



ECONOMIC DEVELOPMENT



Harvest time—the busiest time of the year in Napa County’s vineyards, and the birth of another vintage of the county’s world-famous wines.

When Napa wines won top honors at the famous Paris Tasting in 1976, a new world in wine was born. California wines were shown to be equal to or better than French wines, with the result that the state’s wines—and Napa County’s in particular—began commanding worldwide respect and commensurate prices. The shift away from the county’s historical agricultural activities (mostly ranching and orchards) accelerated, and grapes and wine became the county’s primary economic engine.

According to a recent study¹, wine- and grape-based agriculture today remains the county’s #1 industry, supported by tourism/hospitality, accounting for billions of dollars in economic activity each year, and supporting almost half of the county’s jobs and businesses.

¹ “Economic Impact of Wine and Vineyards in Napa County,” MKF Research, June 2005.



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The County's role in economic development has historically been focused on maintaining agricultural land uses, primarily through the Agricultural Preserve and voter-approved Measure J (which serves to limit conversion of agricultural land to other uses). The task of economic development has traditionally been coordinated by agencies and groups such as the Napa Valley Economic Development Corporation, local chambers of commerce, and the Napa Valley Vintners. This Economic Development Element (which is not required by the state as part of the General Plan), represents the first time the County has directly stated its goals and policies on this important issue.

This Economic Development Element is interrelated with the other Elements that comprise this General Plan. This Element's policies recognize the need to implement land use, circulation, energy, and other policies to encourage and enhance a strong economy and a high quality of life.

The following sections provide a brief summary of a number of key issues related to the county's economy:

- The county's **economy** and its historical basis
- Napa County **jobs** and their relationship to **housing and income**
- The need for **worker training**
- The special needs of **eastern Napa County**
- The need for **economic diversity**
- The implications of an **aging population** on the economy, including the changing job needs of the county's workforce

These issues are addressed later in this Element in the Goals and Policies.

NAPA COUNTY'S ECONOMY

Napa County's economy is based on agriculture, and in particular a highly specialized form of agriculture: grape-growing and wine-making. In addition, the county's wineries draw visitors from California and beyond, creating a strong secondary economy in the form of tourism and hospitality.



According to a recent study of tourism in the valley², Napa's visitor market is predominantly domestic—more than half of all visitors come from within California. Visitors to Napa tend to be mature, educated, and wealthy—managers, executives, and professionals coming to Napa for wines, wineries, food, family, and friends. Situated in the San Francisco Bay Area near technology centers and around several major and world-class colleges and universities, Napa is close to major communities fitting the profile of fine wine consumers. Because of Napa's position in the international market, Napa County will also likely remain an international destination.

Agriculture plays a more significant role in Napa County's economy than in any other county in the Bay Area, a distinction directly related to the strength of the wine economy, which is in turn related to the high prices commanded by the county's premium wines. Although Napa's wine accounts for only 4 percent of the state's wine volume, it accounts for 21 percent of all California's wine revenue, due to the high prices commanded by Napa vintages.

According to the 2005 MKF Research study (commissioned by a local industry group, the Napa Valley Vintners), the wine industry as a whole—including jobs related to grape growing, wine-making, hospitality and tourism, and tax revenues—contributes a total of \$9.5 billion to the county's economy, including sales, wages, and activity in other sectors related to wine. Also according to the report, the wine industry directly and indirectly constitutes almost half of the County's total employment, generates wages of nearly \$1.4 billion, and produces more than \$800 million in taxes, part of which (primarily in the form of property, sales, and transient occupancy taxes) stays within Napa County to support local needs.

The Napa County Agricultural Crop report for 2005 listed the value of Napa's crops at more than a half billion dollars, approximately 98 percent of which is the value of wine grapes.

Napa's agricultural economy is strong, has withstood recent economic downturns, and "attracts a continuing flow of significant capital investment in the county."³ However, it is important to keep in mind that increased competition—both domestic and foreign—as well as other external factors have the potential to negatively impact revenue. Nevertheless, as of this writing, the County's economy remains strong and shows signs of continued growth.

JOBS, WORKERS, HOUSING, AND INCOME

Jobs need workers to fill them, and workers need housing that they can afford in which to live and raise families. However, local jobs are increasingly not the kind which can support owning or renting a home in the county. This has implications for local employers (who are finding it difficult to fill jobs) and for workers (who often have to commute to Napa County from less expensive residential areas elsewhere in the region).

Housing affordability in Napa County decreased by 20 percent in the period 2000-2005, the steepest decline in the Bay Area. According to a standard indicator, the Housing Affordability Index (which measures the percentage of an area's residents that can afford to purchase a median priced home), a combination of wage levels and home prices in the County combined to make the median home affordable to only 22 percent of

² "Napa County Visitor Profile Study & Napa County Economic Impact Study," Purdue Tourism and Hospitality Research, March 2006.

³ "Economic Impact of Wine and Vineyards in Napa County," MKF Research, June 2005.



households.⁴ Napa County’s overall housing affordability index is similar to the state as a whole (24 percent). The need for workforce housing is explored in depth in the Housing Element of this General Plan.

The same affordability issues affect those who rent. Based on the current (2006) Fair Market Rent for a two-bedroom apartment of \$1,112, a single earner would need to be paid \$21.38 per hour for a full-time, 40-hour-per-week job in order to avoid overpaying for housing.⁵ By comparison, the estimated mean (average) wage in Napa County is \$13.76 per hour—at this wage level, a single worker would need to work 62 hours per week.

Because the core Napa wine economy is based on a specialized form of agriculture, there are some very well-paying jobs in the wine industry including marketing, corporate development, viticulture, and wine-making. Some service industry jobs in Napa pay better wages than similar jobs in other parts of the state, and the special skills needed in vineyards result in higher pay for agricultural workers. However, on the whole, service jobs tend to pay relatively low wages. A comparison of Napa County’s median income and those of other Bay Area counties is shown below:

**TABLE E-A:
MEDIAN INCOMES FOR BAY AREA COUNTIES, 2006⁶**

County	Median Household Income
Alameda	\$61,014
Contra Costa	\$69,487
Marin	\$78,919
Napa	\$65,260
San Francisco	\$57,496
San Mateo	\$74,546
Santa Clara	\$76,810
Solano	\$62,213
Sonoma	\$58,330
Entire Nine-County Bay Area	\$66,657
California (Entire State)	\$53,629

Source: Bay Area Census, at www.bayareacensus.ca.org

Unless jobs can be created which raise the incomes of lower wage workers in the county and steps can be taken to reduce housing costs, this disparity between local income and cost of living will continue to be a problem.

⁴ As of the third quarter of 2006.

⁵ That is, paying more than 30% of gross income, the federal standard for overpayment.

⁶ Source: Bay Area Census, at www.bayareacensus.ca.gov



WORKER TRAINING

Employers in Napa report challenges in finding trained, qualified workers. While the cost of living in Napa is often cited as a barrier to attracting workers, education and workforce training are also significant issues. In addition, as the demographics of the County change, from the perspectives of both ethnic composition and age brackets, the locally available labor pool might become a significant challenge for the county's economy.

Historically, the County's public education system, from elementary school through college, has provided a basic education, and on-the-job experience was the means of training skilled workers. This is less true today as jobs and job training have become more specialized.

In recent years, Napa Valley College has worked with the community to provide specialized training for some of the jobs specific to Napa's needs. The college's goals include advancing "local economic growth and global competitiveness" and providing "education, training and services that contribute to continuous workforce improvements." The college presently integrates with Napa's economy with extensive programs in nursing, hospitality management, and viticulture/winery technology, among others.

Pacific Union College in Angwin, a liberal arts college affiliated with the Seventh-day Adventist Church, also presents additional opportunities to utilize existing educational resources to provide education and training that meets the needs of the county's employers.

At the secondary school level, New Technology High School in Napa is working to improve the educational experience for students in Napa County and the United States. New Technology High School serves as a national model for progressive education and curriculum in line with the needs of a rapidly advancing job market and the use of modern technological tools.

EASTERN NAPA COUNTY

While Napa County is best known for the Napa Valley, the Napa River watershed constitutes less than half of the land in the county. The Putah Creek watershed to the east and the Suisun Creek watershed in the southeast are home to valuable agricultural resources, and provide other economic opportunities as well.

These watersheds are almost entirely rural with no incorporated cities or towns, and only a handful of residential areas are located in the Putah Creek Watershed. Local residents look primarily to the cities and town of Napa Valley for commercial services.

Largely within the greater Napa Valley Appellation, this area of the county has a growing wine industry, with vineyards in many of the various valleys, including Chiles Valley, Pope Valley, Capell Valley, Gordon Valley and Wooden Valley. A few wineries are also located in this area. The other primary agricultural use is grazing livestock.

In addition to agriculture, the other potential economic opportunity lies in the local federally owned lake and the scenic natural resources and the visitors they attract. This region, sometimes referred to as Napa's Lake District, roughly includes some 155,000 acres of land. The focal point of the Lake District is the *Lake Berryessa Recreation Area*, a 19,000-acre lake formed by the development of Monticello Dam in 1957, including



9,000 acres of land around the lakeshore. Lake Berryessa draws some 1.4 million visitors per year⁷ who come to enjoy the lake, the scenery, and the recreational opportunities.

In addition to the federal lake, substantial state land acquisitions in the 1990s and 2000s, added to other federal land holdings, have now resulted in roughly half of the land in the Lake District being publicly owned federal recreation or state wildlife areas, including the recently designated *Cedar Roughs Wilderness Area* and the 20,000-acre *Knoxville Wildlife Area*.

In the last couple of decades the few small clusters of commercial activity in the Lake District have faced declining economic times, with only a limited ability to generate revenue from visitors outside the private concessions at the lake. However, a newly released federal visitor services plan for the lake, coupled with the substantial increase in public land in the past decade, presents new economic opportunities for the area. The federal plan for the lake focuses on improved public access, new visitor-serving accommodations, and diversification of the recreational activities from boating and fishing to hiking, biking, and paddling, with more emphasis on nature interpretation.

Critical to the economic future of the Lake District are the quality of the new federal concessions to be opened within the next two years, developing facilities to support a new focus on nature-based recreation, improving public access to the thousands of acres of public land in the area, and protecting the natural resources that attract visitors, including the scenic views of the hills and ridges.

INTERAGENCY COORDINATION

The agriculturally productive heart of the county exists throughout a valley which runs 28 miles and includes five local governments and communities, resulting in tightly bound systemic relationships. In particular, the City of Napa is the site of governmental, financial, healthcare, informational, cultural, and social services, as well as office space, retail businesses, and workforce housing on which the county economy depends.

The City of American Canyon, which incorporated in 1992, is the only city in the county growing at a significant rate and is rapidly becoming a thriving community with residential, commercial, and industrial sectors.

Cooperation between governmental agencies to achieve shared goals has been and will continue to be pursued by the County. Examples of such cooperation include:

- The formation of the Industrial Area Subcommittee (comprised of the County of Napa and the cities of Napa and American Canyon) to ensure that development in the Airport Industrial Area is limited to local-serving, business-park type uses.
- Participation in the Napa County League of Governments (NCLOG), the Napa Valley Housing Authority, the Napa County Transportation Planning Agency (NCTPA), Napa LAFCO, and other countywide interjurisdictional governmental bodies. In 2007, NCLOG was merged with NCTPA to form the Napa County Transportation and Planning Agency (NCTPA).

⁷ Source: Bureau of Reclamation, Future Recreation Use and Operations of Lake Berryessa, Final Environmental Impact Statement, p. 136 (2005).



Interagency cooperation through NCLOG in the first four years of its existence has already led to several important achievements, including agreements between the County and the cities of American Canyon and Napa to share the provision of affordable housing and the development of a long-range, countywide visitor serving strategy to improve the county's tourism industry. Additionally, NCLOG developed an Existing Conditions report relative to the tourism industry, which helped lay the foundation for the ongoing effort by the Conference and Visitors Bureau to develop a "Destination Brand Strategy" for the County, an effort which was in its final stages as of this writing.

Economic Diversity

Although the county's economy is based primarily on agriculture, the County recognizes the need to diversify the types of industries and jobs available—so long as these new jobs do not adversely affect the agricultural sector.

The County's high quality of life should be a major draw for certain industries which compete with other regions to attract highly skilled workers, such as legal, medical, and other professions. The County also recognizes the need to expand the number of local jobs for workers in Napa County (particularly middle-income workers) who must now commute to jobs in other counties.

Aging and Hispanic Populations in Napa County

Two emerging trends in the county's population have direct implications for economic development, since they will dramatically change the markets for goods and services: the aging of the population and growth of Hispanic households. *Note to the reader: Both of these issues, as well as issues related to other population groups with special housing needs, are addressed in detail in the Housing Element of this General Plan.*

Like most of California and the U.S., Napa County's population is aging. The median age of the County's population has steadily increased in recent decades and is projected to continue increasing:

**TABLE E-B:
NAPA COUNTY: MEDIAN AGE, 1970-2025**

1970	1980	1990	2000	2005	2010	2015	2020	2025	2030
32.2	33.7	36.5	38.3	39.3	40.1	40.3	40.3	41.2	42.1

Source: US Census, Association of Bay Area Governments Projections 2005

**TABLE E-C:
NAPA COUNTY: PERCENTAGE OF POPULATION 65+, 2000-2030**

2000	2005	2010	2015	2020	2025	2030
15.4%	15.7%	16.6%	18.4%	20.3%	22.4%	24.3%

Source: US Census, Association of Bay Area Governments Projections 2005

Aging populations raise a number of issues related to jobs, services, and the economy. As populations age, they tend to require higher levels of health care and other services. Older populations also tend not to be as



mobile, driving less and using public transportation when necessary. Their participation in the workforce also declines, particularly for older individuals.

Another dramatic trend in Napa County is the increasing percentage of the population with Hispanic heritage. In Napa County, the Hispanic population increased from 8.7 percent in 1980 to 23.7 percent in 2000; during the same period, the Hispanic population in the Bay Area as a whole increased from 12.2 percent to 19.4 percent. Napa County, which in 1980 had one of the lowest percentages of Hispanic persons among Bay Area counties, now has the highest Hispanic population among the nine counties in the Bay Area (28.3 percent of total population in 2005, compared to 21.2 percent for the Bay Area as a whole).⁸

These ongoing changes in the County’s population represent challenges and opportunities for local businesses, which will need to adjust but can also grow to serve these new needs.

ECONOMIC GOALS AND POLICIES

Goal E-1: Maintain and enhance the economic viability of agriculture.

Policy E-1: The County’s economic development will focus on ensuring the continued viability of agriculture in Napa County.

Policy E-2: The County recognizes that tourism contributes to the economic viability of agriculture in Napa County and is an important part of the County’s economy, generating jobs, local spending, and tax revenues.

Policy E-3: The County recognizes the importance of the Napa brand and encourages efforts to protect and enhance the image and integrity of the “Napa” and “Napa Valley” names for the marketing of Napa County goods, services, tourism, and lifestyle.

Policy E-4: The County will work with governmental and non-governmental groups—including chambers of commerce, industry associations, the cities and town, and economic development organizations—to maintain the economic viability of agriculture and improve the economic vitality of all of Napa County.

Policy E-5: The County shall periodically assess the demand for industrial land and determine appropriate strategies to ensure an adequate supply of industrially designated land to support the agricultural industry’s need for warehousing and support functions without converting the county’s farmland to accommodate these uses.

Goal E-2: Develop and promote a diversity of business opportunities, which do not conflict with agriculture.

Policy E-6: The County values the businesses which currently operate in Napa County. Business retention strategies will be integral to meeting the County’s economic goals.

⁸ Source: 2005 estimate, Bay Area Census, www.bayareacensus.ca.gov. Other county percentages as of 2005: Alameda, 20.9%; Contra Costa, 21.2%; Marin, 12.4%; San Francisco, 13.8%; San Mateo, 22.6%; Santa Clara, 25.0%; Solano, 21.3%; Sonoma, 21.2%.



- Policy E-7: The County encourages a healthy and thriving arts and culture community, recognizing that it enhances the aesthetic appeal of Napa County, enriches the quality of life of all residents, and contributes to a vital economy. The County will promote and advance public policies aimed at maintaining a vibrant cultural community.
- Policy E-8: Recognizing the limited availability of non-agricultural land in Napa County, efforts to identify and attract new businesses and employment-generating projects will be targeted toward uses which add value to the county's economy. Factors to be considered may include:
- a) Wages—New jobs should provide wages commensurate with the cost of living.
 - b) Local Employment—New businesses are encouraged to provide jobs for persons already living in Napa County so that these persons can live and work close to home, reducing commuting and increasing their involvement in the community.
 - c) Location—New businesses should be located in areas served by readily available infrastructure and where adverse impacts on agriculture can be avoided.
 - d) Diversity—New businesses should increase diversity in the county's economy without adversely affecting agriculture.
 - e) Serving Local Businesses—New businesses should provide opportunities for Napa businesses and consumers to purchase needed goods and services within Napa County.
 - f) Efficient—New industrial uses should make efficient use of the limited supply of industrial land in the county.
- Policy E-9: The County recognizes the needs of residents in remote and outlying areas such as Angwin, Pope Valley, and Lake Berryessa, and encourages efforts to retain and attract local commercial services in these areas, in appropriate locations.
- Policy E-10: Ancillary uses in the Airport Industrial Area shall be limited to locally-serving (i.e., business park supporting) uses, with regard to both nature and extent, as specified in the Airport Industrial Area Specific Plan.
- Policy E-11: The County recognizes the interrelated nature of economic development among the various jurisdictions in Napa County and will work with the county's cities and town to develop cooperative programs that are consistent with the County's goals and policies.
- Policy E-12: The issues of housing and transportation are strongly linked to the county's economic health. The County recognizes this interrelationship and will work to implement the goals and policies of the Circulation, Housing, and other elements of this General Plan to provide workforce housing, reduce traffic congestion, and improve the county's economic health.
- Policy E-13: The County is committed to monitoring the Napa County economy on an ongoing basis and to adapting its economic development goals and policies to meet changing needs.



Action Item E-13.1: The County Board of Supervisors will be provided with periodic updates on the state of the County's economy, in order to more effectively utilize County resources to promote countywide economic health.

Goal E-3: Develop and maintain a skilled and adaptable local workforce.

Policy E-13.5: Increasing the supply of workforce housing will help the County maintain a stable and locally based work force, reduce commuter traffic and air emissions, and support the local economy.

Policy E-14: Recognizing that the economic development, workforce development, and education sectors are critically important to creating a skilled workforce tailored to the needs of local employers, the County encourages the work of these sectors to help identify the current and future skill needs of workers and will work with these communities in meeting these needs. The county also acknowledges the role of the County's Workforce Investment Board (WIB) in the implementation of workforce-related projects, including the encouragement of further education and training opportunities for recent immigrants.

Policy E-15: Recognizing that (1) a sizeable portion of the county's population is located in rural areas, (2) seniors will make up an increasing share of the population and workforce, and (3) small businesses are important to the overall economy, the County encourages efforts that meet the needs of these groups, particularly related to enabling appropriate home-based businesses to be established in suitable locations.

Policy E-16: The County supports the expansion of energy and telecommunication services consistent with provisions of County Code Chapter 18.119 and other applicable state and federal regulations to all areas of the county where these services are needed to support the development of locally appropriate jobs and services, including home-based businesses.

Policy E-17: Recognizing that working parents need affordable and available child care in order to enter and remain in the workforce, the County supports the provision of child care services in proximity to jobs.

Policy E-18: The County will monitor trends in employment, demographics, revenue generation, and the composition of the economy – along with external factors that may impact it – during the life of this Plan at least as frequently as the Housing Element is updated and take steps as necessary, to adapt accordingly to threats and opportunities that may arise, as long as they are consistent with the Goals and Policies in all elements of this General Plan.

Population and employment projections contained in the Final Environmental Impact Report for the 2008 General Plan Update and used in subsequent updates do not represent a plan for growth in the unincorporated area, but merely constitute a conservative (high) benchmark for analytical purposes, aiding in the assessment of potential cumulative impacts. Also, the County expects that growth will be paced growth over the 25-30 year life of the General Plan.



Policy E-19: The County should recognize the contributions of local businesses to the economy of Napa County by instituting local preferences where appropriate.

Note to the Reader: Please see the Housing Element of this General Plan for policies regarding the housing needs of the Napa County workforce and creation of housing in association with new job generation, as well as the Community Character and Agriculture/Land Use Elements for related policies.

Goal E-4: Promote the Lake District to residents and visitors as a destination for both water- and nature-based recreation while protecting the lake and the natural resources, including the scenic views, as valuable economic assets along with local agriculture.

Policy E-20: Tourism at Lake Berryessa provides an opportunity to serve visitors to the lake and provide commercial opportunities that will benefit local residents and the county as a whole. The County encourages the expansion of visitor-serving uses at the lake in the locations shown on the Land Use Map and as described in the area-specific policies for Lake Berryessa in the Agricultural Preservation and Land Use Element.

Policy E-21: The County's economic development in the Lake District will focus on the continued viability of both agriculture and outdoor recreation tourism.

Policy E-22: The County endorses the importance of visitor-serving, nature-based, public recreational facilities in appropriate locations, particularly those that improve access to public land and are consistent with protection of local natural resources and agriculture.

Policy E-23: The County will work with federal, state, and local agencies that own land in this area to coordinate the use of public resources in a manner consistent with these goals and policies and resulting in the County's recovery of its own investment in supporting the use of these lands.



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