

ECONOMY → EMPLOYMENT AND JOB GROWTH

The County's ability to create and sustain job growth that meets the needs of its growing population is a key issue facing the County's governmental and business leaders. Common attributes of the best performing regions during the past five years include sizable government employment, population driven growth, and an array of service-based industries.

1 LABOR FORCE & EMPLOYMENT

The relationship of the number of jobs available within the County to the total workforce is an important factor in achieving a balanced community. A low ratio of jobs to workers indicates a bedroom community; a high ratio of jobs to workers indicates a job center.

HOW ARE WE DOING?

Over the past decade Contra Costa County has consistently created new jobs, yet job growth has not kept pace with the growth of the workforce. A significant percentage (40%) of today's workforce is unable to find jobs within the County and must commute to job-centers elsewhere in the Bay Area. While the County is projected to add 134,350 new jobs over the next twenty-five years, workforce growth will continue to outpace job growth. To close the widening gap between the number of jobs and workers, approximately 80,650 additional jobs will be required (or a total of 215,000 jobs).

2 BAY AREA JOB GROWTH

The creation of new jobs is necessary to meet the needs of a growing population and to replace jobs lost through companies downsizing or moving out of the area.

HOW ARE WE DOING?

Contra Costa will be the fourth fastest growing Bay Area county in terms of new job creation and is projected to generate the third largest number of new jobs over the next 25 years after San Mateo, Santa Clara, and Alameda counties. The number of new jobs, however, will not increase as fast as the workforce.

3 UNEMPLOYMENT

Unemployment rates reflect business cycles and indicate how well a local economy is doing.

HOW ARE WE DOING?

Although Contra Costa County suffered job losses as a result of the collapse of the telecommunication and technology industries, it did not decline as sharply as Santa Clara County, which is highly concentrated in those two sectors. Local layoffs in the technology and telecommunication industries did not have a significant impact because of the diversified nature of the County's economy. Some local unemployment was due to layoffs of local residents with jobs in Silicon Valley, underscoring

the relationship between the County's workforce and the Bay Area economy.

4 NUMBER OF JOBS PER CAPITA

The best performing counties have the ability to create and sustain jobs that meet or exceed the needs of the local workforce.

HOW ARE WE DOING?

Compared to other counties in the United States with similar sized populations, Contra Costa County has the fewest number of jobs per working age population, reflecting a large out-commute of its skilled workforce to job centers elsewhere in the Bay Area. Approximately 34% of the County's workforce is employed in local jobs within the County, 26% are self-employed, and the remaining 40% commutes out of the County each day.

5 JOB GROWTH RATES

The best performing regions are able sustain job growth during both economic expansions and contractions.

HOW ARE WE DOING?

Despite the economic downturn between 2000-2004, Contra Costa County was able to generate positive employment growth, faring better than the Bay Area as a whole due to its broader employment base, smaller technology sectors, and growing population. However, employment growth was modest compared to the best performing counties of comparable size and national and state averages.

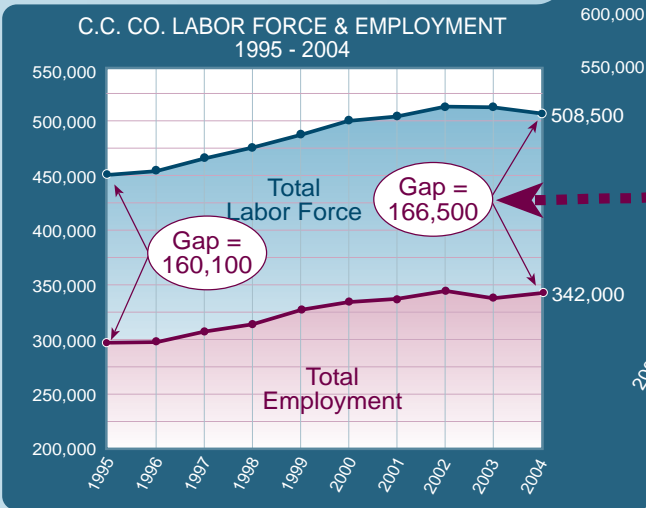
6 SUB-REGIONAL JOB GROWTH

The economic geography of a region generally is not uniform. Sub-regional differences contribute to the overall vitality of the County.

HOW ARE WE DOING?

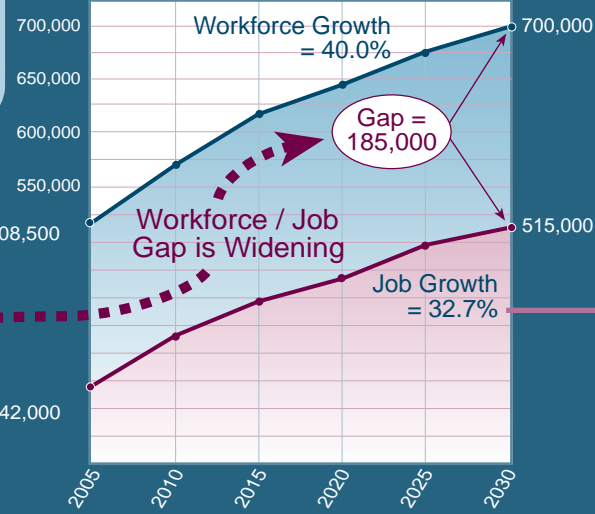
Net job growth during the past five years varied between sub-regions of the County. South County showed a net loss of jobs between 2000-2004, due to its higher concentration in the telecommunication and technology sectors. Central County, with a broad base of employment in financial services, government, retail, and healthcare, continued to add jobs. West County, with its petro-chemical industry, experienced job growth as the demand for oil increased (a reverse of the trend up to 2003). East County showed the greatest growth, as new housing construction, driven by low interest rates, continued at a brisk pace.

1 Contra Costa Job Growth is Not Keeping Pace with Population Growth



Source: California Employment Development Department

PROJECTED LABOR FORCE AND EMPLOYMENT 2005 - 2030



Source: ABAG, Projections 2004

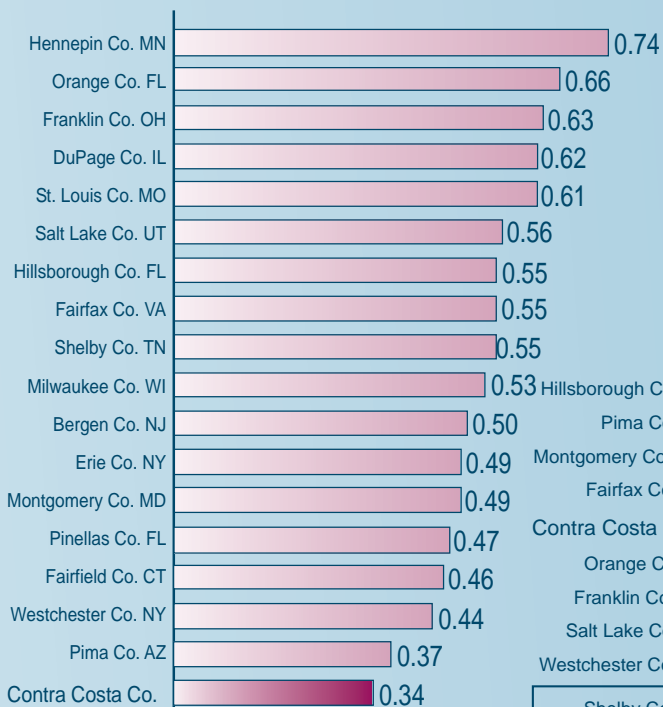
2 County Projected to be Among Bay Area Leaders in Job Growth

PROJECTED JOB GROWTH 2005 - 2030

Solano Co.	43.7%
Sonoma Co.	43.4%
Napa Co.	34.2%
Contra Costa Co.	32.7%
Alameda Co.	30.9%
Marin Co.	29.2%
Santa Clara Co.	25.2%
San Mateo Co.	24.3%
San Francisco Co.	19.8%

4 Contra Costa Provides Fewer Jobs than Other Counties with Comparable Size Populations

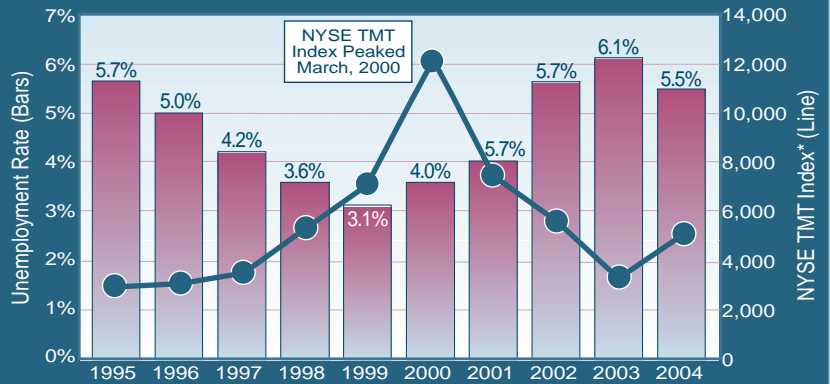
NUMBER OF JOBS PER WORKING AGE POPULATION



Source: Bureau of Labor Statistics, County Business Patterns

3 Higher Unemployment Follows Technology Collapse

UNEMPLOYMENT RATE COMPARED TO NYSE TMT INDEX

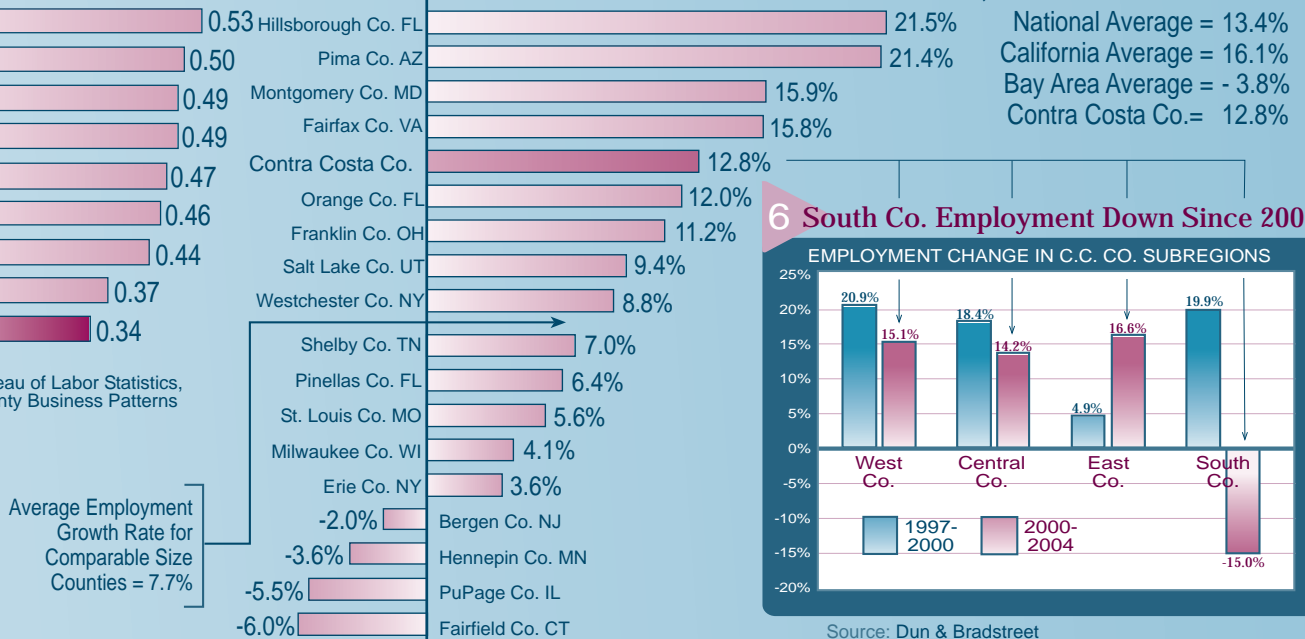


*NYSE TMT = New York Stock Exchange, Technology, Media and Telecom Index

Source: California Employment Development Department March 2004 Benchmark

5 County Has Above Average Employment Growth Relative to Comparable Sized Counties

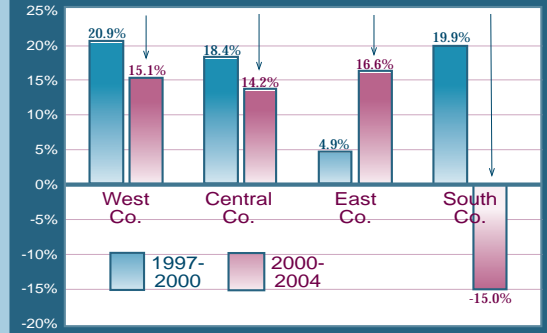
EMPLOYMENT GROWTH RATE, 2000-2004



Source: Bureau of Labor Statistics, County Business Patterns

6 South Co. Employment Down Since 2000

EMPLOYMENT CHANGE IN C.C. CO. SUBREGIONS



Source: Dun & Bradstreet

ECONOMY → EXISTING AND EMERGING INDUSTRIES

The economics of place is based on the local economy's ability to start, attract, and grow new firms. Emerging industry clusters drive innovation and job growth. Industry clusters contribute to a region's competitive advantage and supports entrepreneurial growth by providing knowledge spillover, ease of access to skilled labor, better acquisition and assembly of the inputs of production, and competitive pressures to innovate and increase productivity.

1 EMPLOYMENT SECTOR TRENDS

Industry sector employment trends provide an overview of how the County's economy is doing in response to global (as well as regional and national) economic and demographic forces.

HOW ARE WE DOING?

Service sector employment continues to lead new job growth in Contra Costa County with the professional & business service sector as the largest job generator. Financial services, showing the greatest increase in employment since the late 1990's, is stabilizing as interest rates trend upward. Construction jobs have increased driven by population growth and low interest rates. Healthcare continues to show strong employment growth and is the third largest private sector employer. The Leisure and Hospitality sector has also grown recently.

2 TOP EMPLOYMENT SECTORS

Leading employment sectors define a community's economic base.

HOW ARE WE DOING?

Six employment sectors account for 53.3% of the County's total employment. Except for manufacturing, the leading employment sectors showed an increase in the number of jobs over the past decade. The largest job growth occurred in the construction, finance, and healthcare sectors. Government (not shown) is the largest employment sector (14.6%) and provides a relatively stable employment base. Retail trade accounts for 12.8%. All other employment sectors combined total less than 20% of all jobs in Contra Costa.

3 MANUFACTURING SECTOR

While U.S. employment is shifting toward a service based economy, the manufacturing sector still provides high wage jobs, produces products for export, and purchases local goods and services.

HOW ARE WE DOING?

While the manufacturing sector has lost jobs over the past ten years, selected industries have shown employment gains. Petroleum refining and food processing industries have gained employment while the technology product manufacturing firms that flourished in the dot-com era have lost employment.

4 EMERGING TECHNOLOGY CLUSTERS

Emerging industry clusters drive innovation and job growth. According to a Milken Institute study of the American economy, "as economic activity becomes more knowledge-based, those regions with robust technology clusters and educated workers experience superior economic growth".

HOW ARE WE DOING?

Contra Costa County has several technology clusters that collectively employ more than 25,000 knowledge-based workers. Most of the firms in these clusters are micro-enterprises with less than 10 employees. The County lost approximately 25% of technology firms and 16% of that workforce following the dot-com bust, yet many firms survived and are now producing products and services that compete in the global economy.

5 GROWING HIGH-SKILL SECTORS

Growth in sectors requiring skilled, well-educated workers attracts a high quality workforce.

HOW ARE WE DOING?

Contra Costa had significant employment growth in finance & insurance (up 43% from 1995 to 2004) while the information sector was flat (down 0.7%). Among comparable-sized U.S. counties, the County ranks high in its concentration of finance & insurance and information employment.

6 EMPLOYMENT STRENGTH

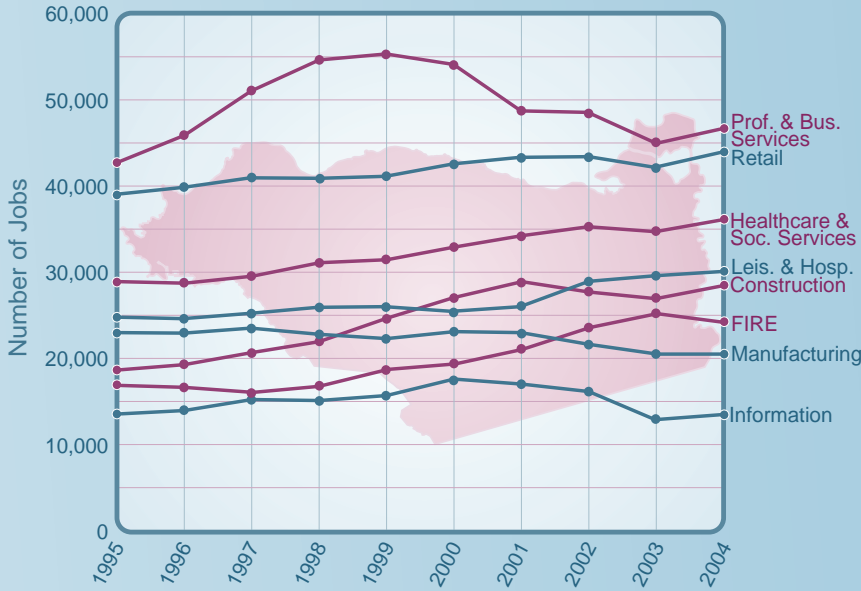
Employment concentrations that are larger than the national average serve as an indicator of an exporting region. Relative growth of an industry sector is an indicator of future job opportunities.

HOW ARE WE DOING?

Contra Costa has employment strengths in several industries, yet in many of these industries local job growth has been slower than the national average. Healthcare is the number three employment sector in the County, yet it ranks slightly below the national average and is growing at a slower pace. Contra Costa ranks very high in petro-chemical refining, yet employment in this sector is growing slower than the national average. Financial services has been growing at a slightly faster pace than the national average, in part due to the high income and wealth in Central and South County communities.

1 Service Sectors Dominate Contra Costa Economy

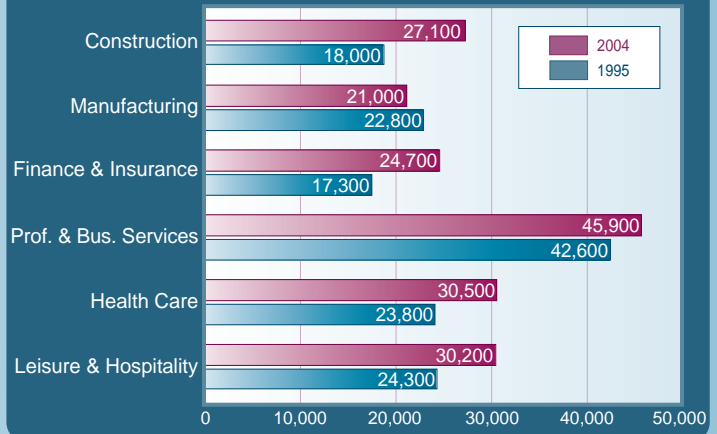
PRIVATE SECTOR JOB TRENDS --1995 to 2004



Source: California Employment Development Department (FIRE = Finance, Insurance & Real Estate)

2 Employment Grows in Most Leading Sectors

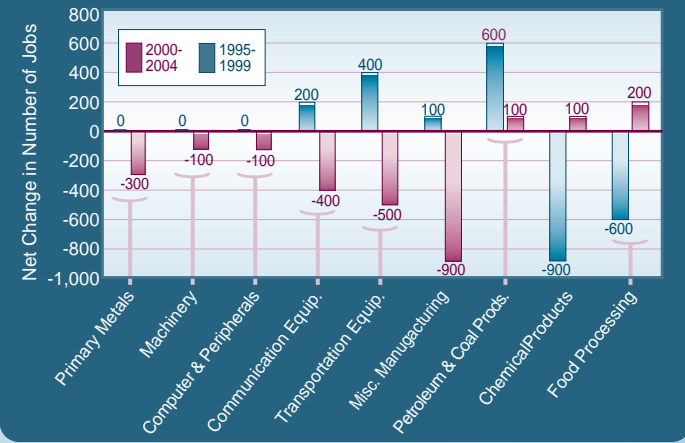
EMPLOYMENT IN LEADING SECTORS, 1995 & 2004



Source: California Employment Development Department

3 Manufacturing Employment is Mostly Down

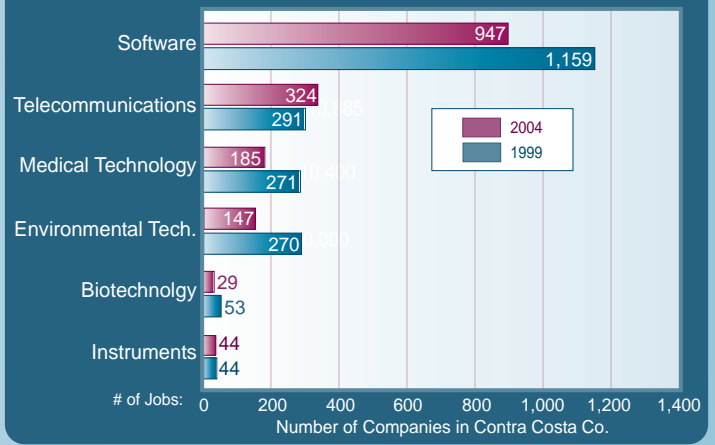
MANUFACTURING EMPLOYMENT CHANGE, '95-'99 & '00-'04



Source: California Employment Development Department

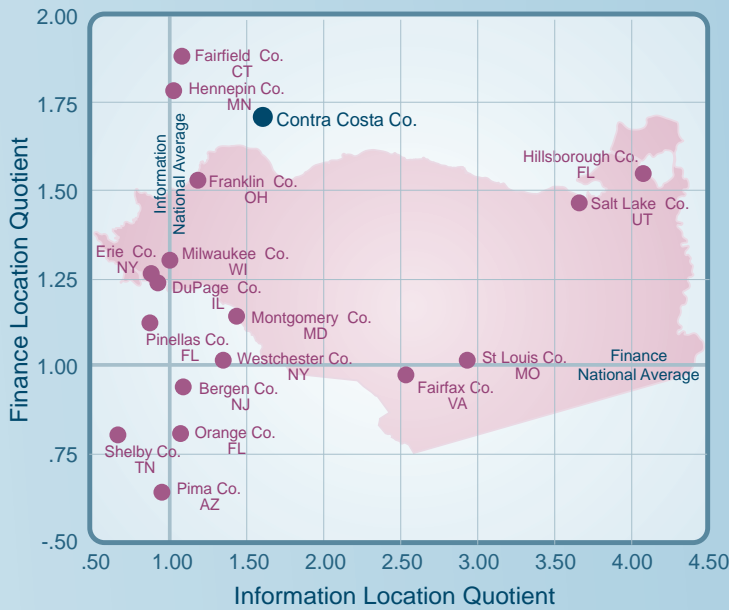
4 Emerging Tech. Clusters Survive Downturn

NUMBER OF TECHNOLOGY BUSINESSES 1999 & 2004



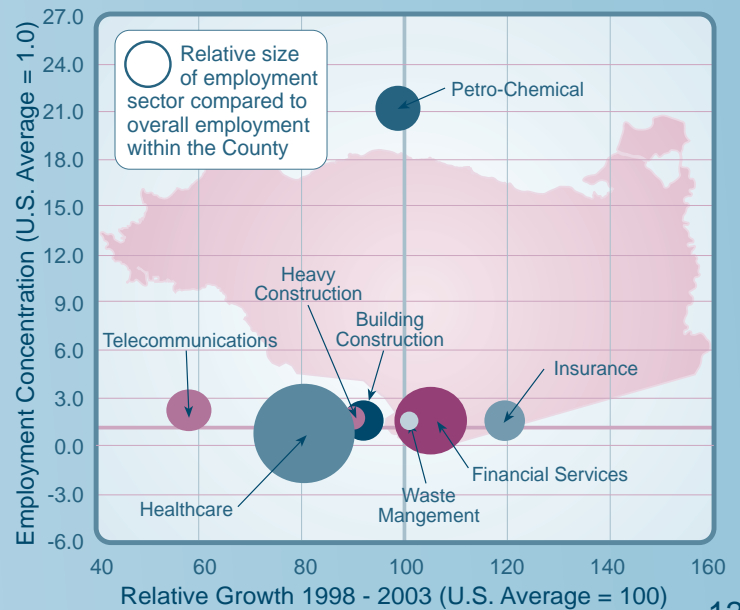
Source: California Employment Development Department

5 Among Comparable Sized Counties, C. C. Co. Ranks High in Finance & Insurance, Information



Source: Bureau of Labor Statistics, Craft Consulting Group

6 Contra Costa Employment Strengths Relatively Weak Compared to National Averages



Source: Bureau of Labor Statistics, Craft Consulting Group

ECONOMY → INNOVATION & ENTREPRENEURSHIP

Entrepreneurship is a vital component of a region's economy. By linking innovation and economic growth, entrepreneurs turn ideas into new businesses, products, and services. With Contra Costa's highly educated workforce, enterprising individuals are forming new businesses at an unprecedented rate. Entrepreneurial growth companies, along with other small and medium-sized enterprises (SME's) are the major contributors to the County's job growth.

1 GROWING ENTREPRENEURIAL ECONOMY

To remain competitive in the global economy a region must provide an environment in which firms can operate productively and continuously innovate.

HOW ARE WE DOING?

Contra Costa is fortunate to have a growing entrepreneurial economy. A number of companies started locally have been listed on Inc Magazine's 500 Fastest Growing Companies over the past five years. These entrepreneurial growth companies (or gazelles), along with other small and medium-sized enterprises (SME's) are the major contributors to the County's job growth over the past decade. Many small firms are succeeding by providing specialized services (on an out-sourced basis) to larger companies.

2 MICRO-ENTERPRISES DOMINATE ECONOMY

A diversity of small and large businesses provide the foundation for a stable economy. Large corporations have markets that are regional, national, or international in scope and must continue to innovate in order to remain competitive. Small businesses typically offer talented entrepreneurs a way to express their ideas and explore new business opportunities.

HOW ARE WE DOING?

More than 78% of the businesses in Contra Costa County have fewer than 100 employees. These small businesses account for approximately 45% of all private sector, non-farm jobs. Most micro-enterprises, which account for the vast majority of firms, are local serving businesses that will never grow much beyond their current size. Future high growth companies will come from the small and medium-sized businesses, which represent about 21% of the County's total businesses. Less than 1% of the County's businesses are large companies or major corporations.

3 SMALL BUSINESSES

Most small businesses tend to be local serving. Talented entrepreneurs in large growing markets have the potential to become high growth companies

HOW ARE WE DOING?

More than 72% of the County's small businesses are in industry sectors such as personal & repair services, restaurants, construction, and retail trade that are local serving. Over 52% of the small businesses are in the services sector with business, professional, and legal services accounting for 44.7% of the service sector jobs. Manufacturing firms, which account for 2.8% of small businesses, include companies in the medical technology, computer, electronics, machinery, food processing, transportation and communications sub-sectors. Small software and telecommunications companies make up 1.6% of small businesses.

4 MORE NEW BUSINESSES

New business formation is important to offset the loss of firms that move out of the area or simply go out of business. Fast-growing regions tend to have high-rates of enterprise start-up.

HOW ARE WE DOING?

Despite the economic slow down in recent years the number of new business formations has been increasing. In 2004, new fictitious business name filings represented 17.8% of the total number of businesses (employer and non-employer) in Contra Costa.

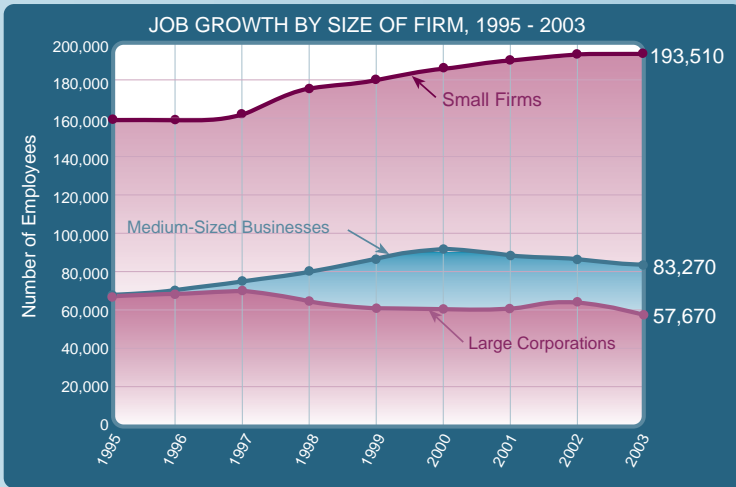
5 RISING SELF EMPLOYMENT

Self-employment represents a growing segment of the economy. These businesses may or may not be the owner's principal source of income. During economic downturns people who are laid off often start their own businesses as a way to earn a living until the economy improves.

HOW ARE WE DOING?

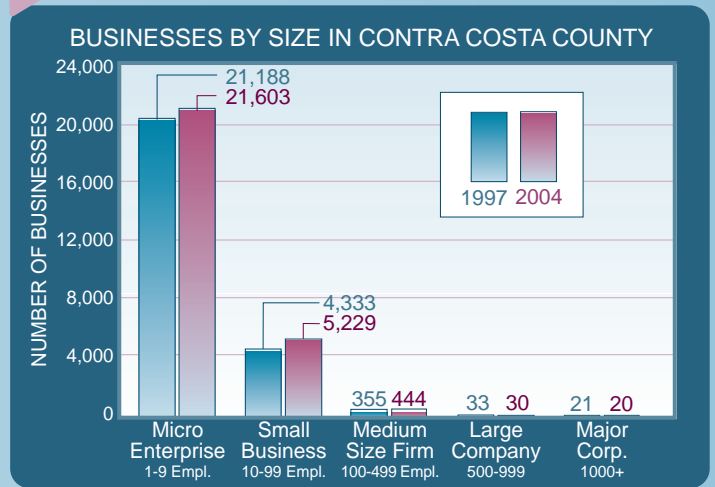
There has been a steady rise in the number of self-employed in Contra Costa since 1998, with the County adding more than 3,000 new businesses after the technology slowdown. The top five sectors were professional services (22.6%) such as CPA's, lawyers, architects, and management consultants, personal services (12.2%), real estate (11.9%), healthcare - i.e. medical and dental offices (8.7%), and retail (8.3%). Most of these businesses tend to be population dependent and were set up to serve the County's growing population.

1 Small Firms Are Responsible for Growing Share of County's Jobs



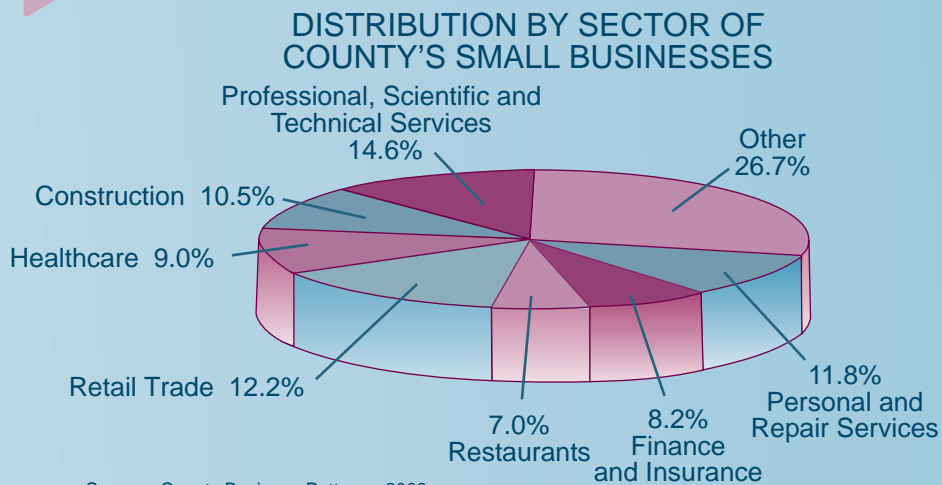
Source: California Employment Development Department
 Small Firms = <100 employees
 Medium-sized businesses = 100-499 employees
 Large firms = 500+ employees

2 Micro-Enterprises Dominate in Contra Costa



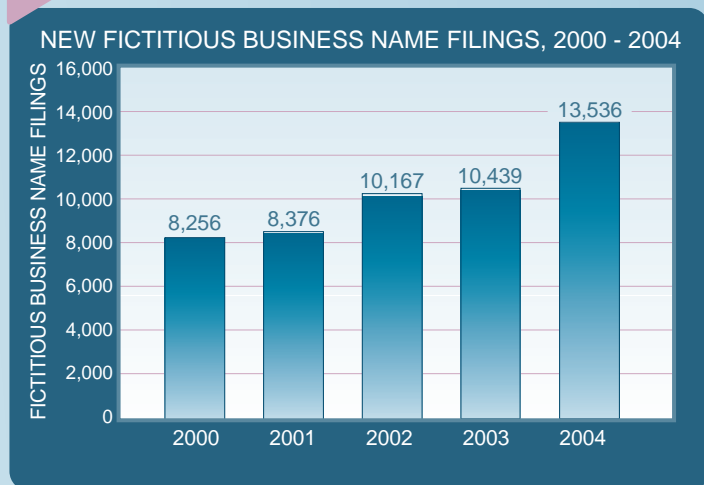
Source: California Employment Development Department

3 Small Businesses in Contra Costa are Predominantly Local Serving



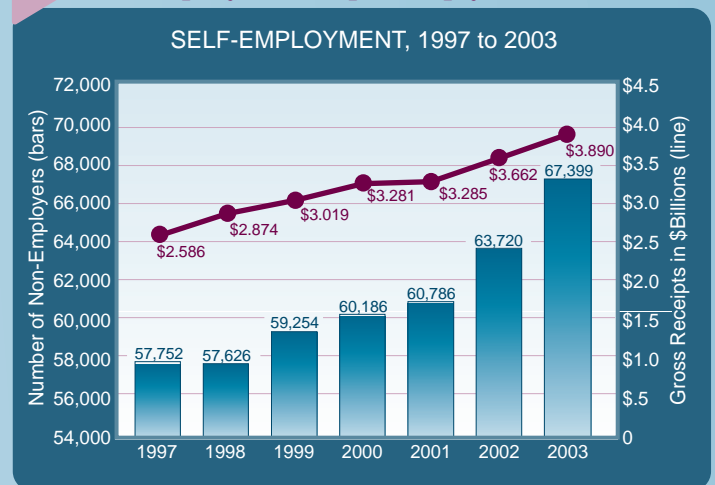
Source: County Business Patterns, 2003

4 New Business Formations are Increasing



Source: Contra Costa County's Clerks Office

5 Self-Employment Up Sharply in Recent Years



Source: U.S. Census Bureau