 miles south of the City of Salinas, the region's major employment center.

The map in Exhibit II-1 illustrates the geographic setting expected to have the greatest influence on future population, business and economic growth within

retrenchment that has been occurring since peaking in 2000. In 1995, the region supported 1.12 jobs per household. By 2000, the growth of jobs in the region supported a ratio of 1.26 jobs per household but has since declined to a ratio of 1.22 jobs per household. The larger self-sustaining economic regions of the United States generally support about 1.25 jobs per household. In this regard, the economy of the Salinas MSA is relatively efficient in term of its ability to produce local area jobs for area residents. The ratio of local jobs per household in many moderately-sized regions of California (less than 1.0 million residents) is less than 1.00 jobs per household.

The economic structure of the Salinas MSA includes a strong farming presence as indicated by the industry employment mix in Exhibit II-4. For California as a whole and many of its urbanized regions, farm employment accounts for less than 3% of total payroll employment. Exclusive of farming, the various industries making up the regional employment structure can be generally classified into two major sectors – goods producing and service producing. For purpose of this analysis, government employment is excluded from the service-producing sector. Between 2000 and 2008, the employment structure of the Salinas MSA has remained largely unchanged with the exception of moderate declines describing the farming, manufacturing, and business services industries.

The population and housing growth data illustrated in Exhibit II-5 provides a good indication of how the community of Greenfield has participated in the region's economic expansion. Reliable small area payroll employment data is not readily available and, therefore, not included in the chart. The population and occupied housing trends identified do indicate that the community has benefited from regional economic growth, including a period of rapid growth beginning in 2005. The index values suggest a one-year growth spurt in 1999, but the jump largely reflects Census-based adjustments to local area population and housing data. In 2005, the community experienced a sharp increase in population and housing, which finally started to flatten out in 2008. This recent growth surge corresponds with a period of rapid housing construction (discussed further below) and suggests Greenfield has contributed to overall economic expansion as a host location for housing. Available ZIP Code level payroll employment data further suggests Greenfield's past contribution to regional economic expansion is largely characterized in the form of

necessary increase in local area jobs while improving the long-term prosperity of community households. Government employment offers many good-paying positions but cannot realistically function as a primary engine of economic growth over an extended period. Opportunities for sustainable growth within Greenfield that improve the economic wellbeing of the community must focus on the goods-producing and service-producing sectors.

Household Demographics

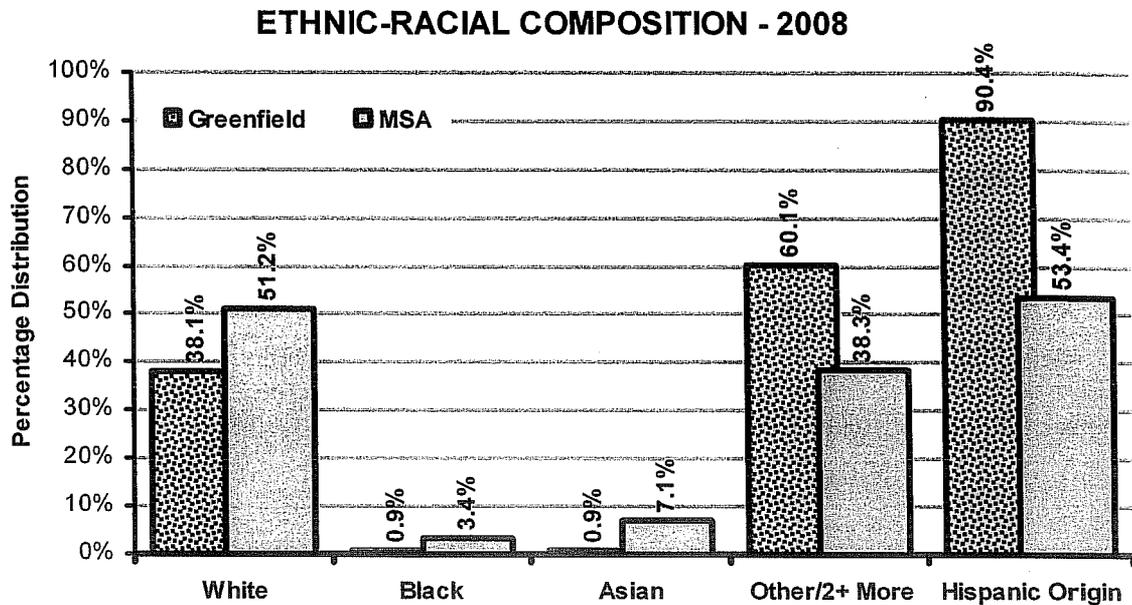
Selected household demographic characteristics that distinguish the Greenfield community from the greater Salinas MSA region are detailed in Exhibit II-7 and Exhibit II-8, and summarized below.

The Greenfield community is significantly distinguished by a strong family household orientation. Families (one or more related individuals) accounted for more than 88% of all Greenfield community households in 2008. By comparison, families accounted for nearly 73% of all households throughout the Salinas MSA, which exceeded the corresponding national average of 67%. A strong family orientation is a principal factor that contributes to a substantially larger average household size in Greenfield (4.70 persons per household – PPH) and the Salinas MSA (3.15 PPH) than is true for the nation as a whole (2.59 PPH). A significantly larger household size and strong family orientation also increases the likelihood that households in the Greenfield area include a high proportion of non-working dependents (children, elderlies, or unemployed adults).

The most recent reliable data describing the size-range distribution of households is from the 2000 Census and indicates there is a disproportionately high number of large households in Greenfield as illustrated below:

workforce over the long term. By comparison, there is an inordinately low share of Greenfield residents 65 years of age and older (less than 5%) compared to the Salinas MSA (nearly 10%) and the nation (approaching 13%).

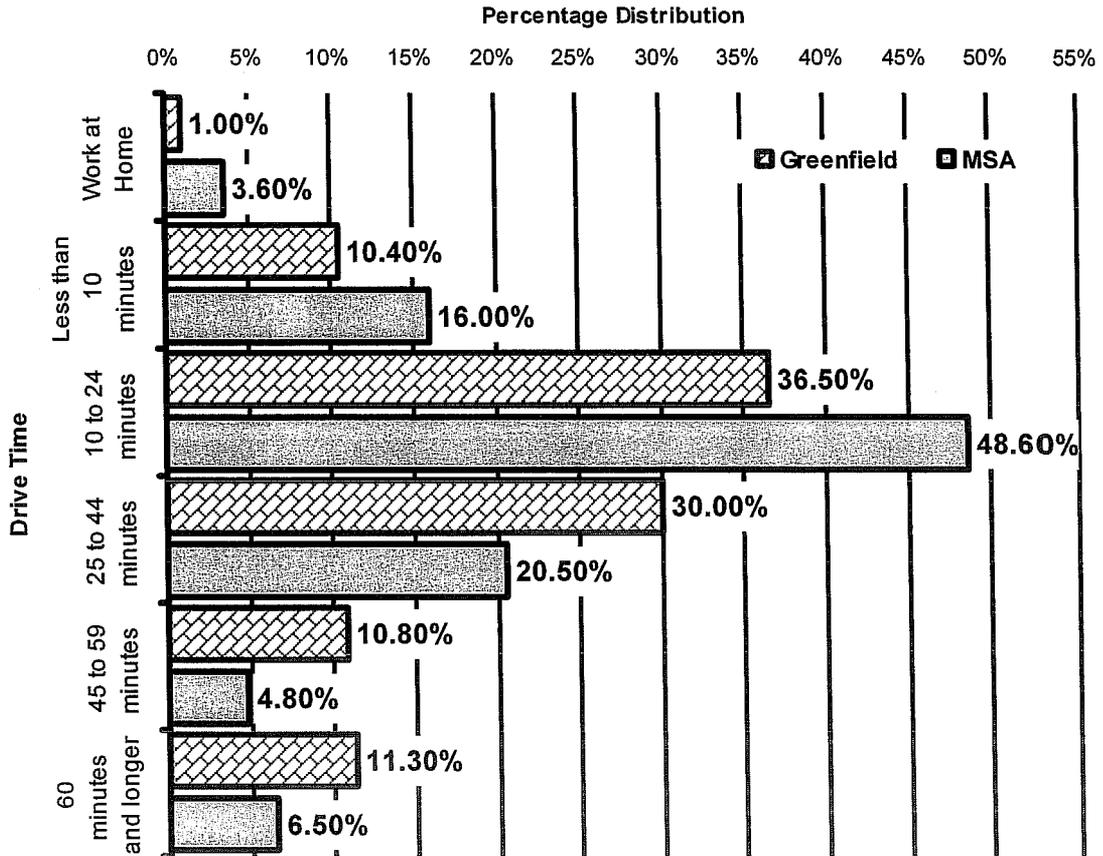
The racial-ethnic composition of Greenfield residents is more heterogeneous than is true for the Salinas MSA and heavily dominated by persons of Hispanic origin as illustrated below:



Source: ESRI; Alfred Gobar Associates.

The number of vehicles per household is a useful gauge of the mobility of household workers. Vehicle ownership within Greenfield is equal to 1.8 vehicles per household on average, the same as the Salinas MSA in general and higher than the national average of 1.7 vehicles per household. The number of households per vehicle in Greenfield and throughout the Salinas MSA compares closely as illustrated below:

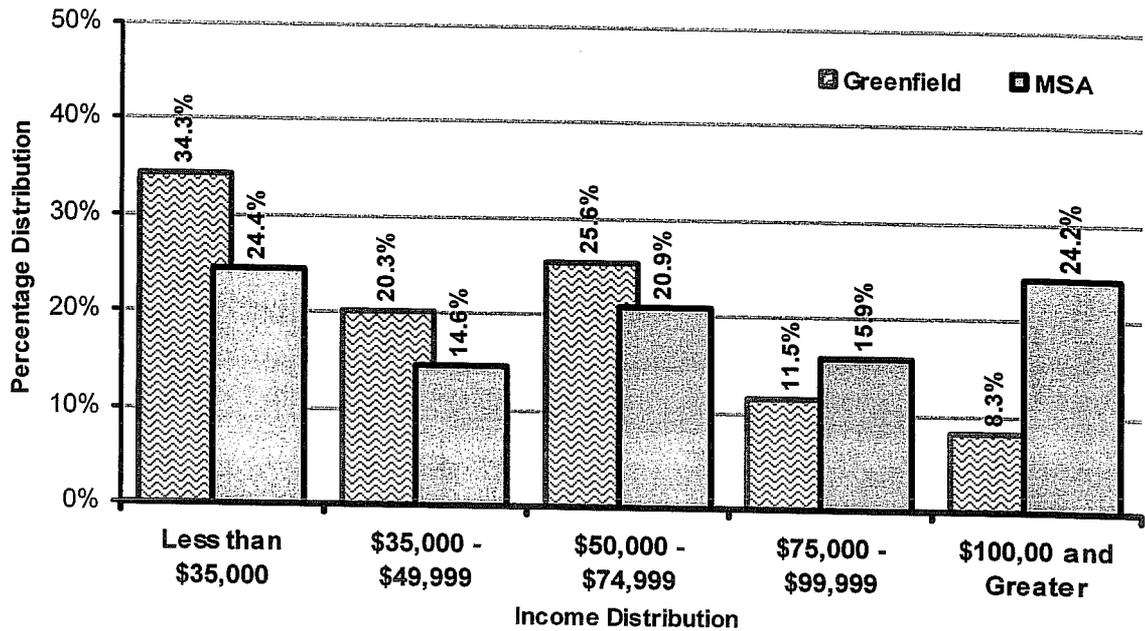
DRIVE TIME FOR WORKERS - 2000



Source: ESRI; Alfred Gobar Associates.

Educational achievement is an important consideration for enterprises seeking to expand or locate business operations because it is a good indicator of the inherent aptitude of the area workforce and likelihood that prospective employers can find workers who are able to take on new job routines in a timely and proficient manner or expand their skills to cope with more complex duties. The educational attainment distinguishing a substantial share of the potential labor force in Greenfield (residents over 25 years of age) and the Salinas MSA is illustrated as follows:

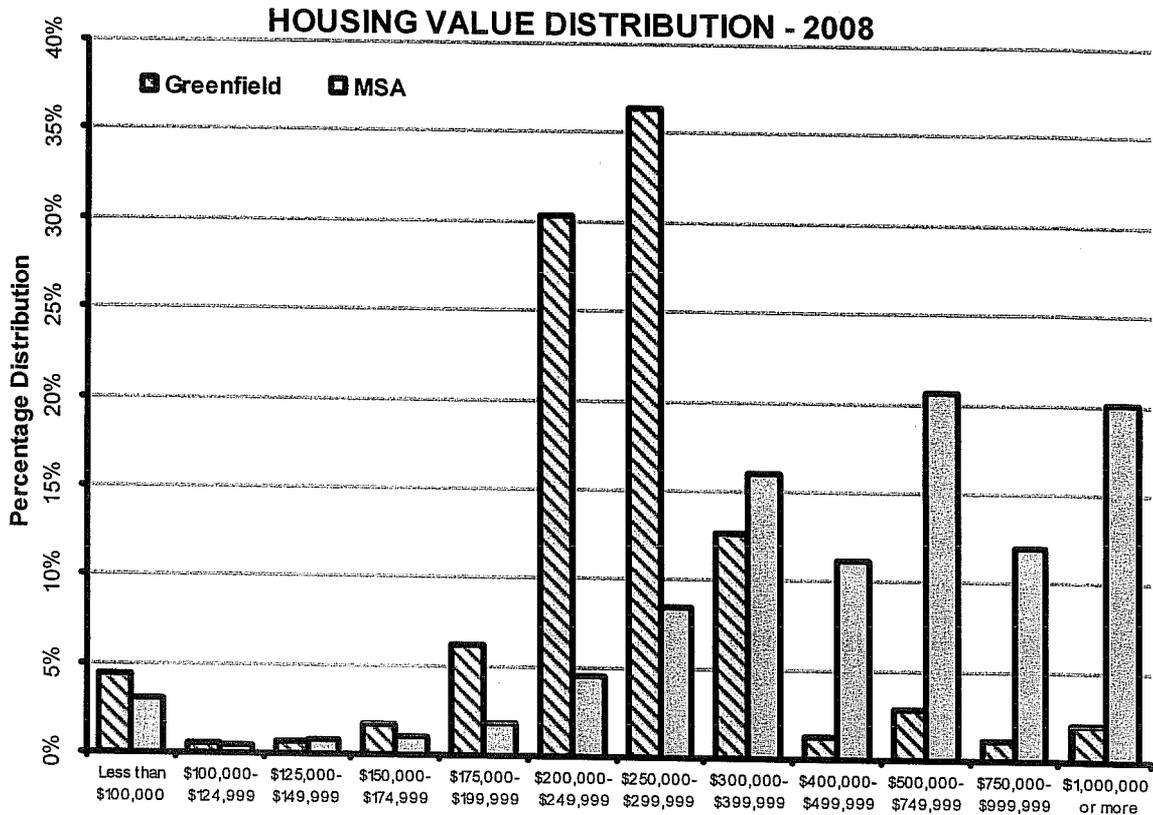
INCOME DISTRIBUTION - 2008



Source: ESRI; Alfred Gobar Associates.

Nearly 35% of all households within Greenfield have a total income of less than \$35,000 per year compared to nearly 25% for the Salinas MSA. HUD housing assistance guidelines establish annual income limits used to identify local area households groups most likely to need financial assistance in order to find adequate shelter in the face of other subsistence needs, including food and clothing. Under the 2008 guidelines for Monterey County, a 4-person household reporting less than \$32,400 per year in income is considered “Very Low Income” and below \$19,450 per year as “Extremely Low Income.” Based on these criteria, roughly 30% of Greenfield households can be considered very low income and roughly 10% as extremely low income. These factors suggest that while overall educational attainment is low for much of the local workforce, opportunities likely exist to increase overall workforce prosperity with modest paying jobs that do not involve complex job routines or degreed training. Also notable from the income profile of Greenfield households is a significant absence of households with annual income above \$100,000 per year.

Despite the relatively low income profile of Greenfield, a relatively large share of housing units in the community are owner-occupied as illustrated below:



Source: ESRI; Alfred Gobar Associates.

The vast majority of housing units in Greenfield had an estimated value of less than \$300,000 in 2008, while the vast majority of housing units throughout the Salinas MSA had an estimated value exceeding \$300,000.

A valuable indicator of the overall economic wellbeing of working households is the relationship between housing value and household income. Housing tends to represent the single largest financial outlay among household living expenses. The cost of housing relative to available household income gives insight about the economic wellbeing of the community as a quality live-work environment. Exhibit II-9 illustrates and compares median housing value and median household income describing Greenfield and the Salinas MSA in 2000 and again in 2008. Also shown is the median housing value multiple of median household income. In 2000, the median value of housing in Greenfield was 3.36 times the local area median level of household income, compared to a multiple of 5.27 for the Salinas MSA overall. The corresponding multiple for the nation in 2000 was equal to 2.65. In 2000, the median

Salinas) and its limited population base (about 17,500 residents) poses a challenge in terms of the ability to entice a significant volume of new business growth and expansion into the community. The attraction of Greenfield as a host location for new or expanding businesses, therefore, also depends on the size of the labor pool represented within a reasonable travel distance. The size of an area labor pool is an important consideration because it signals the likely ability to hire on and replace an adequately trained and proficient team of employees (the single most costly production resource). Without a sufficiently large pool of labor, much greater risk must be assigned to the prospect of establishing a new start-up business or expanding an existing enterprise into the area. Based on 2008 estimates by ESRI, the size of the labor force in Greenfield and the surrounding market region is summarized as follows:

	City of Greenfield	City of Salinas	Salinas Valley	Salinas, CA MSA
Estimated Labor Force	5,970	63,090	100,440	183,270
Civilian Labor Force % of MSA	2.9%	33.8%	52.4%	100.0%
Share of Labor Force Employed	88.0%	90.0%	90.0%	92.8%
Share of Labor Force Unemployed	12.0%	10.0%	10.0%	7.2%

Note: Labor force employment estimate as of mid-year 2008. Since that time region has incurred significant job losses.

Source: ESRI and Alfred Gobar Associates.

As shown above, the size of the local labor force is small, even in comparison to the modest scale of the Salinas MSA employment base. Over one-third of the region's labor force resides in the City of Salinas. In addition, the City of Salinas itself accounts for 63% of the labor force residing in the Salinas Valley and constitutes an overwhelming competitive concentration of employment opportunity for workers and labor resource for business enterprises. The daily work commute from Salinas to Greenfield would average 40 to 45 minutes one-way and can be expected to contribute to low worker retention due to more localized job opportunities for Salinas residents. In effect, businesses seeking to relocate or expand to Greenfield are faced with two hiring options: a) compete with other local businesses for a very limited supply of employed and unemployed workers; or, b) pull in the majority of workers from other areas of the Salinas Valley south of the City of Salinas. The southern sub-

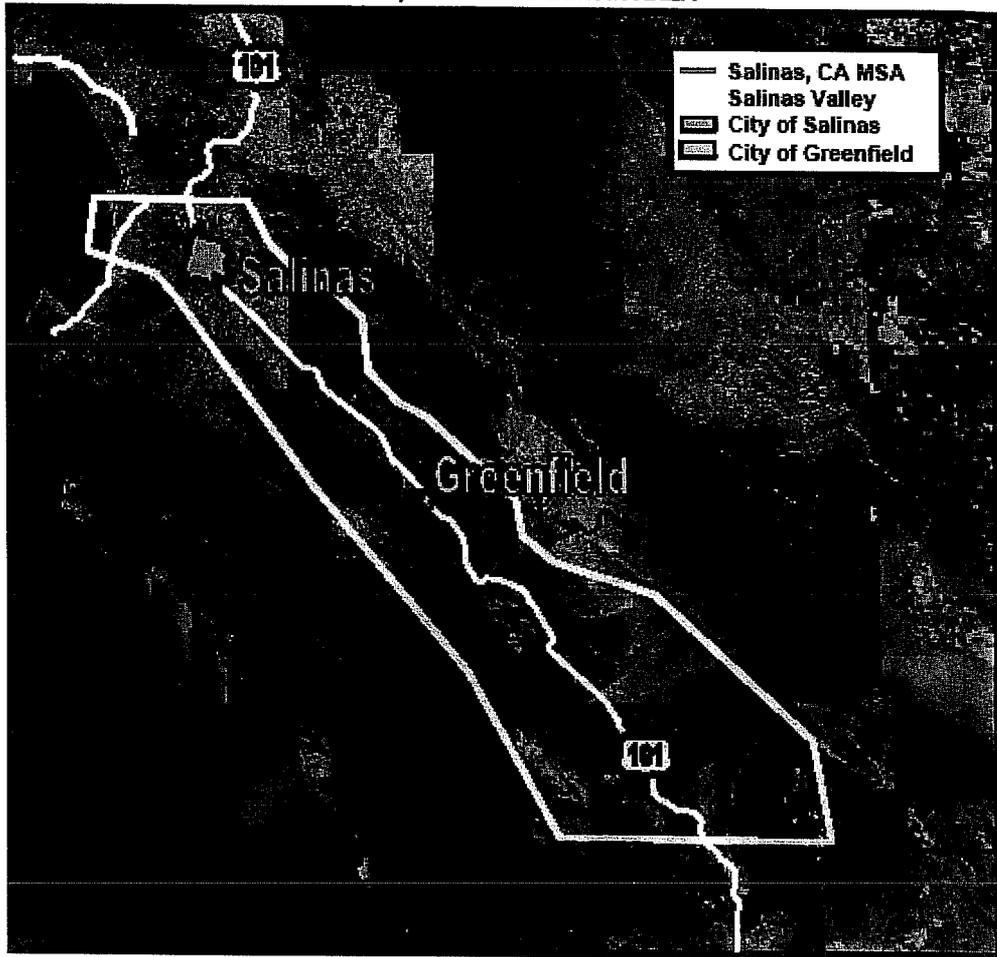
production operations that expand area employment. New jobs filled by residents entering the job market and individuals moving into the region create demand for additional housing and drives household formation. Population growth associated with a growing number of households stimulates greater demand for retail, medical, educational, and recreation goods and services. New construction permit activity provides insight about the pace and diversity of land use development stimulated by the iterative process of economic expansion.

Exhibit III-13 summarizes the value of year-to-year construction activity throughout Monterey County (Salinas MSA) over the past 15 years. Detailed is the permit value of construction describing retail, office, industrial, and residential building activity throughout the region. Residential construction accounts for the lion's share of permit value and construction activity and reflects the significant level of economic infusion generated by household formation. Over the past 15 years, residential construction has accounted for 80% to 93% of total authorized permit activity, excluding the precipitous drop in 2008 brought on by the housing crisis. By comparison, retail, office, and industrial permit activity all combined has generally accounted for 12% to 17% of total permit in any given year.

The fluctuating nature of new construction permit activity is illustrated in Exhibit II-14. The graph illustrates that although residential permit activity accounts for the lion's share of overall construction activity, the total value of activity was on the decline between 2005 and 2007 before dropping dramatically in 2008. Retail construction activity in the region has generally lagged population growth by 12 to 24 months but otherwise parallels the fluctuations in housing construction because retail is a population-serving form of land use. Retail construction activity reached a 15-year high-water mark in 2006 and 2007, even though the pace and value of residential construction was already on the decline. Over the next 2 to 3 years, the current housing slump can be expected to keep retail construction activity throughout the region at a relatively low level.

Office construction throughout the region is characterized by 1 to 2 years of above-average activity preceded and followed by 1 to 2 years of below-average activity. New office construction was most active in 2003 and 2004 and again in 2007. By comparison, new industrial construction activity generally does not exceed the \$10.0

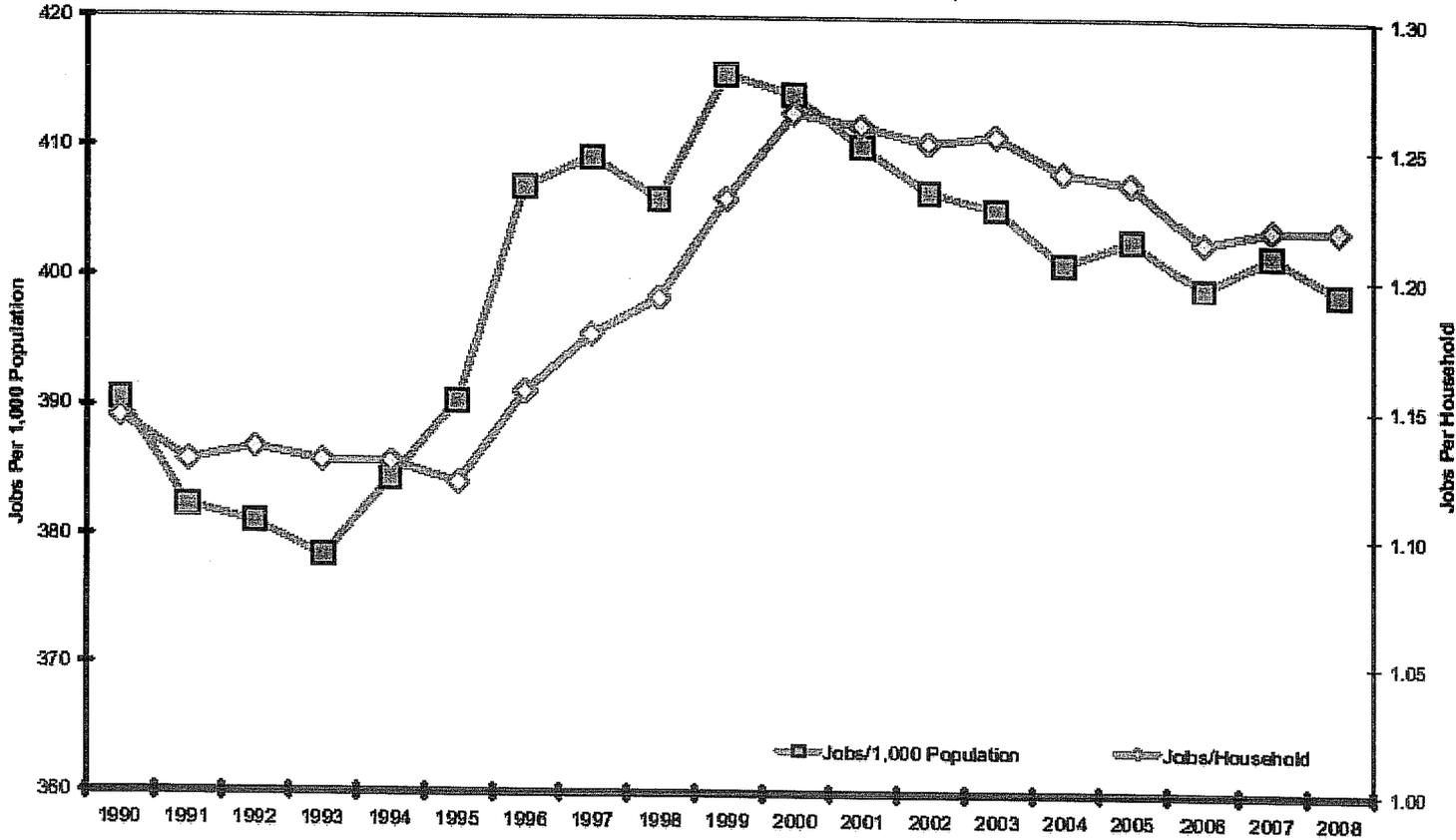
EXHIBIT II-1
REGIONAL MAP
SALINAS, CA METROPOLITAN AREA



Source: Google Earth Pro and Alfred Gobar Associates

Regional Map - Greenfield, CA 2-08.ppt 66

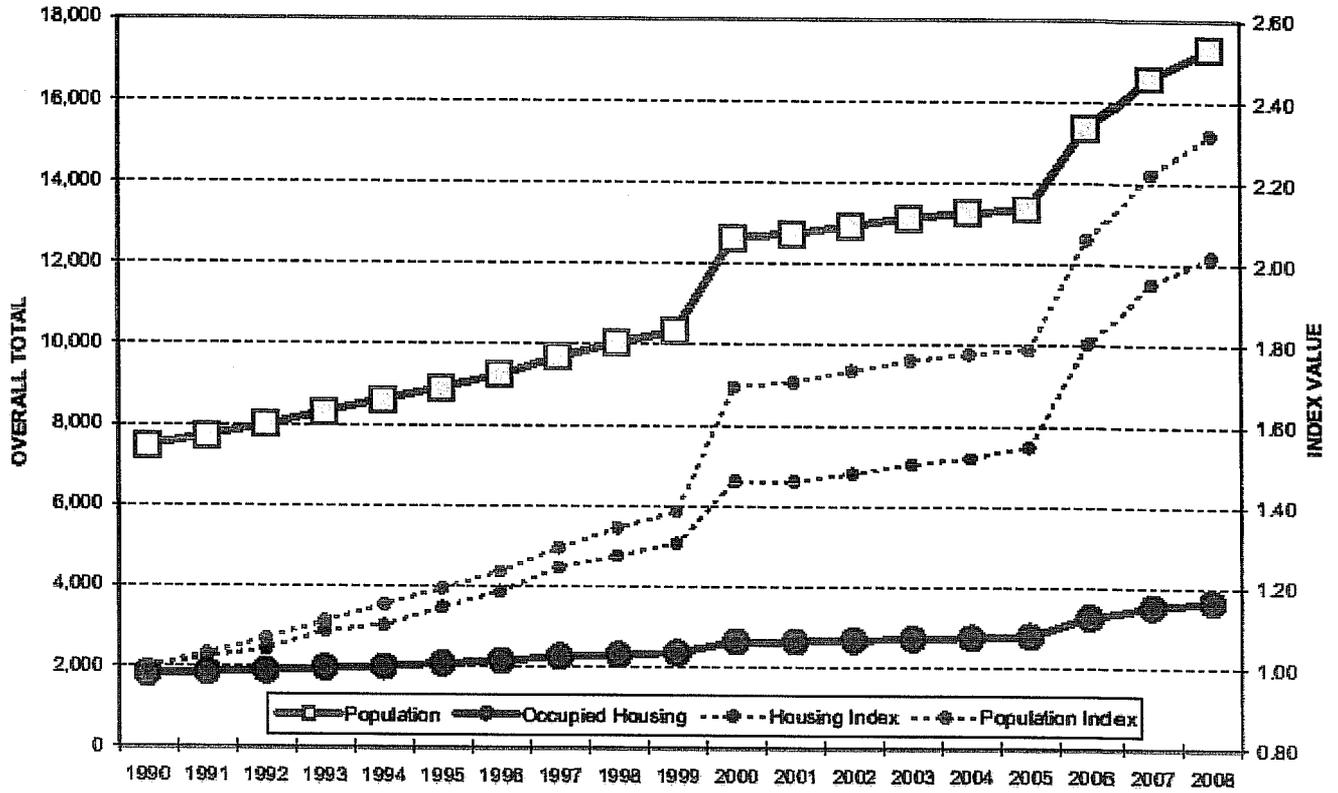
**EXHIBIT II-3
JOBS/POPULATION & HOUSEHOLDS - SALINAS, CA MSA**



Source: EDD - The Employment Development Department and Alfred Gobar Associates

Mapping Micro - Charts, Inserts, and Calculations (Greenfield, CA) 03-09-2010/W/2009 RE

**EXHIBIT II-5
POPULATION-HOUSING GROWTH
GREENFIELD, CA**



Source: California Department of Finance; EDD - The Employment Development Department; and Alfred Gobar Associates

Housing Micro - Charts, Inserts, and Calculations (Greenfield, CA 302.xls
4/15/2010)

EXHIBIT II-7

2008 Demographic Profile
Greenfield, CA

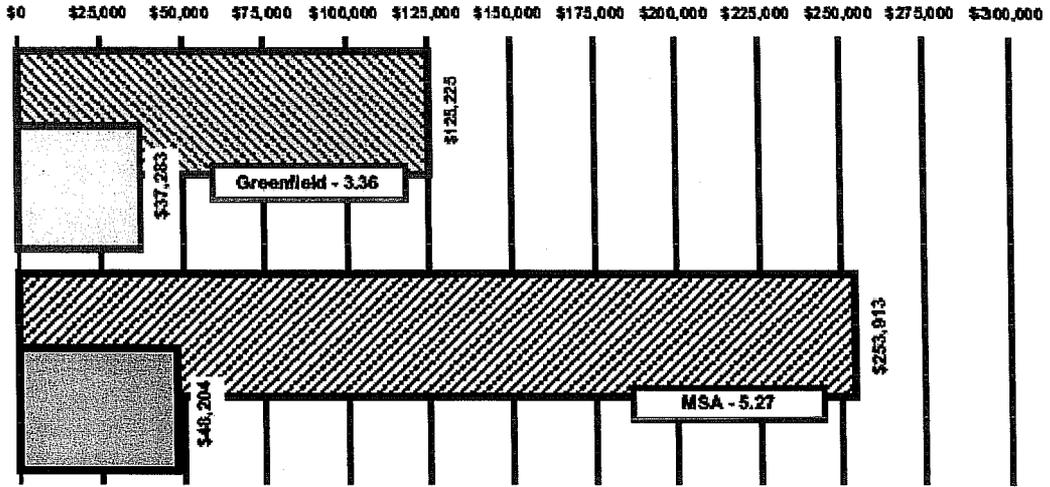
Population	14,342						
Households	3,028			Average Household Size	4.70	Families % of Households	88.4%
Families	2,678			Average Family Size	4.83		
Age Distribution		%	Male	Female		Non-Hispanic Population By Race	13,812
Age 0-4	1,564	10.9%	806	758		White Alone	5,465
Age 5-9	1,365	9.5%	710	655		Black Alone	129
Age 10-14	1,303	9.1%	670	633		American Indian Alone	158
Age 15-19	1,395	9.7%	712	683		Asian or Pacific Islander Alone	129
Age 20-24	1,370	9.6%	728	642		Some Other Race Alone	7,731
Age 25-29	1,409	9.8%	776	633		Two or More Races	731
Age 30-34	1,175	8.2%	656	519		Hispanic Population By Race	12,966
Age 35-39	1,010	7.0%	557	453			90.4%
Age 40-44	872	6.1%	473	399		Educational Attainment	
Age 45-49	784	5.5%	411	373		Population 25+	7,345
Age 50-54	645	4.5%	327	318		Less than 8th Grade	3,415
Age 55-59	468	3.3%	233	235		Some High School	1,241
Age 60-64	311	2.2%	158	153		High School Diploma	1,322
Age 65-69	214	1.5%	104	110		College 1-3 years	1,028
Age 70-74	162	1.1%	74	88		Bachelor's Degree	198
Age 75-79	136	0.9%	56	80		Grad/Prof Degree	132
Age 80-84	87	0.6%	33	54			
Age 85+	74	0.5%	33	41		Occupation for Employed Population Age 16+	
Median Age	25.3					Total Employment	5,254
Housing Values						White Collar Employment	1,560
Less than \$50,000			73	4.0%		Mgmt/Business/Finance	
\$50,000 to \$79,999			3	0.2%		Professional	
\$80,000 to \$99,999			4	0.2%		Sales/Office	
\$100,000 to \$124,999			11	0.6%		Blue Collar Employment	2,911
\$125,000 to \$149,999			12	0.7%		Service	
\$150,000 to \$174,999			30	1.7%		Farming/Fishing/Forestry	
\$175,000 to \$199,999			111	6.2%		Construction/Extr/Mainten	
\$200,000 to \$249,999			544	30.3%		Production/Transp./Materials	
\$250,000 to \$299,999			655	36.4%			
\$300,000 to \$399,999			226	12.6%		Household Income Distribution	
\$400,000 to \$499,999			22	1.2%		Less than \$15,000	259
\$500,000 to \$749,999			51	2.8%		\$15,000 to \$24,999	230
\$750,000 to \$999,999			19	1.1%		\$25,000 to \$34,999	427
\$1,000,000.000 or more			36	2.0%		\$35,000 to \$49,999	542
Median Home Value	\$258,435					\$50,000 to \$74,999	663
Average Housing Value	\$287,280					\$75,000 to \$99,999	307
						\$100,000 to \$149,999	161
						\$150,000 to \$199,999	27
						\$200,000+	13
Occupied Housing Units	3,168	% of Tot	% of Occ			Median Income	\$46,380
Owner-Occupied	1,797	56.7%	56.7%			Average Income	\$53,572
Renter-Occupied	1,232	38.9%	38.9%			Per Capita Income	\$11,680
Vacant Housing Units	139	4.4%					

Source: ESRI and Allied Geospatial Associates.

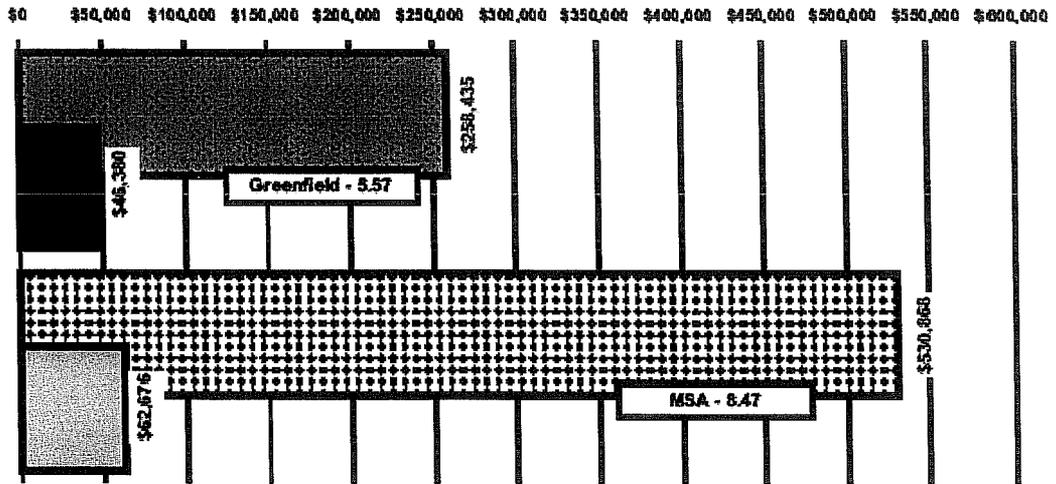
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**EXHIBIT II-9
 MEDIAN HOUSING VALUE - HOUSEHOLD INCOME TRENDS
 GREENFIELD, CA AND SALINAS, CA MSA**

MEDIAN HOUSING VALUE/INCOME - 2000



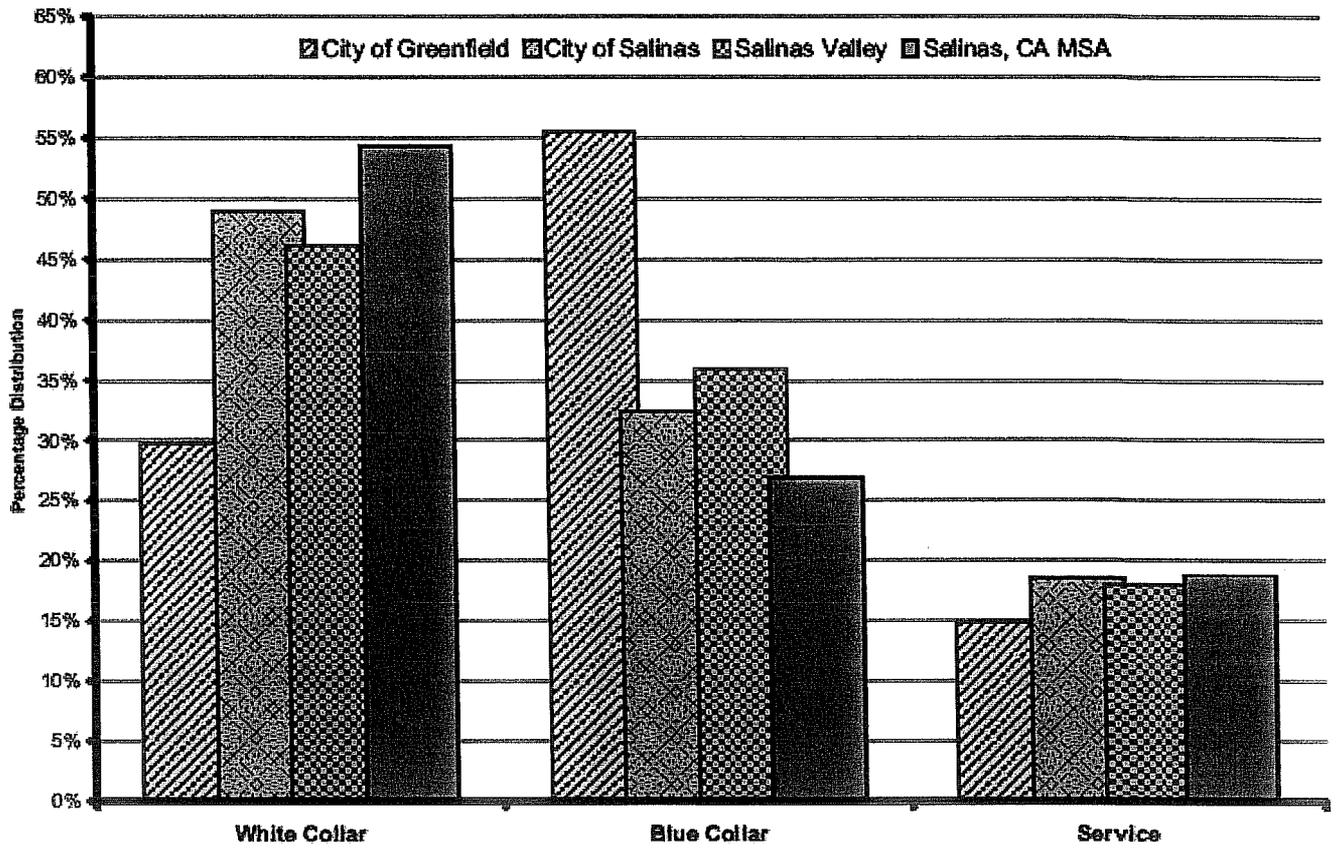
MEDIAN HOUSING VALUE/INCOME - 2008



Source: ESRI and Alfred Gohar Associates.

Housing Units - Counts, Income, and Calculations (Greenfield, CA) 3-02.xls#172103 RE

**EXHIBIT II-11
OCCUPATIONAL FOCUS - 2008**



Source: ESRI and Alfred Gobar Associates

ESRI Map Profile - Greenfield, CA 3-10-08 4/15/2009 RE

**EXHIBIT II-13
VALUE OF NEW CONSTRUCTION AUTHORIZED BY PERMIT (000's)
MONTEREY COUNTY (SALINAS MSA), CALIFORNIA**

Year	Retail	Office	Industrial	Residential	Total	Percent of Total				
						Retail	Office	Ind.	Res.	Total
1994	8,626	3,244	5,382	188,027	215,279	4.0%	1.5%	2.5%	92%	100%
1995	6,656	24,716	10,008	185,779	227,159	2.9%	10.9%	4.4%	82%	100%
1996	28,426	7,689	8,408	232,525	277,048	10.3%	2.8%	3.0%	84%	100%
1997	25,551	8,856	3,385	247,007	284,799	9.0%	3.1%	1.2%	87%	100%
1998	14,473	11,885	20,352	229,802	276,522	5.2%	4.3%	7.4%	83%	100%
1999	32,474	6,147	9,718	335,614	383,953	8.5%	1.6%	2.5%	87%	100%
2000	14,292	18,381	26,144	375,397	434,215	3.3%	4.2%	6.0%	86%	100%
2001	6,199	15,797	8,581	228,658	259,236	2.4%	6.1%	3.3%	88%	100%
2002	23,229	10,532	5,534	260,442	299,737	7.7%	3.5%	1.8%	87%	100%
2003	20,957	32,254	12,281	351,583	417,074	5.0%	7.7%	2.9%	84%	100%
2004	17,173	24,527	4,148	350,512	396,360	4.3%	6.2%	1.0%	88%	100%
2005	28,663	5,454	0	445,688	479,805	6.0%	1.1%	0.0%	93%	100%
2006	38,573	3,307	1,475	266,494	309,850	12.4%	1.1%	0.5%	86%	100%
2007	39,154	24,489	3,466	270,457	337,566	11.6%	7.3%	1.0%	80%	100%
2008	17,101	8,520	13,950	88,386	127,957	13.4%	6.7%	10.9%	69%	100%
Current Year-to-date										
1/09-2009	2,673	0	0	3,576	6,249	42.8%	0.0%	0.0%	57%	100%
Selected Reference Periods										
1994-98	83,732	56,400	47,535	1,093,140	1,280,807	6.5%	4.4%	3.7%	85%	100%
1999-03	97,151	83,111	62,258	1,551,694	1,794,214	5.4%	4.6%	3.5%	86%	100%
2004-08	140,664	66,297	23,039	1,421,537	1,651,538	8.5%	4.0%	1.4%	86%	100%
15-Year Total:	321,547	205,809	236,824	5,494,157	6,260,336	5.1%	3.3%	3.8%	88%	100%

Source: Allied Gobar Associates; U.S. Department of Commerce-Construction Statistics Division; Construction Industry Research Board.

4/15/2009
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**EXHIBIT II-15
NEW HOUSING CONSTRUCTION PERMIT ACTIVITY
CITY OF GREENFIELD AND MONTEREY COUNTY, CA**

Reference Period	City of Greenfield		Monterey County, CA		Greenfield % Share of County
	Total Units	SFD % of Total	Total Units	SFD % of Total	
1990	147	88%	1,183	87%	12.4%
1991	39	85%	931	76%	4.2%
1992	67	43%	736	85%	9.1%
1993	63	94%	869	87%	7.2%
1994	80	100%	1,478	88%	5.4%
1995	178	81%	1,326	84%	13.4%
1996	30	80%	1,502	78%	2.0%
1997	95	100%	1,685	79%	5.6%
1998	26	100%	1,189	99%	2.2%
1999	12	100%	2,058	72%	0.6%
2000	13	100%	1,714	88%	0.8%
2001	45	100%	1,056	84%	4.3%
2002	22	73%	1,222	86%	1.8%
2003	26	100%	1,355	77%	1.9%
2004	112	100%	1,198	89%	9.3%
2005	263	100%	1,430	91%	18.4%
2006	176	68%	865	87%	20.3%
2007	98	74%	1,107	51%	8.9%
2008	37	27%	457	49%	8.1%
1/09 - 2/09	0	n.a.	12	75%	0.0%
Average Annual					
1990-1994	79	84%	1,039	85%	7.6%
1995-1999	68	76%	1,552	81%	4.4%
2000-2004	44	97%	1,309	85%	3.3%
2005-2008	144	88%	965	80%	14.9%
19-Year Total	1,529	83%	23,361	82%	6.5%

Source: Alfred Gobar Associates; U.S. Department of Commerce-Construction Statistics Division; Construction Industry Research Board.

Monterey EP Summary.xls/Map Formet Download