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Market Street brings original insights and clarity to the evaluation and revitalization of the places where people live, work and grow. Through honest and informed assessments, *Market Street* can equip you with the tools to create meaningful change. Our solutions successfully merge our experience and expertise with the economic and social realities of our clients. *Market Street's* community clients are successful at creating stronger programs, increasing operational budgets, and creating new quality jobs that improve the quality of life in their communities.

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BACKGROUND

Like many communities reliant on one or two major industries for growth, the Coachella Valley has suffered in recent months as the global recession compelled people to spend less money on travel, luxury goods, recreation and dining out. Unemployment rates in the Valley are spiking, and businesses are hurting.

In order to ensure that the Valley's economy becomes more diversified to better weather future economic downturns, to raise local wage and income levels and to provide young professionals with opportunities for quality employment, the Coachella Valley Economic Partnership (CVEP), working with key local partners, retained *Market Street Services*, a national economic development consulting firm, to help develop a *Blueprint* for the Valley's economy.

This *Target Business Analysis* looks at recent trends and current concentrations in local business sectors to identify a handful of opportunities worthy of priority investments of time and money.

The components of the *Blueprint* strategic process are:

I. Competitive Assessment

The *Competitive Assessment* provided a qualitative and quantitative analysis of Coachella Valley's competitiveness as a place to live for current and relocating residents, and as a place to conduct business for existing, expanding, and prospective businesses. The *Assessment* presented a snapshot of key economic and demographic indicators, accompanied by detailed analyses of the three engines that drive regional competitiveness and quality of life: people, prosperity, and place. The performance of Coachella Valley in these three areas was compared to the Riverside MSA, the state of California, the nation, as well as three comparison regions: Wine Country, California; Naples, Florida; and Tahoe-Reno, California-Nevada. Stakeholder input gathered from focus groups, interviews, and an online survey supplemented the quantitative analysis and provided a more holistic view of Coachella Valley's competitive realities.

II. Target Business Analysis

This component assesses Coachella Valley's existing target businesses based on key quantitative and qualitative information and determines if additions or revisions are necessary to optimize the area's chosen targets. The analysis includes the potential development of additional target categories. Utilizing findings from the online survey and the *Competitive Assessment*, target business sector recommendations are also based on national economic trends, existing regional assets, and an understanding of key competitive advantages such as workforce skill levels, geography, and infrastructure.

III. Marketing Assessment

This component includes a thorough review and assessment of a community and/or economic development organization's marketing efforts to determine if they reflect best-practice methods for increasing awareness and investment in the area. The *Marketing Assessment* will review the website and overall marketing programs of CVEP and selected other regional entities to determine the need for enhancement of local efforts.

IV. Best Practices Analysis

This report will analyze three communities similar to the Coachella Valley in their economic and demographic dynamics. The report will assess how these communities are strategically realigning their efforts related to economic development to better diversify their job bases with knowledge-based industries and workers. The report's key findings will be related to Coachella Valley's issues, opportunities and challenges and help inform the development of the Valley's *Economic Development Strategy*.

V. Economic Blueprint

All of the previous components build toward the development of a "next level" five – year strategy for a renewed approach to economic development efforts in Coachella Valley. The *Strategy* will include a review of key findings from throughout the process and will identify overarching goals, major focus areas, and specific action steps to pursue.

VI. Implementation Plan

The final step in this process is to focus on the actual implementation of the *Strategy*. *Market Street* will provide direction about staff capacity, a five-year implementation timetable, priority action steps, assignment of departmental responsibilities, and resource and funding needs. A clear first year action plan will lead the implementation plan. Benchmarks and performance measures will help assess implementation progress.

At the end of this strategic process, the Coachella Valley will have a strategy focused on the community's most pressing needs and opportunities for the year 2009 forward, with implementation guidelines to bring recommendations to action.

INTRODUCTION

The economic development strategy of targeting certain business sectors for growth has become increasingly widespread over the years as regional economies attempt to capitalize on their strengths and competitive advantages. The emergence and successful development of industry clusters in Silicon Valley, the Research Triangle Park, and Route 128 in Massachusetts have served as case studies for other regions across the nation as they strive to develop similar agglomerations of related businesses. Key growth sectors create economies-of-scale for cluster businesses as they share common labor pools, infrastructure, and other resources while reducing costs through proximity to upstream (suppliers) and downstream (buyers) linkages.

These advantages, coupled with the network effects that exist within industry clusters, often result in comparatively high potential for employment growth and wealth creation. Due to limited economic development resources, it is sensible for regions to focus their efforts and target those sectors with the greatest potential to create new jobs and new income.¹

This *Target Business Analysis* will evaluate the competitive position of potential target business sectors in the Coachella Valley and provide recommendations for priority opportunities. The purpose of this *Analysis* is to identify those industries with the greatest potential to create new jobs and wealth in the region. Economic development resources and efforts should be focused on these targets to stabilize, grow, and diversify the Coachella Valley economy.

The Coachella Valley Economic Partnership has not identified target business sectors to pursue through traditional economic development means. However, through its affiliated education initiative, the Partnership is working to develop career pathways in three local industry clusters. The program – the Career Pathways Initiative – leverages partnerships between the business community and education and training providers to prepare students for work in these professions.

CVEP’s Career Pathways Initiative focuses on the following industries – all identified as emerging targets:

- Multimedia (film, television and digital media)
- Advanced technology (energy and environmental technology)
- Healthcare

¹ Throughout this review, the terms “target,” “target sector,” “target industry,” and “cluster” will be used interchangeably in referring to a group of industries that receive specific attention and strategic action in terms of business recruitment, business retention, and small business/entrepreneurship development.

Taking these sectors into account, in addition to conducting a thorough review of the Coachella Valley's economic structure, trends, wages, training resources and regional assets, *Market Street* has determined that the following business groupings merit development as target priorities:

- Healthcare and Life Sciences
- Supply Chain Management/Logistics
- Clean Technology/Energy
- Creative Arts and Design

Each sector will be profiled in detail later in this report.

It should be noted that the Coachella Valley has never had a truly comprehensive target development effort inclusive of sectors other than hospitality and tourism – and, to a lesser extent, retail services. There has been no active regional program to support any target development. Effectively capitalizing on local target opportunities will require regional and local economic development organizations and departments, governments and training institutions to partner in new and dynamic ways to ensure that sectors are pursued through multi-faceted and holistic programs.

It is also useful to note which business sectors were not selected as priorities for local development. *Market Street* reviewed data trends from every single sector and sub-sector in the Coachella Valley economy. Likewise, analysis of existing training capacity and national growth trends was factored into decision-making. Among the sectors not recommended for the Valley include:

Manufacturing and Manufacturing Sub-Sectors: The Valley simply has very little to no employment capacity in these industries. Lacking the skilled workforce, large corporate base and infrastructure to support manufacturing, the Valley would not be competitive for these businesses.

Corporate Headquarters and Regional Offices: The Valley does not have the necessary density of office space – nor does California provide competitive incentives – to attract businesses in this category. In fact, California has become a prime target of U.S. regions looking to “poach” companies from the state due to California's high business costs and costs of living.

Tourism and Agriculture: As is discussed in the *Target Business Analysis*, *Market Street* determined that the potential of these industries to diversify the local economy and raise average wages was negligible.

Real Estate and Retail Employment: These are typically considered “following” industries that develop in a growing economy as demanded. Jobs either pay below regional averages or are cyclical and not sustainable; witness the impact of the current recession on Coachella Valley employment and wages.

Plastics; Pulp and Paper; Maritime Industries; Customer Care Services (i.e., Call Centers); Aerospace and Defense; Nanotechnology; Motorsports; Textile and Furniture Industries; Biosecurity; Information Technology; Extraction Industries (oil, gas, coal, minerals): These industries either have little to no capacity in the Coachella Valley, do not provide competitive wages, or are projected to significantly decline nationally.

KEY NON-TARGET SECTORS

The selection of the Coachella Valley's target business sectors incorporated a number of factors. Importantly, the identification of targets also assessed the highest value-added benefit related to prioritized investments in target development. As such, two key local business categories were determined to be vital to the local economy, but not at the level of a targeted opportunity.

Hospitality and Tourism

The Valley's largest industry – partially inclusive of retail services and recreational employment – has long contributed to local job growth and the attraction of billions of dollars in tourism-serving investment, including hotels, golf courses, shopping, dining and nightlife establishments, casinos, second-home developments, etc. However, the predominance of Hospitality and Tourism in the Coachella Valley's economy has also made the region susceptible to sudden and/or prolonged contractions in this sector. Likewise, the typically lower-paying jobs created in Hospitality and Tourism have not boosted workers' wealth and contributed to the development of a largely two-tier society, with high-income seasonal residents, retirees and certain professionals contrasting with a lower-income hospitality and retail working class.

It is because of the maturity of Hospitality and Tourism in the Coachella Valley, combined with the fact that the industry features comparably low-paying jobs with little chance for advancement, that *Market Street* recommends this business sector not be made a regional target. In addition, the critical mass of tourism-serving assets and the millions of dollars spent on tourism development by entities such as the Palm Springs Desert Resort Communities Convention and Visitors Authority means that Hospitality and Tourism will likely grow even with current levels of programmatic attention and investment. The goal of the *Target Business Analysis* – and the *Blueprint* process as a whole – is the effective diversification of the Coachella Valley economy. Targeting the Hospitality and Tourism sector would not accomplish that goal.

Though not recommended as a target sector, Hospitality and Tourism can nevertheless serve an important role in the Coachella Valley's target-development efforts. The Valley's critical mass of hospitality businesses and tourism-serving amenities can be leveraged as a means to reach thousands of visitors and communicate to them many of the Valley's strengths and opportunities as a destination for companies and residents. U.S. communities such as Charleston, South Carolina also relied on their destination-status to tell visitors a "story" about living and working in the area. This eventually led to a broadened perception of

Charleston as more than just a tourist destination, but a vital, year-round community with a strong economy and great quality of life.

Agriculture

As with Hospitality and Tourism, the Agriculture sector is one of the traditional lynchpins of the Coachella Valley economy. Also like Hospitality and Tourism, Agriculture pays lower-than-average wages and offers little chance for advancement up an employment “ladder.” *Unlike* Hospitality and Tourism, however, Agriculture in the Coachella Valley faces pricing pressures from competitor countries that threaten the long-term viability of the local sector. Also, issues such as water and land availability in the Valley contribute to the dimming of future growth prospects for the Agriculture sector. Based on research and stakeholder input, there are also few opportunities in the Valley to cultivate specific crops related to biosciences and biopharmaceuticals.

Thus, though the Coachella Valley has a relatively concentrated presence of Agriculture employment, *Market Street* does not recommend that Valley economic development professionals target this industry as a strategic priority. As with the Hospitality and Tourism sector, achieving better diversification and higher-wage employment in the Valley precludes the recommendation of Agriculture as a target business sector. Certainly, Agriculture jobs in the Valley will not be going away any time soon; many input participants emphasized that the Valley’s cluster was stable. But it will only serve as a component of the region’s economy, rather than a driving force.

CONCEPTS

The strategic economic development practice of targeting identified business sector opportunities began with the recognition that businesses can develop into interconnected groups (sometimes called “clusters”) of related sectors. These groupings of businesses share labor pools, resources, and other characteristics that play to their respective strengths. A targeting strategy requires a three-pronged approach of: 1) small business development; 2) existing business expansion; and 3) recruitment of like or related firms.

The connections among businesses develop over time because the local economy offers the infrastructure, geography, workforce, and other related factors that provide a competitive advantage. When an agglomeration of like businesses occurs, it can create ever-expanding economies of scale for business activities within that field. Additionally, proximity to similar firms allows businesses to learn about best practices and new technologies, partner with other businesses and area educational institutions to create a well-trained labor pool, and reduce business transportation costs.

Ultimately, groupings of businesses within related sectors increase business productivity due to the following factors:

- Complementary relationships that benefit companies in the inter-connected group;
- Exposure to competitors that raises expectations, product quality, and worker motivation;
- Better access to suppliers and workers;
- Access to relevant public and private institutions; and
- Contact with a flow of specialized information about other companies within the group (i.e. effective business strategies, performance measures, etc.).

In addition, a successfully integrated group of businesses improves efficiency horizontally (between firms) by facilitating greater communication and cooperation among business sector members, and vertically (with firms that buy and sell to group businesses) by providing individual firms the breadth, leverage, and visibility of the entire industry group.

Most groupings of business sectors grow out of a large and/or dominant company, or result from the interaction among a few growing companies. Such groupings usually occur if the original firms have the level of success required to create an environment that allows related companies to thrive and generate additional demand. Another effective means of developing growth within a specific business sector is to form and

leverage connections with university and government research labs and other institutions.

Another important concept in local economic development is the *traded*, or *export* sector. A traded sector is a community's economic engine – that part of the economy that sells goods and services to customers outside the region, importing income that then circulates throughout the rest of the local economy. The “new” money entering the economy is then used to purchase local goods and services, creating new wealth within the community. Conversely, other sectors are *non-traded* because purchases are generally made within the community rather than bringing in dollars from outside of the area. Local economic developers should always strive to recruit and develop traded industries because these sectors have a greater benefit to overall community vitality.

Because of limited economic development resources, it makes sense for a community or region to focus its economic development efforts in areas that have the greatest potential for diversification, job growth and wealth creation. The most efficient and successful targeting efforts are those that focus on existing or emerging groups of similar firms in a local or regional economy. These existing and emerging groups occur based on a community's economic strengths and competitive advantages, so a proactive, intentional focus on firms in these or related groupings is the most effective means of achieving both short and long-term growth. However, sustainable economic health can only be achieved if the target efforts result in firms that are diverse in size and types of products and services.

In our experience, *Market Street* has found that successful, economically sustainable pursuit of targets cannot occur via traditional recruitment activities alone. Entrepreneurship and small business development, and existing business retention and expansion should also be priorities of local economic development work. More details regarding these approaches will be included in the Coachella Valley's *Economic Blueprint* strategy.

METHODOLOGY

This analysis of Coachella Valley's target business sectors employs both quantitative and qualitative research. Perspectives on certain industry's challenges and strengths have been gained through focus groups, interviews, and on-site meetings with regional stakeholders. This input complements the quantitative research and provides needed perspective on each target's potential for future growth.

The quantitative portion of this review utilizes data from the California Employment Development Department (CA EDD) and the Quarterly Census of Employment and Wages (QCEW) from the Bureau of Labor Statistics (BLS). The CA EDD provided information on local employment and wage levels for all industries as defined as the North American Industrial Classification Systems (NAICS), and the QCEW was utilized for national data. The recommended targets for Coachella Valley are clusters of related and supporting industries grouped by NAICS codes. Industries are defined broadly as two-digit supersectors, followed by increasingly specific detail down to the four-digit level.

Within this review, targets are defined using four-digit NAICS industries. Although greater detail can be obtained at the five and six-digit levels, the BLS non-disclosure policy often prevents a comprehensive review of cluster employment at these levels of granularity. In order to protect the identity of individual firms, the BLS suppresses employment and wage values for any industry sector where the number of establishments is less than or equal to three, or when a single employer represents more than 80 percent of total sector employment. This form of data suppression is increasingly prevalent as the sectors become more specific. When examining regions of Coachella Valley's size, the four-digit level provides the best balance between detail and full disclosure.

Establishments that participate in the QCEW self-report the data collected by the BLS. As a result, some participants may classify their establishment as belonging to an industry that may not perfectly reflect the companies' employment dynamics. This can lead to misrepresentations of the employment base in a given industry, especially if the reporting establishment is a relatively large employer in the region.

Recognizing these limitations of publicly-available data, every effort has been made to provide the most comprehensive snapshot of employment and wages in the recommended targets. Above all, *Market Street's* recommendations are derived from a holistic view of the sectors and networks within each target. Relevant support services, educational opportunities, research activity, recent developments, and public input are just a few of the considerations that complement the quantitative analysis and are taken into account when developing recommendations.

Drawing from the QCEW, the quantitative analysis supporting this review includes the following elements for each industry sub-sector within the identified target clusters:

- Regional employment levels and growth rates
- Historical and projected national employment growth
- Regional and national average annual wages
- Location quotients

Location quotients are used to measure the relative concentration of local employment in a given industry or cluster. Specifically, they are the ratio of an industry's share of total local employment to that industry's share of total national employment.

$$LQ = \frac{(\text{Local Employment in Sector} / \text{Total Regional Employment})}{(\text{National Employment in Sector} / \text{Total National Employment})}$$

A local industry with an LQ equal to 1.0 possesses exactly the same share of total local employment as the industry's share of national employment. When a regional industry possesses a location quotient greater than 1.0, this signals that the industry is more concentrated in the region than it is nationwide. Conversely, a location quotient less than 1.0 indicates that the industry is less concentrated in the region than it is nationwide. The higher the location quotient, the more concentrated the level of local employment as compared to its national equivalent. For example, a location quotient of 1.25 would indicate that an industry's share of total regional employment is 25 percent higher than the industry's share of national employment. An LQ of 2.0 would indicate that an industry's share of regional employment is twice as large as the national share, while an LQ of 0.5 would indicate that the industry's share of local employment is half the national equivalent.

Location quotients are often used to provide an introductory examination of the competitive position of a local industry. Those industries with relatively large LQs are often assumed to possess competitive advantages. However, competitive advantage is not derived from employment concentration alone. The region's talent base; infrastructure; the availability of support services; the transfer of academic research and technology to the marketplace; and the capacity of educational institutions all heavily impact the competitive advantage of an industry cluster and should be considered when identifying target sectors. This review blends the quantitative and qualitative research that is necessary to identify such opportunities in Coachella Valley.

TARGET SECTORS

This section will examine the dynamics of each recommended target, beginning with a review of the target's competitive position, followed by an inventory of relevant assets, and concluding with an assessment of each target's key challenges and opportunities.

Pursuit and expansion of target sectors is still an "inexact science" in economic development. Establishing either too broad (i.e., "Manufacturing") or too narrow (i.e., "Medical Stent Manufacturing") a target does not allow an economic development organization to identify, isolate and leverage prospective markets, media, and corporate outreach opportunities. Likewise, the development of supportive training programs must be specific enough to gain funding, but not so narrowly focused as to train students for only a few local job openings. Because industry "clusters" are dynamic, multi-dimensional, and diverse, it would be counter-productive to try and pigeonhole these business groupings too precisely.

Effective target development is about increasing awareness of a community's competitive assets and sector opportunities, but also hinges on building quality relationships with existing and potential target firms and the site selection/corporate real estate professionals who research and identify priority relocation sites for businesses. Relationships are built through business retention and expansion (BRE) visits, inbound marketing events with site selectors, attendance at important industry conferences and trade shows, strategic visits to key external markets, outreach to specific firms with the potential to relocate (very often identified through BRE visits) and other programs. These strategies are thoroughly planned, researched and executed so that investments of time and funds are maximized.

Market Street made the most informed determinations possible of the Coachella Valley's target definitions and sub-components. However, because targets are typically "defined" based on aggregating NAICS employment codes – and these codes often have suppressed data or, for confidentiality reasons, do not drill-down to specific occupations – it is difficult to isolate the exact sub-sectors that comprise a local target sector. Nevertheless, the Valley's economic development professionals – partnering with local training, government and community stakeholders – will be able to effectively pursue growth in the region's target business categories by understanding each sector's opportunities and challenges, and working to provide the competitive climate necessary for existing and potential companies to thrive.

HEALTHCARE AND LIFE SCIENCES

Market Street recommends that the healthcare emphasis in the Career Pathways Initiative be expanded to include life sciences to comprise an economic development target for CVEP. The Health Care and Life Sciences sector is broadly defined and extends far beyond health care providers to include biotechnology, scientific research and testing activities, and the manufacture of medical products and devices, medicine/pharmaceutical products. These vertical linkages can have a profound impact on the delivery of health care services.

As the Baby Boom generation enters retirement, an increasing number of individuals will require health care and will purchase trillions of dollars worth of medications and medical products. Most economic forecasters agree that health care will experience explosive growth in the coming decades. This growth will coincide with developments in life science research that will result in a new generation of highly specific drugs and medical devices, targeting ever more finite health areas. Various fields such as manufacturing, R&D, information technology, and patient care are converging, as health care providers are increasingly using state-of-the-art technologies to optimize and personalize medical treatments and procedures. This field provides solid employment growth opportunities in the coming years.

Jobs in Health Care and Life Sciences feature higher than average wages. While doctors, researchers, and specialists earn top salaries, the jobs available to individuals without substantial professional training can still provide viable, high-paying career opportunities in a stable profession. Furthermore, numerous technical support occupations require only one or two years of education beyond high school. In the second quarter of 2008, the Health Care and Life Sciences sector – as defined for the Coachella Valley’s target – provided over 16 million U.S. jobs, paying an average annual wage \$44,239.

In 2003, healthcare costs paid to hospitals, physicians, nursing homes, diagnostic laboratories, medical device manufacturers, and other health-related industries accounted for 15.3 percent of U.S Gross Domestic Product. That number is forecasted to rise to 19.6 percent by 2016. Of the twenty occupations projected to grow the fastest between 2006 and 2016, nine are in health-related fields.

The projected growth of healthcare services in the United States underscores the need for targeted workforce development and educational initiatives to ensure that an ample labor force is available to meet the demands of the industry.

It is important to re-emphasize that this target is not just comprised of doctors and hospitals. There are numerous “component parts” that, together, make up a local Healthcare and Life Sciences economy. As defined by a groundbreaking Milken Institute report on the national healthcare economy, these include:

- Drug Industry
- Research and Testing Services
- Medical Services and Health Insurance
- Medical Device Manufacturing
- Medical Instruments and Supplies
- Offices and Clinics of Doctors
- Offices and Clinics of Dentists
- Offices of Other Health Care Practitioners
- Nursing and Personal Care Facilities
- Hospitals
- Medical and Dental Labs
- Home Healthcare Services
- Health and Allied Services

The pursuit of a Healthcare and Life Sciences target is about finding your niche among these diverse sub-sector opportunities. Growing this sector will take “outside of the box” thinking and a knowledge of how the component parts of medicine and life sciences can be focused on in productive ways.

Competitive Position

More than 3 million jobs are projected to be added in health-related sectors in the United States between 2006 and 2016. The fastest growth is projected within ambulatory health care, with offices of physicians, dentists, and other health practitioners responsible for more than half of the forecasted growth within healthcare services and health-related manufacturing. The only industry with negligible forecasted growth is the manufacture of medical equipment and supplies.

This industry is not included in Coachella Valley’s Healthcare and Life Sciences target. Not only is it projected to decline, but the Valley’s low overall percentages of manufacturing employment means that the region’s workforce will not be seen as competitive in this sub-sector by site selectors and corporate relocation professionals.

Though it is not a direct component of the Health Care and Life Sciences target, existing medical manufacturing firms in the Valley like Cardinal Health Palm Springs must be key elements of an existing business retention/expansion program.

Historical and Projected Employment Growth in Healthcare, United States

NAICS	Sector	HISTORICAL	PROJECTED (2006-2016)	
		% Change ('05-'07)	Change in Employment	Annual Growth %
621	Ambulatory Health Care Services	6.9%	1,560,600	2.6%
622	Hospitals	3.7%	691,800	1.5%
623	Nursing and Residential Care Facilities	3.9%	686,900	2.1%
3254	Pharmaceutical and Medicine Manuf.	2.5%	69,400	2.2%
3391	Medical Equipment and Supplies Manuf.	-0.4%	3,600	0.1%
5417	Scientific Research & Dev. Services	3.9%	55,400	0.9%

Source: U.S. Bureau of Labor Statistics. Career Guide to Industries. 2008-2009 Edition.

Between the fourth quarters of 2005 and 2007, Coachella Valley experienced an increase in employment in offices of health care professionals far greater than that of the nation, as shown in the following table. Employment in physicians' offices have increased by 6.7 percent, compared to 5.6 percent nationally; in dentists' offices, 25.3 percent compared to 4.1 percent nationally; and in offices of other health practitioners, 62.2 percent compared to 8.8 percent nationally. Potentially responding to pent up demand for physicians services in the Valley, these sub-sectors still feature lower employment concentrations than their national equivalents.

While over half of jobs in the Scientific Research and Development Services subsector was lost in Coachella Valley over this time period, Medical and Diagnostic Laboratories gained jobs at a higher rate than the nation—14.5 percent compared to 6.8 percent, respectively. Another subsector to note is Community Care Facilities for the Elderly, which increased in employment by 17.5 percent, compared to 7.9 percent nationally.

Although most subsectors provide wages comparable to the national average, there are a few subsectors in Coachella Valley lag behind the nation. A very dramatic example is Scientific Research and Development Services. The average annual wage in 2007 in Coachella Valley was \$49,661.10, compared to the national average of \$93,031.17. Overall, however, the average annual wage for the Health Care and Life Sciences sector, \$52,456.78, was roughly \$20,000 higher than the average Valley wage.

Employment Statistics, 2005-2007*

		Coachella Valley					U.S.	
NAICS Code	Industry Titles	4Q07 Emp	Emp Change 4Q05-4Q07	4Q07 Wages	Wage Change 4Q05-4Q07	4Q07 LQ	Emp Change 4Q05-4Q07	4Q07 Average Wages
5417	Scientific Research and Development Services	40	-51.4%	\$ 49,661	\$ 18,194	0.06	5.7%	\$93,031
6211	Offices of Physicians	2,722	6.7%	\$ 84,891	\$ 6,946	1.08	5.6%	\$84,678
6212	Offices of Dentists	1,032	25.3%	\$ 50,521	\$ 1,451	1.13	4.1%	\$51,181
6213	Offices of Other Health Practitioners	448	62.2%	\$ 35,757	\$ 734	0.66	8.8%	\$38,114
6214	Outpatient Care Centers	357	-6.9%	\$ 40,188	\$ 1,278	0.61	8.7%	\$48,229
6215	Medical and Diagnostic Laboratories	292	14.5%	\$ 51,519	\$ (10,147)	1.23	6.8%	\$56,360
6216	Home Health Care Services	893	38.5%	\$ 34,919	\$ 6,300	0.85	12.1%	\$26,627
6219	Other Ambulatory Health Care Services	170	-8.5%	\$ 40,485	\$ 1,748	0.65	10.5%	\$37,350
6221	General Medical and Surgical Hospitals	3,952	10.6%	\$ 54,001	\$ 4,242	0.83	3.7%	\$50,047
6231	Nursing Care Facilities	428	-2.6%	\$ 30,486	\$ 2,997	0.24	2.0%	\$28,243
6232	Residential Mental Retardation, Mental Health	791	3.1%	\$ 30,784	\$ 1,541	1.33	7.0%	\$25,339
6233	Community Care Facilities for the Elderly	346	17.5%	\$ 25,792	\$ 9,271	0.46	7.9%	\$22,938
6241	Individual and Family Services	815	13.1%	\$ 27,094	\$ 1,514	0.68	15.3%	\$23,905
	TOTAL, Health Care and Life Sciences	12,286	11.7%	\$ 52,947	\$ 3,528	0.51	6.1%	\$47,788
	Total, All Industries	128,829	2.2%	\$ 36,377	\$ 2,278	1.00	-32.5%	\$46,874

*Non-disclosed sectors were removed to enable calculation of LQs and trend data

Source: California EDD, US Bureau of Labor Statistics

Despite strong growth in Health Care and Life Sciences, the Coachella Valley still features comparatively low LQs for the majority of sub-sectors in this target. Healthcare officials in the Valley have commented that one of the reasons the community is potentially underserved for certain sub-sectors is the low reimbursement rates of health plans in California. Even so, these low concentrations do present opportunities for growth in the local Health Care and Life Sciences economy.

The following table details NAICS employment sub-sectors that comprise the companies included in Coachella Valley's Health Care and Life Sciences target.

Healthcare and Life Sciences

- NAICS definition for Coachella Valley’s target:
 - 621 Ambulatory Healthcare Services
 - 6221 General Medical and Surgical Hospitals
 - 623 Nursing and Residential Care Facilities
 - 6241 Individual and Family Services
 - 6243 Vocational Rehabilitation Services
 - 5417 Scientific Research and Development Services

- Examples:
 - Life sciences research and development
 - Health care practitioners, doctors, outpatient care and medical centers
 - Medical and diagnostic laboratories, ambulance services
 - Hospitals and mental health facilities

- Total U.S. employment in the above NAICS sub-sectors is nearly 16.6 million as of the second quarter of 2008.

- The national average annual pay of these sectors is \$44,239.

- Typical location factors:
 - ✓ Close proximity to existing hospitals, health care facilities, university medical school, and/or research laboratories
 - ✓ Available, affordable, and technically skilled labor force
 - ✓ Strong quality of life

Workforce Requirements and Support Services

The health care sector offers job opportunities for workers with varying educational backgrounds and skill levels. However, most jobs in health care do require some degree of specific training.

As the demand for medical care increases, health care institutions will need increased personnel in patient care as well as in support occupations such as accounting, information technology, administrative support, and human resources. Additionally, more widespread opportunities will be created for health technologists (i.e. clinical laboratory technologists, EKG technologists, etc.); health technicians (i.e. emergency medical technicians, dispensing opticians, etc.); and pharmacy and therapy occupations (i.e. nutritionists, physical therapists, pharmacists, etc.).

The Bureau of Labor Statistics provides a report of the fastest growing occupations between 2006 and 2016 and the level of education or training needed for each occupation. The table illustrates a wide array of opportunities in patient care. Education requirements for these occupations range from on-the-job training to graduate degrees. Many of the sector's fastest growing occupations do not require an advanced degree; in fact, many require no more than an Associate's degree.

Nation's Fastest Growing Health Care-Related Occupations by Education Levels, 2006-2016

Education or Training Needed	Fastest Growing Occupations
First Professional Degree	<ul style="list-style-type: none"> ▪ Pharmacists ▪ Physicians and Surgeons ▪ Chiropractors ▪ Optometrists ▪ Veterinarians
Doctoral Degree	<ul style="list-style-type: none"> ▪ Medical Scientists, Except Epidemiologists ▪ Biochemists and Biophysicists ▪ Clinical, Counseling, and School Psychologists
Master's Degree	<ul style="list-style-type: none"> ▪ Physical Therapists ▪ Occupational Therapists ▪ Substance Abuse and Behavioral Disorder Counselors
Bachelor's, plus Work Experience	<ul style="list-style-type: none"> ▪ Medical and Health Services Managers
Bachelor's Degree	<ul style="list-style-type: none"> ▪ Physician Assistants
Associate Degree	<ul style="list-style-type: none"> ▪ Physical Therapist Assistants ▪ Dental Hygienists ▪ Diagnostic Medical Sonographers ▪ Veterinary technologists and technicians
Postsecondary Vocational Award	<ul style="list-style-type: none"> ▪ Surgical Technologists ▪ Emergency Medical Technicians and Paramedics
Work Experience in a Related Occupation	<ul style="list-style-type: none"> ▪ Emergency Management Specialists
Moderate-Term On-The-Job Training	<ul style="list-style-type: none"> ▪ Medical Assistants ▪ Dental Assistants ▪ Social and Human Service Assistants
Short-Term On-The-Job Training	<ul style="list-style-type: none"> ▪ Home Health Aides ▪ Personal and Home Care Aides ▪ Occupational Therapist Aides

Source: U.S. Bureau of Labor Statistics. Occupational Outlook Handbook. 2008-2009 Edition.

Regional Assets and Recent Developments

Top Employers

- Eisenhower Medical Center
 - A nationally ranked hospital, Eisenhower Medical Center is the only not-for-profit hospital in Coachella Valley and has over 4,000 employees in the region. The 289-bed hospital has several programs that make it highly competitive, including a Robotic Institute, recognized Centers of Excellence of Cardiology, Orthopedics and Cancer Care, the Annenberg Center for Health Sciences at Eisenhower, the Barbara Sinatra Children's Center at Eisenhower, and the Betty Ford Center at Eisenhower.
 - The affiliated Indian Wells Center for Healthy Living offers free memberships to permanent and seasonal desert residents. The goal of the Center is to promote healthy lifestyles through education, information, screening and wellness programs.
 - Currently, the medical campus is located in Rancho Mirage. In late 2009, a new 92,000 square foot facility will be opened in La Quinta.
- Desert Regional Medical Center
 - A nationally ranked hospital, Desert Regional Medical Center is recognized by *The Leapfrog Group* as one of the 13 highest-value hospitals in the United States. With over 2,000 employees, Desert Regional is locally owned by the Desert Healthcare District and master-leased to Tenet Healthsystem Desert, Inc. The 367-bed hospital will increase its capacity to 387 beds in 2010.
 - The only comprehensive and tertiary facility in the Coachella Valley, the hospital is also the exclusive provider for the southeast corner of California for Trauma Services, High-Risk OB, and Neonatal Intensive Care. It is also the only provider in the Coachella Valley of inpatient acute rehabilitation and hospital-based hospice and skilled nursing. Its 32-acre campus includes a free-standing Ambulatory Surgery Center, Institute for Clinical Orthopedics and Neurosciences, and Outpatient Diagnostic Imaging.
 - A successful hospital over its 60-year history in the Valley, Desert Regional also has a number of programs of distinction, including the following: It is designated by Riverside County as a STEMI Receiving Center for victims of acute heart attack; its Comprehensive Cancer Center holds the Outstanding Achievement Award by the American College of Surgeons Commission on Cancer; and its Bariatric Surgery program holds Center of Excellence designation by the American Society of Metabolic and Bariatric Surgery.

- John F. Kennedy Memorial Hospital
 - Also a Tenet California facility, John F. Kennedy Memorial has over 500 employees in the Coachella Valley. The 145-bed hospital is recognized as one of the nation’s top facilities for Joint Replacement Surgery and has an Arthritis Institute.
- Cardinal Health Palm Springs
 - A subsidiary of Cardinal Health, a leading high-technology medical devices company, this company produces adult, pediatric, and neonatal mechanical ventilators and has 400 employees in the region.
 - Cardinal Health Palm Springs is the only major ventilator manufacturer in the United States.

Workforce Development Programs

- Career Pathways Initiative
 - This economic development initiative’s three main clusters, multimedia, advanced technology, and healthcare, seek to increase opportunities for low-income youth and attract higher-paying jobs to the Valley. Within the Healthcare Cluster, an industry council is working with the school district to design and implement impactful programs.
- Medical Assignment Program (MAP)
 - Administered by the County of Riverside Human Resources through a nurse registry and medical on-call pool, this program provides staffing opportunities at the Riverside County Regional Medical Center, Mental Health, and Public Health Departments for trained medical workers.
- Annenberg Center for Health Sciences at Eisenhower
 - The Annenberg Center is the educational component of the Eisenhower Medical Center and provides continuing education for Eisenhower health care professionals as well as health care programs for the community.

Educational Opportunities

- College of the Desert

Associate Degree Programs	Certificate Programs
*Registered Nurse (ADN)	*Home Health Aide
*Vocational Nurse (VN)	*Nursing Assistant (CAN)
*Alcohol/Drug Studies	*Emergency Medical Technician
*Nutrition Care: Dietetic Technician	

- California State University San Bernardino – Palm Desert Campus

Undergraduate Degree Programs
*Health Science
*Bachelor of Science in Nursing (BSN)
*Registered Nurse (RN) to BSN
*Psychology

- While the University of California Riverside-Palm Desert Campus does not have any graduate degree opportunities specifically related to the Health Care and Life Sciences target, the parent university is currently building a new medical school, which may contribute to Coachella Valley’s talent pipeline.

Summary of Challenges and Opportunities

	Short-Term	Long-Term
Challenges	<ul style="list-style-type: none"> * Workforce shortages in certain key skill sets * Lack of coordination between certain components of local healthcare system * Growing local uninsured population and low reimbursement rates for state insurance plans 	<ul style="list-style-type: none"> * Increasing competition for skilled health care professionals * Region potentially underserved for hospital beds * Lack of a comprehensive teaching hospital located in the Coachella Valley
Opportunities	<ul style="list-style-type: none"> * Further strengthening the coordination of career awareness and internship programs in local middle and high schools * Strong regional hospitals and health care networks bring many people to the Coachella Valley for medical services * Continuing to capitalize on existing and future retiree population 	<ul style="list-style-type: none"> * Fully leveraging the new medical school at the UC-Riverside parent campus * Increasing the amount of life sciences research conducted in the Valley and potentially offering incubator space to support health care and life sciences entrepreneurs * Engaging in talent recruitment of health care professionals, primary care doctors and specialists*

*Could potentially be a Short-Term opportunity as well

SUPPLY CHAIN MANAGEMENT/LOGISTICS

Advances in technology have spawned new ways of doing business and reduced the virtual distance between people, even when the physical distance is great. Such technologies have not only created a demand for advanced logistical services, but have also redefined the logistics sector itself. No longer is logistics merely the transport of a product from one point to another by various modes of transportation; the sector has grown increasingly focused on *supply-chain management*. This includes technology services that manage and optimize the entire process from the point when an order is entered, to the time the customer receives it. Due to revolutionary technological advances, logistics support activities now include scheduling, fleet management, network optimization, and other supply-chain management-related processes.

Present technology allows businesses to track the location of individual vehicles via satellite and global positioning systems (GPS), and use refrigerated units to provide computerized feedback on specific operational times and temperatures. Advanced in-house technology and hand-held wireless devices in the field also greatly streamline inventory-maintenance operations. An effective logistics-services network is a necessity for manufacturing, wholesale, and other companies involved with shipment of goods.

Due to U.S. manufacturers' and retailers' reliance on the nation's logistics services network, the Supply Chain Management/Logistics sector is expected to remain strong. According to the U.S. Bureau of Transportation Statistics' 2007 annual report, demand for transportation-related goods and services represented over 10 percent of the U.S. economy in the year 2005. Purchases of transportation-related goods and services comprised 10.5 percent of the Gross Domestic Product (GDP) in 2003, or \$1.2 trillion.² In the second quarter of 2007, Supply Chain Management/Logistics provided 8.75 million U.S. jobs, paying an average annual wage of \$52,723.

Because the Inland Empire, which contains both Riverside and San Bernardino Counties, is already considered a strong warehousing and distribution center, Coachella Valley can potentially leverage these concentrations for growth in this target. Coachella Valley also benefits from competitive transportation infrastructure, with access to major Highways 86 and 111, which provide access to Mexico, and Interstate-10, which connects the region to Greater Los Angeles and Phoenix. The region also has two airports, Palm Springs International Airport and Jacqueline Cochran Regional Airport. Palm Springs International Airport, the region's passenger airport, has experienced a 70.3 percent decrease in its cargo volume from

² U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, *National Transportation Statistics 2006*. April 2006. Accessed online 8 September 2006. <http://www.bts.gov/publications/national_transportation_statistics/2006>.

2000 to 2007. The Jacqueline Cochran Regional Airport, while not a commercial airport, is active in business travel. The Valley is served by mainline Class I rail through Union Pacific, which provides the region a direct link to the Greater Los Angeles market and the Ports of Long Beach and Los Angeles. There are no existing trans-modal facilities in the region.

In sum, the Coachella Valley’s location between the Greater Los Angeles and Riverside metro areas to the west and Phoenix to the east – as well as its connectivity to NAFTA trade with Mexico – positions the Valley to serve as a key intermediary between goods moved among these regions. Just-in-time delivery and a role as a vital link in corporate supply chains could be key niches in this sector. Interstate-10 access, Class 1 rail lines, a major airport and an underutilized local airport (Jackie Cochran) also provide competitive advantages for the Valley. Though the Valley will never be a rail and trucking center along the lines of San Bernardino or Ontario, development of multi-modal (air, rail, truck) distribution sites would nevertheless better position the Valley for Supply Chain Management/Logistics growth.

Competitive Position

The following chart shows the national employment growth projections from the U.S. Bureau of Labor Statistics between 2006 and 2016. During this period, all Supply Chain Management/Logistics sub-sectors are expected to experience growth. While the warehousing and storage and support activities sub-sectors are projected to experience rapid growth in the coming years, other Supply Chain Management/Logistics sub-sectors are expected to grow at or slightly below total job growth nationwide.

Historical and Projected Employment Growth in Supply Chain Management/Logistics, United States

NAICS	Sector	HISTORICAL	PROJECTED (2006-2016)	
		% Change (05-07)	Change in Employment	Annual Growth %
42	Merchant Wholesalers	4.07%	428,500	0.7%
481	Air Transportation	-1.80%	35,300	0.7%
484	Truck Transportation	3.40%	157,700	1.0%
485	Transit and Ground Passenger Transportation	4.39%	43,600	1.1%
487	Scenic and Sightseeing Transportation	3.09%	7,700	2.5%
488	Support Activities for Transportation	5.60%	97,000	1.6%
493	Warehousing and Storage	12.30%	149,500	2.1%

Source: U.S. Bureau of Labor Statistics. Career Guide to Industries. 2008-2009 Edition.

Coachella Valley’s Supply Chain Management/Logistics target is comprised of air, truck, transit, and scenic transportation, support activities, and warehousing firms. Additionally, in order to develop a true “vertical” cluster, the region’s Supply Chain

Management/Logistics target also includes wholesale trade activities. These firms have the responsibility to distribute products, a process that can only be achieved with the help of the logistics firms that move products to and from the wholesalers.

Subsectors experiencing significant job growth in Coachella Valley from the fourth quarter of 2005 to the fourth quarter of 2007 include Apparel Wholesalers, General Freight Trucking, Specialized Freight Trucking, Support Activities for Air Transportation, Paper Merchant Wholesalers, and Miscellaneous Nondurable Goods Merchant Wholesalers. However, considerable job loss was experienced in Freight Transportation Arrangement, Miscellaneous Durable Goods Merchant Wholesalers, Drugs and Druggists' Sundries Merchant Wholesalers, Furniture Wholesalers, and Lumber Wholesalers. Most subsectors experienced an increase in average wages over this time period. However, Coachella Valley lags behind the nation in average wages in most subsectors. Overall, the 2007 average annual wage in Supply Chain Management/Logistics industries was \$42,574.83, lower than the national average. The increase in annual wage between the fourth quarters of 2005 and 2007 is consistent with the wage increase across all industries in the Valley. In the same time period, Supply Chain Management/Logistics industries experienced a higher level of job growth (4.6%) than across all industries in Coachella Valley (2.2%), while nationally, Supply Chain Management/Logistics experienced a job loss of 2.6%.

Employment Statistics, 2005-2007

NAICS Code	Industry Titles	Coachella Valley					U.S.	
		4Q07 Emp	Emp Change 4Q05-4Q07	4Q07 Wages	Wage Change 4Q05-4Q07	4Q07 LQ	Emp Change 4Q05-4Q07	4Q07 Average Wages
4231	Motor Vehicle & Motor Vehicle Parts & Supplies	72	-2.3%	\$ 31,396	\$ (1,921)	0.19	1.1%	\$ 48,159
4232	Furniture & Home Furnishing Merchant Wholesalers	83	-28.0%	\$ 36,244	\$ 3,891	0.65	0.3%	\$ 57,618
4233	Lumber & Other Construction Materls. Mercht. Wsle.	229	-20.9%	\$ 46,806	\$ 2,660	0.81	-1.9%	\$ 54,234
4234	Professional & Commercial Equipment & Supplies	63	9.9%	\$ 41,532	\$ (4,411)	0.09	3.2%	\$ 88,564
4236	Electrical & Electronic Goods Merchant Wholesale	121	14.8%	\$ 64,873	\$ 5,891	0.31	3.8%	\$ 76,732
4237	Hardware, & Plumbing & Heating Equipment Wlse.	315	17.6%	\$ 56,079	\$ 5,147	1.10	3.6%	\$ 59,923
4238	Machinery, Equipment, & Supplies Merchant Wlse.	227	19.3%	\$ 47,961	\$ 967	0.29	4.0%	\$ 62,579
4239	Miscellaneous Durable Goods Merchant Wlse.	95	-35.4%	\$ 35,006	\$ 544	0.28	6.3%	\$ 55,533
4241	Paper & Paper Product Merchant Wlse.	43	23.1%	\$ 38,520	\$ 1,714	0.26	-4.2%	\$ 57,361
4242	Drugs & Druggists' Sundries Merchant Wlse.	6	-28.0%	\$ 32,557	\$ 9,901	0.02	-0.9%	\$ 88,999
4243	Apparel, Piece Goods, & Notions Merchant Wlse.	31	70.4%	\$ 42,146	\$ 7,666	0.18	4.2%	\$ 67,752
4244	Grocery and Related Product Wholesalers	201	-8.5%	\$ 49,824	\$ 3,674	0.25	3.7%	\$ 48,905
4249	Miscellaneous Nondurable Goods Merchant Wlse.	283	21.1%	\$ 37,904	\$ (1,824)	0.70	0.7%	\$ 45,977
4841	General Freight Trucking	89	38.5%	\$ 25,857	\$ (3,445)	0.08	2.2%	\$ 43,928
4842	Specialized Freight Trucking	155	27.8%	\$ 37,896	\$ 6,013	0.32	2.4%	\$ 41,176
4881	Support Activities for Air Transportation	163	35.6%	\$ 25,091	\$ 1,490	0.89	7.3%	\$ 41,449
4884	Support Activities for Road Transportation	138	0.2%	\$ 25,984	\$ 941	1.45	6.3%	\$ 32,780
4885	Freight Transportation Arrangement	4	-38.1%	\$ 97,319	n/a	0.02	3.5%	\$ 58,308
4931	Warehousing & Storage	66	-1.0%	\$ 45,393	\$ 2,107	0.09	-57.5%	\$ 39,576
	TOTAL, Logistics	2,384	4.6%	\$ 42,575	\$ 2,104	0.32	-2.6%	\$ 56,741
	Total, All Industries	128,829	2.2%	\$ 36,377	\$ 2,278	1.00	-32.5%	\$ 46,874

*Non-disclosed sectors were removed to enable calculation of LQs and trend data

Source: California EDD, US Bureau of Labor Statistics

As with Health Care and Life Sciences, the Coachella Valley has strong resources for growth in the Supply Chain Management/Logistics sector, but low LQs for nearly all sub-sectors. Active, targeted growth of Supply Chain Management/Logistics in the Valley would therefore likely yield very positive results.

The following table details NAICS employment sub-sectors that comprise the companies included in Coachella Valley's Supply Chain Management/Logistics target.

Supply Chain Management/Logistics

- NAICS definition for Coachella Valley's target:
 - 423 Merchant Wholesalers, Durable Goods
 - 424 Merchant Wholesalers, Nondurable Goods
 - 481 Air Transportation
 - 484 Truck Transportation
 - 485 Transit and Ground Passenger Transportation
 - 487 Scenic and Sightseeing Transportation
 - 488 Support Activities for Transportation
 - 493 Warehousing and Storage
- Examples:
 - Wholesalers of books, automotive parts, office equipment
 - Wholesalers of groceries, alcoholic beverages, flowers
 - Agents, brokers, online business-to-business markets
 - Freight trucking
 - Transportation arrangement services – brokers, freight forwarding
 - Warehousing, storage, inventory management services
- Total U.S. employment in the above NAICS sub-sectors is nearly 9.1 million as of the second quarter of 2008.
- The national average annual pay of these sectors is \$51,664.
- Typical location factors:
 - ✓ Close proximity to customers, suppliers, and markets
 - ✓ Available labor force with truck driving and technical skills
 - ✓ Close proximity to training resources
 - ✓ Proximity to transportation infrastructure and cargo hub

Regional Assets and Recent Developments

Top Employers

- United Parcel Service, Inc.
- Skywest Airlines
- Sun Line Transit Agency
- Sun Bus Rider Information Center

Educational Opportunities

- College of the Desert
 - The College of the Desert offers an Associate degree program in Advanced Transportation Technologies.
- William and Barbara Leonard Transportation Center
 - While the Palm Desert campus of CSUSB does not offer any degree programs specifically related to Supply Chain Management/Logistics, students are able to travel 75 miles to California State University San Bernardino’s William and Barbara Leonard Transportation Center. The Center provides a platform for relevant research in transportation and offers classes to students who are interested in pursuing transportation-related fields.
 - The Center features the following opportunities:

Certificate Program
*Geographic Information Systems (GIS)
*Urban Planning
Undergraduate Degree Programs
*Administration with the following concentrations:
*Transportation and Logistics
*Public Administration
*Environmental Management
*Information Assurance and Security Management
*Information Management
*Anthropology
*Economics
*Geography
*Environmental Studies
*Political Science
*Biology
*Physics
Graduate Degree Programs
*Master of Public Administration
*Environmental Sciences
*Biology

Other Opportunities

- State Route 86
 - After various improvements of SR-86, this state route provides Coachella Valley with increased access along the 90 miles to the Maquiladores business district of Northern Mexico. This lends the region new opportunities for export activity.
- Legislation – SB 375
 - The California legislature passed a bill designed to reduce global warming pollution through improved land use and transportation planning.
 - This could positively impact the Valley’s position as a link in regional supply chains.
- Jackie Cochran Airport
 - Discussions are underway to develop a multi-modal distribution agreement including the airport.
- Developable sites
 - Redevelopment zones in Desert Hot Springs, Indio and elsewhere in the Valley offer key opportunities for development in this sector.

Summary of Challenges and Opportunities

	Short-Term	Long-Term
Challenges	<ul style="list-style-type: none"> * Lack of a strong existing concentration of Logistics firms in the Valley * Inland Empire's strength in Logistics potentially limits market potential in Coachella Valley 	<ul style="list-style-type: none"> * Increasing traffic congestion along the I-10 corridor * Lack of large, contiguous land parcels reserved for development of Logistics-serving projects
Opportunities	<ul style="list-style-type: none"> * Better marketing of Valley's advantages for Logistics and connectivity to Mexican markets * Development of additional education and training and degree programs (i.e., Systems Engineering) in Logistics * Development of multi-modal warehouse and distribution centers 	<ul style="list-style-type: none"> * Potential to significantly increase cargo volume at Palm Springs International and Jacqueline Cochran Regional airports * Enhancement of I-10 corridor through Coachella Valley and other transportation upgrades * Stronger connectivity and linkages to Port of Los Angeles and Port of Long Beach

CLEAN TECHNOLOGY/ENERGY

Events such as wars in the Middle East, escalating fossil fuel costs in 2007 and 2008, research on the effects of global warming, and other trends have heightened national awareness of America's dependency on foreign oil and non-renewable energy sources. With this awareness comes more prominent calls for increasing usage of locally produced, renewable and "clean" energy sources. In fact, whole new companies are being founded to take advantage of the new "green industry" focus.

The U.S. Congress has recently passed legislation focusing on broadening the federal government's emphasis on development and utilization of alternative energy sources. These initiatives include federal incentivization of clean-energy use. President Obama has created a New Energy for America plan that focuses on creating "green collar" jobs and increasing energy efficiency in America.

Clean Technology/Energy (often referred to as "green" power) is electricity generated from renewable energy resources such as solar, wind, geothermal, biogas, biomass and low-impact hydro resources. Green-power resources have little or no "greenhouse gas" emissions that contribute to climate change, and are said by many to accelerate global warming.

Conventional methods of electricity generation in the United States use forms of power generation that emit "greenhouse gases" and lead to higher levels of harmful air pollution. However, market changes are making cleaner ways of producing power increasingly available, and consumers increasingly have the ability to choose how their power is generated. Renewable energy sources are continuously replenished by nature and significantly reduce the environmental impacts of electricity generation.³

In December 2006, tax credits that benefit renewable energy industries were extended by the national government. Clean-energy advocates feel this governmental action will boost growth and investment in wind and other renewable energy technologies, creating new jobs in the process.

In another boost to the domestic renewable energy sector, a recent report from Ernst and Young titled, "Renewable Energy Country Attractiveness Indices," announced that the United States had edged out Spain as the "most attractive country for renewable energy investment." According to the report, "We are witnessing unprecedented awareness and support for climate-friendly policies in the USA, the most energy and emissions intensive region in the world, from both politicians and the general public alike."

³ U.S. EPA. *What is green power?* 27 December 2006. <<http://www.epa.gov/greenpower/whatis/index.htm>>.

The state of California has advanced its sustainable energy markets by incentivizing the development of homes powered by solar energy, creating a program to stimulate market demand for renewable energy systems, and providing customer rebates for using solar and wind energy and making overall energy-efficiency improvements. The Coachella Valley has set goals to make the region greener and made deliberate efforts to reach those goals. Existing renewable energy sources like wind and geothermal power provide the Valley with a leg up over many communities looking to gain a foothold in the Clean Technology/Energy sector.

Competitive Position

The national growth projections for sectors that include certain clean energy-related functions are listed in the following chart. Although several of these have projected declines, employment growth in firms that engage in clean energy affiliated operations will likely occur if current trends related to the adoption of clean energies and renewable fuel sources-related legislation continue.

Historical and Projected Employment Growth in Energy-Related Sectors, United States

NAICS	Sector	HISTORICAL	PROJECTED (2006-2016)	
		% Change ('05-'07)	Change in Employment	Annual Growth
2111	Oil and Gas Extraction	17.50%	-2,300	-0.2%
2131	Support Activities for Mining, Oil, and Gas Extraction	30.90%	-17,400	-0.7%
2211	Electric Power Generation, Transmission & Distribution	-0.30%	-20,900	-0.5%
2212	Natural Gas Distribution	-0.20%	-18,600	-1.9%
2371	Utility System Construction	12.40%	N/A	N/A
3336	Engine, Turbine & Power Transmission Equip. Manufacturing	2.50%	-16,500	-1.8%
3241	Petroleum and Coal Products Manufacturing	1.80%	-26,400	-2.6%
5417	Scientific Research and Development Services	3.90%	55,400	0.9%

Source: U.S. Bureau of Labor Statistics. Career Guide to Industries. 2008-2009 Edition.

According to the California Employment Development Department, Coachella Valley had no businesses in the Electrical Equipment Manufacturing subsector in 2005 or 2007. In 2005, there were no HVAC and commercial refrigeration equipment companies or software publishers in the Valley, and by 2007, there was one in each of these subsectors. There was one semiconductor or other electronic component manufacturing company in 2005, and two in 2007. To ensure confidentiality, data have been suppressed for these subsectors and is unavailable for this report.

Between the fourth quarters of 2005 and 2007, most of the remaining Clean Technology/Energy subsectors in Coachella Valley lost jobs while the average employment increased nationally, as shown in the following table. However, Coachella Valley has experienced considerable job growth in power generation and supply—18.3 percent compared to the national average of 0.3 percent. The same subsector provided higher wages (\$94,682) than the national average (\$83,494.90).

National trends provide an insight to the potential for growth within Clean Technology/Energy. In 2007, the average wage of the selected subsectors of Clean Technology/Energy industries (\$81,577.64) is almost double the national average for all industries (\$46,873.61). Additionally, while the country experienced an overall job loss of 32.5 percent from the fourth quarter of 2005 to the fourth quarter of 2007, there was an increase of 6.7 percent in Clean Technology/Energy jobs. In Coachella Valley, the average wage for Clean Technology/Energy industries in 2007 (\$69,683.16) was also almost double the average for all industries in the region (\$36,377.29). While this sector lost jobs between the fourth quarters of 2005 and 2007, all sectors except one experienced average wage increases of over \$13,000 on the two-year period. The average wage across Clean Technology/Energy industries increased by nearly \$3,000, over \$650 more than the wage increase across all private industries in Coachella Valley.

Employment Statistics, 2005-2007

		Coachella Valley					U.S.	
NAICS Code	Industry Titles	4Q07 Emp	Emp Change 4Q05-4Q07	4Q07 Wages	Wage Change 4Q05-4Q07	4Q07 LQ	Emp Change 4Q05-4Q07	4Q07 Average Wages
2211	Electric Power Generation, Transmission and Distrib.	309	18.3%	\$ 94,682	\$ 13,211	0.69	0.3%	\$ 83,495
2371	Utility System Construction	362	-29.3%	\$ 67,282	\$ 13,585	0.71	11.5%	\$ 60,250
5413	Architectural, Engineering, and Related Services	924	-8.1%	\$ 63,137	\$ (9,342)	0.57	7.6%	\$ 82,975
5417	Scientific Research and Development Services	40	-51.4%	\$ 49,661	\$ 18,194	0.06	5.7%	\$ 93,031
	TOTAL, Clean Energy	1,634	-12.2%	\$ 69,683	\$ 2,929	0.50	6.7%	\$ 81,578
	Total, All Industries	128,829	2.2%	\$ 36,377	\$ 2,278	1.00	-32.5%	\$ 46,874

*Non-disclosed sectors were removed to enable calculation of LQs and trend data

Source: California EDD, US Bureau of Labor Statistics

The following chart attempts to “define” the Clean Technology/Energy sector according to NAICS codes that include clean energy-related activities. While there are likely a number of configurations that can be used to describe the overall “clean” energy economy, *Market Street* feels these sectors accurately reflect the target possibilities for Clean Technology/Energy as an economic development initiative in the Valley.

Clean Technology/Energy

- NAICS definition for Coachella Valley’s target:
 - 2211 Power generation & supply
 - 2371 Utility system construction
 - 3334 HVAC & commercial refrigeration equipment
 - 3344 Semiconductor & electronic component manufacturing
 - 3353 Electrical equipment manufacturing
 - 5112 Software publishers
 - 5413 Architectural & engineering services (which includes Environmental Engineering)
 - 5417 Scientific research & development services

- Examples:
 - Clean energy production (wind, solar, etc.)
 - Mechanical ventilation systems
 - Sustainable architecture

- Total U.S. employment in the above NAICS sub-sectors is nearly 4.1 million as of the second quarter of 2008.

- The national average annual pay of these sectors is \$78,879.

- Typical location factors:
 - ✓ Existing regional presence of related firms
 - ✓ Community culture and local government support sustainability
 - ✓ Strengths in technology and innovation
 - ✓ Attractive quality of life

Regional Assets and Recent Developments

Top Employers

- Wintec Energy, Ltd. (wind powered electricity provider)
- Renova (solar energy provider)
- Eagle Crest Energy (electricity generation and transmission)
- Energy Store (energy management)
- Enviromech Industries LLC (alternative fuel system producer)
- Southern California Edison (utility)
- Imperial Irrigation District (utility)

Workforce Development Resources

- Career Pathways Initiative
 - This economic development initiative’s three main clusters, multimedia, advanced technology, and healthcare, seek to increase opportunities for low-income youth and attract higher-paying jobs to the Valley. The Advanced Technology cluster centers on energy and environmental technology. The dedicated industry council works with the school district and the College of the Desert to develop and administer programs that attract students to math, science, and environmental studies.
- CTD CommunityConnect Classes for Advanced Transportation & Energy Businesses
 - The Center for Training and Development manages the CTD CommunityConnect program, which provides small business owners and members of the community education and workforce training. This program has a tract specifically aimed at transportation and energy and offers classes such as a class for the Bureau of Automotive Repair Smog License and classes that teach business fundamentals.
- County of Riverside Educational Support Program
 - The County of Riverside Human Resources offers paid internships to college students in three areas: accounting/finance, civil/environmental engineering, and human resources. Students who obtain civil engineering internships are afforded the opportunity to work for the County in the departments of Transportation, Waste Management, Flood Control, and Water Conservation.

Educational Opportunities

- College of the Desert

Associate Degree Programs	Certificate Programs
*Biological Sciences	*Automotive Alternate Fuels
*Chemistry	*Automotive Emissions
*Environmental Sciences or Natural Resources	
*Environmental Studies	
*Geology	
*Physics	
*Automotive Technology	

Other Opportunities

- Green Path North
 - This project is a proposal by the Los Angeles Department of Water and Power for a power corridor to transmit renewable geothermal energy from the Salton Sea to Los Angeles and Orange Counties. Because of resistance from Coachella Valley communities regarding creating a new path, consideration is being given to existing corridors.
- Palm Desert's Set to Save Program
 - In efforts of reducing the city of Palm Desert's energy consumption by 30 percent by 2011, Palm Desert, Southern California Edison, Southern California Gas Company, and the Energy Coalition have joined forces to implement the Set to Save Program. In addition to community outreach and education, the partnership has designed rebates and cash incentives for residents and businesses.
- Palm Spring's Path to a Sustainable Community Plan
 - In 2008, the city of Palm Springs released its comprehensive plan focused on the sustainability of the community. Components of the plan include twenty first steps, which outline objectives such as the development of an action plan, the completion of a comprehensive water audit of public buildings and facilities, and the development of a recycling action plan, and twenty steps everyone in the community is encouraged to take. These steps include directives such as obtaining home energy audits, using compact fluorescent light bulbs, and buying local sustainable foods.
- California's Renewable Energy Transmission Initiative (RETI)
 - RETI is a statewide initiative to improve California's electric transmission infrastructure in order to facilitate the generation of electricity from renewable resources and its delivery to consumers. By 2020, RETI expects to evaluate all competitive renewable energy zones in California and determine which ones can be developed cost-effectively without significantly impacting the environment.
- The California Solar Initiative is part of the Go Solar California campaign and builds on 10 years of state solar rebates offered to customers in California's investor-owned utility territories.
 - Go Solar California offers two new solar incentive programs, including providing benefits to energy efficient new home construction under the New Solar Homes Partnership.
- Sunline Transit Agency's Alternate Fuels Projects
 - Sunline Transit Agency has partnered with various companies and agencies to develop alternate fuel-powered equipment. Projects include Hydrogen and Compressed Natural Gas (HCNG), a tractor-trailer truck powered by fuel cell electricity, a Hydrogen Hybrid Internal Combustion Engine (HHICE) bus, and a Van Hool Hydrogen Fuel Cell Hybrid bus. Sunline also operates several

- alternate energy charging stations, including dispensers for HCNG, compressed natural gas, liquid natural gas, and hydrogen.
- Future projects include an American Fuel Cell Bus (AFCB) Program and a Thor/ISE FC Hybrid Phase II Upgrade.
 - Each of these projects allow the promotion of transportation fueled by alternate energy and furthers the development of the infrastructure needed to building a sustainable green economy.
 - The Hatch Partnership
 - The Hatch Partnership’s goal is to assist in making Coachella Valley a “major hub for Clean Tech innovation and development.”⁴ The organization has created a “Greencubator” in which Clean Tech entrepreneurial companies may obtain low- or no-cost office space, financial, legal, and business management advice, and other services that will assist them in success. The Hatch Partnership also has a mentorship program through all phases of business development and help “incubator graduates” attain ongoing funding.
 - Green Valley Initiative (GVI)
 - Launched in 2007, the Green Valley Initiative is a regional economic development project with a goal of establishing Riverside and San Bernardino Counties as leaders in green technology.
 - To date, more than 500 leaders from throughout Riverside and San Bernardino counties have contributed to the initiative, which has also been formally endorsed by both counties and more than 30 cities and other agencies.
 - Two staff persons coordinate the GVI program.
 - GVI oversaw the development of a Comprehensive Economic Development Strategy qualifying the counties for Department of Commerce funding and also created a Green Logistics Strategy.
 - California Energy Network Project
 - Sponsored by the Palm Desert Graduate Center and UC Riverside Libraries, the California Energy Network is a clearinghouse of energy-related information. The growing database of links is available for consumers, government agencies, entrepreneurs, businesses, or anyone interested in energy-related issues or resources.
 - Senate Bill 32
 - Proposed legislation will address local requirements for renewable electric generation facilities.
 - “Green” fuel tank farm
 - A potential development will augment the Valley’s capacity to store and distribute renewable fuels.

⁴ The Hatch Partnership. *About Hatch* 4 March 2009. <<http://www.hatchpartners.org/about.html>>.

Summary of Challenges and Opportunities

	Short-Term	Long-Term
Challenges	<ul style="list-style-type: none"> * California budget crisis limits potential state funding for Clean Energy research, projects and infrastructure * Need for regional outreach to ensure that Valley governments, utilities and private-sector interests speak with "one voice" related to securing federal stimulus money 	<ul style="list-style-type: none"> * Nearly every community will likely target this sector - competition will be very intense for new jobs and investment * Lack of a robust science and engineering university in Coachella Valley
Opportunities	<ul style="list-style-type: none"> * Millions of federal dollars coming available for research and development of Clean Energy infrastructure and research * Potential to leverage both consumer and residential markets, including "energy stores" * Sun, wind and geothermal resources in Coachella Valley provide great opportunities to leverage these assets for Clean Energy growth * Enhanced marketing of the Coachella Valley's existing Clean Energy companies and resources - and better communication of local opportunities in this sector 	<ul style="list-style-type: none"> * Development of incubation and wet-lab space for entrepreneurs and companies in the Clean Energy sector * Development and attraction of clean technology manufacturing companies and testing facilities * Following lead of Palm Desert, development of robust "sustainable community" efforts in all Valley communities and region-wide * Significant increase in education and training capacity for Clean Energy, including potential recruitment of this talent to the Valley

CREATIVE ARTS AND DESIGN

“Arts” is a very broad term that includes multiple types of media and activities. Americans for the Arts identified six creative industries in which arts could be categorized: museums/collections; performing arts; visual/photography; film, radio, and TV; design/publishing; and schools/services. There are many different types of organizations involved in arts and design, including arts-centric businesses, non-profit support organizations, and organizations that produce or showcase art such as symphonies, theaters, and museums. “Design” encompasses such specializations as architecture, interior design, graphic design, environmental design (signage and wayfinding), landscape architecture, and community design in the sense of planning and zoning.

Certain arts and design efforts have traditionally been regarded as cultural amenities that have positive impacts on the quality of life in a community, but do not qualify as “growth industries.” However, these sectors can also be regarded as viable components of economic development. There are artists and design professionals who earn a living in the business world, either through freelancing or steady employment or doing design work for profit-driven firms. Individual artists are also finding new markets through the Internet, arts festivals, and other direct sales routes. Likewise, design firms often broaden their client base from their local communities to national and international markets.

Economic studies assessing the impact of arts and design businesses on local economies often report multi-million dollar annual benefits to localities from arts-and-design-based industries. In fact, communities such as Paducah, Kentucky and Pawtucket, Rhode Island have made the development and attraction of artists and art-related businesses the key plank of their economic development efforts.

The Creative Arts and Design target also includes companies involved in the development, production, distribution, and marketing of music, film, television, software, and video games. Because of the variety of occupations that support the companies in Creative Arts and Design – from game programmers to sound technicians to broadcast engineers to managers and actors – the sector is an appealing employment option for workers of varying backgrounds and skill levels.

In terms of film and television production, rising business costs have caused some studios and production companies to seek out lower-cost locations. The Coachella Valley is increasingly benefitting from this trend, and is even reported to be one of the industry’s top locations for production of “informercials.” The Valley’s proximity to Greater Los Angeles also provides close access to one of the world’s largest concentrations of production talent. According to the Inland Empire Film Commission, the Coachella Valley hosted over 150 shoots in 2008, with an estimated

economic impact of \$10.7 million.⁵ The growing clout of the Palm Springs International Film Festival is also evidence that the Coachella Valley region is increasingly “on the radar” of the motion-picture industry.

From its wealth of Mid-Century Modern homes and buildings to its well-developed arts community, Coachella Valley cities have long been destinations for lovers of architecture and design. In recent years, Valley leaders have begun to assess the value of these historic and current arts-and-design resources to the local economy. Through partnerships such as ArtsOasis, efforts have launched to identify the actions necessary to more effectively develop an arts and design economy in the region.

This target is intended to provide a broader opportunity for growth in areas of the local economy that are already strong. For example, arts, culture, entertainment and recreation are key job-generators in the Coachella Valley. So too are media and film production, graphic design, interior design, architecture and technology systems design. This target relates to companies like M2 Media 360, Guthy-Renker, and Thane International that are already firmly entrenched in the Valley, but also potential companies that can be attracted to – or grown in – the region

Through a more coordinated, region-wide targeting of Creative Arts and Design development, the Valley has the potential to leverage its traditional strength in this sector for tremendous long-term growth.

Competitive Position

The national growth projections between 2006 and 2016 for selected Creative Arts and Design subsectors are listed in the following chart. During this period, all creative arts and design subsectors are expected to experience growth. While the motion picture industries, broadcasting, and scientific research and development services activities are expected to grow slightly below total job growth nationwide, other activities, such as management, scientific, and technical consulting services, computer systems design, and museums and historical sites, are expected to grow rapidly.

⁵ Torline, Monica. “More films, photo shoots coming to Coachella Valley.” *The Desert Sun*. 1 March 2009. Accessed online at: <http://www.mydesert.com/article/20090301/BUSINESS/903010311/-1/RSS01>.

Historical and Projected Employment Growth in Creative Arts and Design Sectors, United States

NAICS	Sector	HISTORICAL	PROJECTED (2006-2016)	
		% Change ('05-'07)	Change in Employment	Annual Growth
512	Motion picture, video, and sound recording industries	1.02%	36,300	0.9%
515	Broadcasting (except internet)	0.61%	31,200	0.9%
5413	Architectural, engineering, and related services	8.62%	345,400	2.3%
5414	Specialized design services	11.37%	43,500	2.8%
5415	Computer systems design and related services	14.21%	489,400	3.3%
5416	Management, scientific, and technical consulting services	11.84%	717,800	5.9%
5417	Scientific research and development services	2.99%	55,400	0.9%
5418	Advertising and related services	5.15%	62,100	1.3%
5419	Other professional, scientific, and technical services	9.20%	114,000	1.9%
711	Performing arts, spectator sports, and related industries	6.76%	79,300	1.8%
712	Museums, historical sites, and similar institutions	4.22%	43,500	3.1%

Source: U.S. Bureau of Labor Statistics. Career Guide to Industries. 2008-2009 Edition.

Although half of the subsectors experienced some degree of job loss in Coachella Valley, there was an overall increase in private employment in Creative Arts and Design subsectors from the fourth quarter of 2005 to the fourth quarter of 2007. The subsector that experienced the most rapid growth over the two year period was management, scientific, and technical consulting services, with a 183.2%. Other sectors that experienced rapid growth were specialized design services; independent artists, writers, and performers; computer systems design; and agents and managers. Each of these grew at a considerably higher percentage than the national average.

While the average wage for the Creative Arts and Design sector (\$51,158.26) is much lower than the national average (\$79,042.81), it is higher than the average wage across all industries in Coachella Valley (\$36,377.29).

Coachella Valley's Creative Arts and Design sector fared better in job growth than the overall local economy, increasing jobs in this sector by 19.3 percent compared to a 2.2 percent increase in jobs across the region. This is also greater than the job growth the nation experienced within this sector (8.4%).

Employment Statistics, 2005-2007

		Coachella Valley					U.S.	
NAICS Code	Industry Titles	4Q07 Emp	Emp Change 4Q05-4Q07	4Q07 Wages	Wage Change 4Q05-4Q07	4Q07 LQ	Emp Change 4Q05-4Q07	4Q07 Average Wages
5121	Motion Picture and Video Industries	356	-1.4%	\$ 23,206	\$ (1,664)	0.91	-2.8%	\$ 62,659
5151	Radio and Television Broadcasting	466	-22.1%	\$ 40,310	\$ (3,703)	1.74	-0.2%	\$ 62,166
5413	Architectural, Engineering, and Related Services	924	-8.1%	\$ 63,137	\$ (9,342)	0.57	7.6%	\$ 82,975
5414	Specialized Design Services	185	59.8%	\$ 38,245	\$ (8,823)	1.12	10.3%	\$ 62,254
5415	Computer Systems Design and Related Services	166	27.4%	\$ 102,246	\$ 31,409	0.11	14.5%	\$ 92,681
5416	Mgmt., Scientific, and Technical Consulting Svs.	1,374	183.2%	\$ 50,724	\$ (19,454)	1.23	11.2%	\$ 89,699
5417	Scientific Research and Development Services	40	-51.4%	\$ 49,661	\$ 18,194	0.06	5.7%	\$ 93,031
5418	Advertising and Related Services	423	23.6%	\$ 82,129	\$ (9,673)	0.80	4.0%	\$ 69,838
5419	Other Professional, Scientific, and Technical Svs.	311	-10.3%	\$ 33,239	\$ (3,919)	0.47	9.8%	\$ 40,340
7111	Performing Arts Companies	237	-0.1%	\$ 29,841	\$ (1,836)	1.75	4.0%	\$ 58,102
7113	Promoters of Performing Arts, Sports, and Similar	100	-9.9%	\$ 36,559	\$ 5,597	0.99	9.4%	\$ 34,805
7114	Agents and Mgrs. for Artists, Athletes, Entnmt.	13	25.8%	\$ 134,081	\$ 69,569	0.58	22.2%	\$ 155,334
7115	Independent Artists, Writers, and Performers	75	38.3%	\$ 55,443	\$ (46,337)	1.27	10.4%	\$ 204,747
7121	Museums, Historical Sites, and Similar Insts.	269	3.6%	\$ 36,754	\$ 2,665	1.91	8.5%	\$ 29,972
	TOTAL, Creative Arts and Design	4,938	19.3%	\$ 51,158	\$ (4,343)	0.66	8.4%	\$ 79,043
	Total, All Industries	128,829	2.2%	\$ 36,377	\$ 2,278	1.00	-32.5%	\$ 46,874

***Non-disclosed sectors were removed to enable calculation of LQs and trend data
Source: California EDD, US Bureau of Labor Statistics**

Though Creative Arts and Design still has a cumulative LQ below 1.0, strong sub-sectors in this target indicate that the Valley has strong employment capacity to leverage for growth in this sector.

The following chart describes the Coachella Valley's Creative Arts and Design sector according to NAICS sectors that include activities that *Market Street* feels reflects the target possibilities for Creative Arts and Design as an economic development initiative.

Creative Arts and Design

- NAICS definition for target:
 - 5121 Motion Picture and Video Industries
 - 5151 Radio and Television Broadcasting
 - 5413 Architectural, Engineering, and Related Services
 - 5414 Specialized Design Services
 - 5415 Computer Systems Design and Related Services
 - 5416 Management, Scientific, and Technical Consulting
 - 5417 Scientific Research and Development Services
 - 5418 Advertising and Related Services
 - 5419 Other Professional, Scientific, and Technical Services
 - 7111 Performing Arts Companies
 - 7113 Promoters of Performing Arts, Sports, etc.
 - 7114 Agents and Managers for Artists, Athletes, Entertainers
 - 7115 Independent Artists, Writers, and Performers
 - 7121 Museums, Historical Sites, and Similar Institutions

- Examples:
 - Architecture Firms
 - Theatres and Theatre Companies
 - Production Companies
 - Graphic design firms

- Total U.S. employment in the above NAICS sub-sectors is 6.9 million as of the second quarter of 2008.

- The national average annual pay of these sectors is \$70,335.

- Typical location factors:
 - ✓ Strong quality of life
 - ✓ Existing concentration of creative arts businesses
 - ✓ Welcoming and tolerant community climate
 - ✓ Access to specialized production talent

Regional Assets and Recent Developments

Top Employers

- The Desert Recreation District
- Living Desert Zoo and Gardens
- KDFX Fox 11

- KESQ-TV
- Morris Communications (formerly Desert Radio Group)
- KDGL
- M2 Media 360
- Desert Television
- Guthy-Renker
- Thane International

Radio/Television Stations

- Coachella Valley has a plethora of radio and television stations that provide media broadcasting to the region and provide valuable jobs.

Architecture Firms

- Palm Springs has become a mini-hub for architecture firms within Coachella Valley, with over ten small to mid-size firms in the city.

Theatres

- Coachella Valley has a wide range of theatres within its region, including the McCallum Theatre for the Performing Arts, which has a nationally renowned arts education program, and Camelot Theatres, which hosts the Palm Springs International Film Festival.

Museums

- Full of history and attractions, there are many museums in Coachella Valley. Museums highlight the culture that the region offers as well as provide creative jobs.

Workforce Development Resources

- Career Pathways Initiative
 - This economic development initiative's three main clusters, multimedia, advanced technology, and healthcare, seek to increase opportunities for low-income youth and attract higher-paying jobs to the Valley. The Multimedia industry council provides mentors to the Multimedia Mentor Program at Cathedral City High School. In addition, the council assists with a monthly television show produced by students and with arranging fieldtrips for students.
- Giant Campus Computer Camps
 - Offered at the Coachella Valley Pump It Up, Giant Campus Computer Camps are for students ages 6-10 during summers and exposes them to animation, game design, digital photography, Web design, and other creative and technical skills.

Educational Opportunities

➤ College of the Desert

Associate Degree Programs	Certificate Programs
*Art	*Basic Culinary Arts
*Communication	*Intermediate Culinary Arts
*Composition	*Culinary Management
*Literature	*Digital Design and Production
*Journalism	*Drafting/CAD
*Mass Communication	
*Speech	
*Basic/Intermediate Culinary Arts	
*Culinary Management	
*Digital Design and Production	
*Drafting/CAD	
*Music	
*Theatre Arts	

➤ California State University San Bernardino – Palm Desert Campus

Undergraduate Degree Programs
*Communication
*English

➤ University of California Riverside – Palm Desert Campus

Graduate Degree Programs
*Master of Fine Arts in Creative Writing
*Master of Fine Arts in Writing for the Performing Arts

Other Opportunities

➤ Coachella Valley Arts Alliance

- This cultural organization supports the advancement of the arts in Coachella Valley by providing resources to art organizations, developing programs, and encouraging collaboration between artists and arts organizations.

➤ ArtsOasis

- A program of the Coachella Valley Arts Alliance, ArtsOasis is a partnership of creative enterprise leaders working to develop the creative sector through increased job opportunities and visibility.

- Palm Springs International Film Festival
 - The Festival has become one of the most important pre-Oscar showcases in the United States, continually attracting the top stars, producers and directors in the motion picture industry.
- A year-round calendar of arts, music, design and crafts events draws thousands of visitors to the Coachella Valley every year.
 - Events include: Modernism Week; the Coachella Valley Music and Arts Festival; the Indian Wells Arts Festival; the Southwest Arts Festival; the La Quinta Arts Festival; the Stagecoach Festival; Palm Springs Pride; and the Desert Arts Festival.
- Coachella Valley Repertory
 - In its first season, the Coachella Valley Repertory (CV Rep) is a new venture in the region. One of the newest non-profit theatre companies in the state of California, the mission of this organization is “to create an educational, dramatic and musical theatre organization whose primary goal is to present innovative, first-rate professional theatrical productions, programs and special events for the enrichment, entertainment and education of the Coachella Valley area residents and visitors.”⁶
- Palm Springs Art Museum
 - A recent leadership change has reenergized the museum.
 - The museum has doubled its membership in the past two years and is considering expansion into the East Valley.
- Palm Springs Women in Film and Television
 - Founded in 2001, the Palm Springs chapter of Women in Film strives to support women in entertainment industries through mentorships, spotlights on members and their achievements, and educational and networking events.

⁶ Coachella Valley Repertory. 5 March 2009. < <http://cvrep.ipower.com/home.html>>.

Summary of Challenges and Opportunities

	Short-Term	Long-Term
Challenges	<ul style="list-style-type: none"> * Current economic climate limits "non-essential" purchases, making it more difficult for artists, designers and sector firms to succeed * Lack of acknowledgement of Creative Arts and Design as a viable local economic growth sector 	<ul style="list-style-type: none"> * High cost of living - most prominently, housing - threatens to "price out" many artists, designers and related companies * World-class media and production capacity in Greater Los Angeles makes it difficult for Coachella Valley to compete for these firms
Opportunities	<ul style="list-style-type: none"> * Leveraging existing capacity in visual arts, media production and broadcast, architecture and design to create a critical mass of Creative Arts and Media companies * Greatly enhancing the marketing of the Coachella Valley as a destination for arts and design firms and individuals * Creating specially designated "arts districts" with zoning and regulations conducive to arts-and-design company relocation and growth * Continuing to expand the number and diversity of local events leveraging the Coachella Valley's architectural history and arts resources 	<ul style="list-style-type: none"> * Funding and developing an arts-and-design focused institute * Developing a multi-channel, aggressive and well funded effort to recruit Los Angeles-based media companies, talent and productions to the Coachella Valley (also inclusive of providing the specific incentives needed to be successful) * Funding and constructing sound stages and other production-related infrastructure * Expanding local training and educational programs related to arts and design occupations

CONCLUSION

This *Target Business Analysis* utilized quantitative and qualitative information to evaluate the competitive position of potential targets and provide recommendations for Coachella Valley. The purpose of this *Analysis* was to identify those industries with the greatest potential to create value-added jobs and wealth in the region. Economic development resources and efforts should be prioritized on these targets in order to stabilize, grow, and diversify the Coachella Valley economy.

The following four clusters were identified as priority targets for the region.

- **Healthcare and Life Sciences**
- **Supply Chain Management/Logistics**
- **Clean Technology/Energy**
- **Creative Arts and Design**

Ultimately, growth of target industries is realized through strategies encompassing recruitment, retention and expansion of existing companies, entrepreneurship and small business development, workforce and training development, and optimization of local competitiveness. Importantly, determination of regional industries to target does not preclude the Coachella Valley Economic Partnership and other local economic development entities from acting on other development opportunities that may arise. These reactive activities are important, though the proactive targeting of priority regional growth industries will more effectively move Coachella Valley towards greater economic diversity and sustainability.

To date, the Coachella Valley has not undertaken a multi-dimensional, coordinated and holistic program of target development of the breadth and depth necessary to effectively build employment clusters in multiple sectors. Because it is, in many ways, “starting from scratch” in this regard, a greater level of investment and attention will need to be paid to program-development efforts.

This *Target Business Analysis* is a research report. Specific strategies to develop Coachella Valley’s priority target sectors will be included in the *Economic Blueprint* plan.