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**ECONOMIC RESOURCE COUNCIL
INVESTOR/PARTNER BREAKFAST / ANNUAL MEETING
March 1, 2007**

THE SKY'S THE LIMIT

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Good morning to each of you. The format for my presentation today will be to recap the outcome of the roundtable session, then provide a glimpse into what the ERC has on its plate for 2007, and finally wrap up with a dissertation of the future and thereby tie in the title of this event today, *The Sky's the Limit*.

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ROUNDTABLE

I want to thank each of you for coming this morning and participating in the roundtable session during breakfast. While your table dealt with only three of the questions, I am sure most of you have interest in issues that were discussed by other tables. I certainly do not want to limit your valuable input to the few minutes we were able to carve out for this roundtable session this morning, and thus would offer any of you the opportunity to expound further after this meeting.

Following are a few highlights of your thoughts from the Roundtable...

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ERC 2007

The questions that you pondered over breakfast, and the conclusions you drew, were aimed at helping the ERC to develop a way ahead for not only this next year, but the years to follow. The ERC is a small entity in the scheme of the big picture, but it is a force dedicated and focused on the economy. In my mind the ERC organization needs to grow by at least one full-time person, and probably more if it is to effectively tackle the challenges that are before us. At the same time, I believe the mission of the ERC should be inclusive of the entire County. Certainly it is important that the ERC focuses on the priority tasks. With that in mind, I would offer the following list of events, issues, and projects that we will be working on for the balance of 2007.

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EVENTS

The ERC Calendar is packed with activities throughout the year. The following is by no means a comprehensive list, but it contains the more visible opportunities in which the general public can participate:

- 1) Community Appreciation Award Breakfasts – We will conduct three breakfasts, with the first one on April 20th.
- 2) Economic Forecast Conference – You had the opportunity in the Fall of 2005 to hear from economists from the Federal Reserve. The Conference this year will expand upon that earlier success. The date for this event will soon be established and I expect it to be in May/June timeframe.
- 3) Tour of Nevada County 2007 – We will piggyback on our highly successful inaugural Tour last September again this year. I expect the date of the event will be in September, and this year we will visit a whole new series of businesses.
- 4) Annual Job Fair 2007 – We are confident that the 3rd annual job fair that is held at the Nevada County Fairgrounds will again be a success. The date for this event will be in early October. Last year 60 employers were visited by over 550 job seekers.
- 5) Workshops – We are working closely with the Small Business Development Center to offer three workshops this year:
 - a. Business Plan Development
 - b. Marketing Campaign Development
 - c. From Patent to ProfitThe dates for these workshops have not yet been established.
- 6) University Job Fairs – Each Spring I visit universities throughout the North State and participate in their job fairs. In 2007 I have been to four job fairs thus far, and have two more to attend later this month. I put out the call late last year for any companies that wanted for me to represent them at these events, and have had the privilege to represent about three companies at each job fair. The measure of success will be how many graduates we actually hire here in Nevada County.
- 7) Trade Shows – I will be attending at least two trade shows this year, where the purpose will be to plant the seeds with the participating companies that Nevada County is a desirable place to be located. This is an opportunity for me to become more familiar with the industries represented, and to evaluate which types of firms are best suited for Nevada County.

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ISSUES

The ERC Board of Directors meets each month, and we use that opportunity to hear from people in the community about issues of concern. Already this year we had updates on the Nevada County Airport by Greg Marshall the airport manager, and Affordable/Workforce Housing presented by Rod Fivelstad (who coincidentally is the local President of Habitat for Humanity). In the next few months we will learn about Biomass Utilization, Physician Recruitment & Retention, and the Nevada County Fire

Plan. Subsequent to the presentations each month after we had the opportunity to digest the information, a Board Committee may be formed on some of the issues to flesh out what position the ERC should take, and what follow up actions are necessary. Through this process we are attempting to put ERC rubber on the road, and make the ERC an entity that is part of the solution to the issue at hand. Three Committees that are currently working issues raised in the past are as follows:

- 1) Loma Rica Industrial Park – The ERC, under the auspices of the Sierra Economic Development District (SEDD) conducted extensive business surveys in 2005. The results of the surveys were rolled up into a report by SEDD, and presented to the County in 2006. The ERC followed up this presentation with a proposal to the County to recognize this area as a regional employment center and to develop an Area Plan. The overall goal of the Area Plan is to establish an attractive, safe working environment that attracts and retains business. The County has the lead on the development of the Area Plan, the efforts of which will be ongoing through most of this year.
- 2) Grass Valley as the Economic Hub – We wanted to understand what this terminology meant, which is actually extracted from the General Plan. We had a presentation by Joe Heckel from the City and are in the final stages of laying out how the ERC can best support this maxim.
- 3) Affordable/Workforce Housing – This is a very visible and can be an emotionally charged issue. It is being worked from many angles, but it is important that the ERC be integrated into the fabric of the discussions underway where it affects the workforce. This Committee was just stood up, so it will be a few months before there will be anything substantive to report.

We will endeavor to continue the quest to seek out issues that are relevant for the ERC to investigate, and to dig into those where the ERC can provide value added assistance. If there is a burning issue on your mind that the ERC should take a look at in the future, please let me know.

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PROJECTS

There are many backroom projects that we will be undertaking this year, but one that is worthy of mention:

- 1) ERC Web Site – This year we will be redesigning our Web site. The Web site serves as our central nervous system, as it contains a wealth of information for the world to see. It contains info on demographics, jobs, a community calendar of important events, economic news, and much more. It has served us very well, as we get thousands of hits each month from the spectrum of society from farmers to academics to government to businesses to the general public at large. Over the years we have added great new features and loaded it up so that now it can be difficult to find things. Technology has also come a long way since we designed our existing Web site, so we want to step back and redesign the Web site to make it more readable and more capable. We are really just starting this process, but expect to roll out the final product this Summer.

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THE FUTURE

I now turn to the final segment of my presentation today that deals with the future. Near the close of my speech today I will relate a story from my youth that helps put “The Sky’s the Limit” into perspective...

I have been in this job now for nearly 18 months. During that time I have talked to hundreds of business professionals in the County. From the public sector to the private sector, I have amassed many impressions. I have distilled these impressions into what I believe needs to happen in the future. But let me first step back...

The study of history is very revealing. The accomplishments of peoples of this globe from the beginning of time have been truly breathtaking. The seven wonders of the world... Imagine building a pyramid without our modern technology. I heard recently that a new seven wonders of the world is in the works, since six of the original ones have long since vanished. Man is capable of incredible things. Let me take you on a visual journey ...

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- Pyramids

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- Panama canal (1914)

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- Space Needle (1962)

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- Man on the Moon (1969)

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- Indoor skiing (Ski Dubai – United Arab Emirates) (2005)

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- Electronic hand-held devices

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- Atomic Bomb

I could go on and on, but I think you get the gist.

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The creativity of man is phenomenal. It was only through man's ability to focus on the end goal such extraordinary accomplishments were made. It is the harnessing of our human talents that is at the crux of my remarks today.

This would be just an esoteric discussion today unless, somehow, I was able to translate the innovativeness of man into something relevant to Nevada County. I am a very optimistic person and believe that, just as man has used innovation beyond imagination, there really are no limits for Nevada County.

Nevada County is an amazing place. Between the environment and the people, I think we have the near perfect setting...

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ENVIRONMENT

It is no wonder that migration from the Bay Area and Los Angeles has occurred over the past 25+ years. Pine trees, recreational opportunities, decent weather most of the time, low traffic, low crime, great schools, great cultural base – what more could one want? Because it is such a desirable place it is no wonder that many would like to close the gate behind them when they arrive. This attitude perpetuates itself and we even have an acronym to define it:

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NIMBY, or “Not In My Back Yard.” Because we as humans want to preserve the storybook land of Nevada County, it is very easy to slip into this mentality. I certainly do not want to see it gobbled up by the likes of Metropolitan Sacramento. Hey, I lived in Sacramento for about 25 years and watched it grow from a nice government town into the jungle it is today. I certainly don't want that for Nevada County!

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PEOPLE

I have come to realize that Nevada County is a melting pot of some of the finest minds in the Country, albeit many are grey beards. In many cases I would even go so far as to say that there is a generation of white beards out there, as well, that have incredible talents and resources. That also points out one of the problems we are experiencing – the relative absence of the younger adult generation. It would be very easy for Nevada County to slide into a full-retirement mode if it weren't for many of the jobs that were created along the way. The jobs/housing balance that we talk about keeps this tendency of sliding into a retirement community in balance. It is through the creation of primary jobs that we hope to keep and attract this next adult generation to Nevada County. Primary jobs are higher paying jobs from product and/or service exporting companies. This issue of job creation is at the crux of the reason the ERC exists. Another problem

that is probably not too apparent for most to realize is the impact that foreign immigration will have on Nevada County in the future. I recently watched a news clip on immigration that boggled my mind. I was so astounded by the report that I posted the link on the ERC blog earlier this week. You just might want to take a look at this presentation. [ERC Blog = <http://ncerc.typepad.com>]

The confluence of environment and people will have a predominant role in the future of Nevada County. The NIMBY attitude of yesteryear will eventually have to yield due to the projected growth in the U.S. that will pour into California and trickle into Nevada County. It is not a matter of IF this will occur, but a matter of WHEN, and HOW we shape the future that will count in the long run. To this end I believe it is time we adopt a new acronym:

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IMBY, or “In My Back Yard.” Perhaps this is not a new acronym, but perhaps it is a concept that needs to take root. We cannot deny that growth will continue. If we then accept the platitude of growth and this new acronym IMBY, what is the translation for Nevada County? What will we allow in our back yard?

I think it best for me to put on my prescriptive hat at this point, and lay out a plan for helping us think more about this matter. I’ll call it IMBY 2100.

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First, we need to develop and institutionalize a clear vision of where we are going. We need to take a proactive approach to economic development, instead of a reactive one. We need to not ignore our roots of mining, timber, and construction that have played significant roles in the past. What do we want in our back yard? From my observations, many organizations have formed in recent years because they are fearful of losing this haven (or Heaven) of Nevada County, and their focus seems to be on what we don’t want in Nevada County. In my mind, that is fine if it constructively helps us to figure out what we do want! A couple of topics that were in The Union this past week (i.e., the importance of vocational training in schools, and, whether or not to split out Eastern Nevada County with parts of other mountain Counties to form a new County) are the types of issues that we need to wrestle with to help us formulate our clear vision. What role should tourism play in the future? The film industry? How about agriculture? What about all that timber land?

I know that each public entity has its General Plan and that is a good starting point. Unfortunately, General Plans only look out 20 years and we are well into these plans already. It is really not too soon to begin formulating a plan for Nevada County 2100. We need to be laying the foundation for the success of future generations. Nearsightedness now will only lead to problems in the out-years.

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Second, we need to put muscle behind our plans for the future. We have to get dead serious about our future. In my opinion at the forefront is the need to better develop our infrastructure; that is, the roads, wastewater treatment facilities, and broadband capabilities. We Americans tend to live by the Band-Aid approach oftentimes. Going back to my 25 years in Sacramento, I can say that County missed the boat to develop an efficient road system because they did not look at the long-term – what a mistake!!! When was the last time you drove through Roseville on I-80 without a slowup? The ERC Board of Directors was recently expanded to include a representative from the Nevada County Transportation Commission, so that we could better partner on transportation issues. The recent action by the County to hire a lobbyist for our wastewater treatment problem was undoubtedly a step in the right direction! The ERC has been working the broadband issue for quite some time, and with the recent creation of the Governor's new Broadband Taskforce we are earnestly trying to raise the bar on the need to include rural Counties in the State plans. Solutions for longer term issues will have to include the incorporation of such things as renewable energy and biomass utilization. Our plans will also have to take into account the potential of disaster, to include not only the threat of forest fires, but such things as pandemic flu breakouts, and other catastrophic events. We will also need to address the deleterious impact of air pollution.

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Third, we need to employ all the tools and resources at our disposal. Organizations need to get onboard the same train, join forces, and create partnerships to find the needed solutions. To assure tailored growth in the business sector, we should consider instituting incentives for IMBY businesses/industries. High tech businesses and light manufacturing jobs may be a place to start, but this tactic might play out well with select retail establishments, as well. A huge problem that we must address sooner rather than later is the sales tax leakage that we are currently experiencing. The lure of shopping at the Roseville Galleria and at the malls in Reno, Yuba City, and Sacramento are taking their toll on Nevada County, not to mention the burgeoning factor of on-line shopping. Our retail sector has not kept pace with the population, in my opinion – why else would most County residents travel, or go online, to do major shopping? I'm convinced that the Nevada County Airport is underutilized. Trees... that is a commodity that holds incredible potential... think biomass. And why don't we have any sawmills here??? Are we employing telecommuting where possible?

Let me now begin the final transition...

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Do you remember this picture? It was on the invitation to this event. Kite flying holds a very dear place in my heart. When I was about 10 years old my Dad, who was in the Air Force, would take me out to a large field on McChord AFB in Washington State. He

wasn't content with standard kite string and had a very lengthy role (at least 500 feet) of heavy duty string that probably had a 250 pound tensile strength. He had a very scientific mind and experimented to see how high we could fly the kite. I remember that he put a longer than usual tail on the kite, and he must have reinforced all the corners to prevent them from ripping out. I have a vivid memory of this kite reaching so high that it was but a speck in the air. Seriously it was several hundred feet in the air! I also remember the heavy pull on the end of the string as my Dad gave me control from time to time. This experience taught me several lessons, and perhaps the one I bring here today is the big picture lesson that the sky's the limit on what man can do.

If man can build pyramids and fly to the moon, why can't the citizens of Nevada County unite and plan for tomorrow.

That brings me to the grand finale, where I put challenges on the table for you to ponder:

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- 1) What do we want to be when we grow up – IMBY 2100?
- 2) How do we solve the demographic imbalance in our population?
- 3) What steps should we take to elevate the needs of this County when we are really a small player in the State's eyes?

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I hope that you can see the economic thread (or is it the kite string?) that runs through the solutions to these challenges and the many other questions I have posited this morning. The ERC is here to play a role in helping to work through today's issues and look beyond to the needs of tomorrow.

If you are not a member of the ERC, I urge you to fill out a membership application today and leave it with Barbara. This organization is poised to do so much more but that will only be possible with additional funding.

Thank you for your kind attention today. It has been my pleasure to give you the state of the ERC 2007.

God bless Nevada County!