Final Report

Salinas Agriculture Economic and Land Use Study

The Economics of Land Use

Prepared for:
City of Salinas

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1. Introduction and Executive Summary

Introduction

Located in Monterey County, the City of Salinas (City) plays a large role as an agriculturally driven center of commerce dating back many decades. The region's agricultural acumen has been explored in pop culture and literature, and it has firmly intertwined agriculture into the mass image of Salinas. The County continues to thrive as one of the most productive agricultural economies in the world, and as the forefront of that market, Salinas continues to grow and evolve as both a community and an economy.

As Salinas' economic opportunities expand and diversify, this report focuses specifically on the agricultural economy, and identifies how Salinas can continue to benefit from core agricultural production activities while also planning for future opportunities, with a goal of keeping the agricultural economy strong and addressing ongoing challenges in the years ahead.

Salinas has unique strengths. Salinas serves as a base of operations for multiple functions that serve farming operations, such as equipment vendors, employment services, administrative support, and distribution and warehousing. These operations function as both standalone business establishments as well as functions within vertically integrated agricultural companies. These operations require industrial space which has largely remained in tight supply in Salinas, for processing, cold storage, and other value-added activities.

To address future capacity issues, Salinas has identified an opportunity area called the Salinas Agricultural Industrial Center (the Ag Center). The Ag Center has gone through a specific plan process and discussions around this site have centered on a need for specialized cooling and other logistics and warehousing facilities, as well as potential space for processing activities and administrative and support functions.

While projected job growth for Salinas shows modest net growth in demand for industrial spaces, demand for the center could also be driven by relocation of existing businesses within town. This creates an opportunity to optimize the replacement use to the benefit of the industry and the City. The Ag Center would potentially help agricultural production businesses in Salinas remain competitive and stay in Salinas by helping to reduce operational input costs.

Therefore, Salinas' capacity to expand its role as the industrial and administrative center of Monterey County's agricultural economy would be enhanced with the establishment of the Ag Center. The Ag Center would provide modern spaces for existing operations looking to expand or replace aging facilities and serve as a potential business attraction location. The Center would also provide a unique

opportunity to reorganize Salinas' economic geography by relocating industrial uses that are situated closer to residential neighborhoods, and allowing the existing spaces to be redirected towards redevelopment and placemaking activities that can support other economic activities and better meet market demand from residents as well as tourists. Key trends discussed in this report include:

- **Recent years have shown Salinas' economic base growing at a modest pace, with agriculture making up the largest portion of economic activity.** Salinas' labor force is young, with a large proportion of workers lacking a high school or college education. Salinas also has a shortage of both agricultural production workers as well as health care and educational workers. The labor force also has a sizable number of professionals and construction workers who commute to jobs outside of Salinas and Monterey County. The role of Salinas as a bedroom community for those workers has put upward pressure on housing prices, and the regional shortage of agricultural workers as well as the tourist-serving hospitality workers is an outcome of that trend.
- **Salinas has numerous opportunities with agriculture and other economic sectors; however, its competitive position with agriculture has been the strongest.** As Salinas evolves, other communities along the 101 corridor, such as Gonzales and King City, have also begun to compete for industrial functions.
- **Constraints to expansion and modernization of Salinas' agricultural sectors are extensive and must be addressed.** Most prominently, the City's water supply and wastewater infrastructure face numerous challenges. In addition, circulation constraints have put Salinas at a disadvantage compared to other locations, such as the Central Valley. The 101/Abbott interchange project will need to be a priority in conjunction with the Center project.

Strategic Actions

Altogether, agriculture is part of Salinas' past and present. It also stands to be a prominent part of the City's future. The analysis and findings identified in this report outline strategic actions that Salinas can take to help ensure the continued prosperity of agriculture and the many other activities that tie into it, summarized below.

Land Supply and Space

- **Prioritize the Ag Center to address identified short-term needs**, such as aging cooling and industrial support facilities in Salinas. Consider a two-phased approach that would develop the second phase as market needs are fulfilled by the initial building development phases.
- **Ensure that Salinas' future supply of industrial space is adequate** for supplier industries that might want to locate in Salinas or for existing businesses to expand. Contingency options in the event that the Ag Center development process does not proceed as expected include existing industrial land capacity designated through the General Plan, and potential synergies between the Ag Center and surrounding land areas.

Economic Development Outreach and Operational Support

- **Prioritize economic development activity focused on the ag industry.** This includes identifying potential incentives for business retention, expansion, and attraction; organizing grant and opportunity zone efforts; identifying direct funding resources, such as grant funding and revolving loan funds; and identifying supportive zoning solutions.
- **Conduct outreach to local agricultural producers** to identify the extent to which their Salinas operations extend into office, manufacturing, distribution, and/or other industrial activities.
- **Promote industry diversification** by encouraging other value-added activities and land uses to support the anchor producers.
- **Maintain communication** with prominent agricultural production businesses in Salinas and identify the extent of their operations in Salinas.
- **Conduct outreach to local cannabis producers** that can help identify potential demand and constraints on local resources as that sector expands. Recognize cannabis as a source of jobs and public/private revenue.
- **Promote a vision** of Salinas as a major ag research center.

Labor Force

- **Strengthen Salinas' existing strategic partnerships**, both formal and informal, with workforce development programs at Hartnell College, CSU Monterey Bay, UC Santa Cruz, regional providers, and trade schools meet the needs of agriculture in light of shifts in technology and market changes.
- **Expand strategic partnerships** with trade groups and establish an agricultural industry working group in Salinas to address business climate

and workforce preparedness issues to improve and formalize City-Industry communications.

- **Address housing needs** for agricultural and other seasonal worker housing and engage with private businesses that have been providing worker housing.

Infrastructure

- **Confront the need for further public investment** in short- and long-term infrastructure, specifically circulation, water supply, land use, and wastewater treatment.
- **Circulation constraints have and will continue to be a disincentive** for agricultural businesses. While the City's ability to improve interchanges is limited, TAMC has improvements under study that could improve access to the Ag Center area in the future.
- **Water supply has been a constraint to the economic vitality** of the agricultural industrial sector. The City should be proactive in pursuing new sources, including savings from land use changes; opportunities for reuse/recycling of process water; and requiring reuse/recycling of process water within the Ag Center.

The report is organized as follows:

- **Chapter 2** presents the data analysis of the local economic base, trend data, job projections, and emerging industries.
- **Chapter 3** examines the labor force, and socioeconomic and housing conditions.
- **Chapter 4** presents analytical findings from a series of focus groups that the project team hosted, and agricultural growth dynamics.
- **Chapter 5** looks at the growth dynamics, the Salinas Ag Center, and barriers and solutions for industry expansion.
- **Chapter 6** summarizes the findings and identifies implementation measures and policy recommendations that can position Salinas to benefit from opportunities with the agricultural sectors and address competitive liabilities.

2. Local Economic Setting

Job Setting

Salinas and Monterey County Employment Distribution and Growth

Salinas is the leading economic center for Monterey County, and its composition and recent trends parallel the broader regional economy to a large extent. For both Salinas and the County, the employment base is dominated by agricultural production, as shown in **Table 1**. Salinas' job distribution by sector is generally similar to the countywide distribution, with the exception of hospitality (lodging and food service).

Salinas' employment base totaled about 65,200 jobs in 2021 (**Table 1**). By comparison, the County had a total of 188,400 jobs. The largest employers in Salinas are agriculture, health care, retail trade, educational services, and public administration. About 25 percent of the agricultural employment in the county is in Salinas. This mirrors the overall job distribution that also shows about a quarter of the total jobs in Monterey County are located in Salinas.

As indicated in the location quotients on **Table 1**, the sectors with the highest job concentration in Salinas are agriculture, health care/social assistance, and public administration.[1] In addition to these sectors, Monterey County also has an above-average concentration in hospitality and mining industries. This is indicative of the tourism trade and petroleum industries that are less prominent in Salinas. Transportation and warehousing, which serves as a prominent support industry for agriculture, has a below-average concentration of jobs in Salinas and Monterey County.

Between 2011 and 2021, Salinas' employment grew at an average annual rate of 1.3 percent, while Monterey County's overall employment grew at a similar rate. However, agricultural jobs grew in Salinas at a slower rate of 0.8 percent, which is about half the growth rate for Monterey County, which grew at 1.6 percent. This may reflect competition for key industrial functions in the County among cities to the south on the 101 Corridor. Between 2011 and 2021, the largest growth in Salinas occurred in health care/social assistance, administrative services, and agriculture. Each of these sectors added over 1,000 jobs during this period. Other sectors that added at least 500 jobs between 2011 and 2021 in Salinas include construction, manufacturing, wholesale trade, and education.

[1] The location quotient represents a measure of relative employment concentration that compares Salinas and Monterey County to the state. A location quotient above 1.00 indicates an above average employment concentration, while a location quotient below 1.00 indicates a below average concentration.

Table 1
Comparison of Employment Growth Trends, 2011 to 2021
Salinas and Monterey County

Industry	NAICS	Salinas					Monterey County				
		2011 Jobs	2021 Jobs	2011 to 2021 Growth	2011 to 2021 CAGR	2021 Location Quotient	2011 Jobs	2021 Jobs	2011 to 2021 Growth	2011 to 2021 CAGR	2021 Location Quotient
Total - All Industries	**Total**	57,583	65,239	7,656	1.3%	1.00	167,574	188,406	20,832	1.2%	1.00
Agriculture, Forestry, Fishing and Hunting	**11**	16,709	18,048	1,339	0.8%	10.35	46,227	54,354	8,127	1.6%	11.91
Mining, Quarrying, and Oil and Gas Extraction	**21**	13	0	-13	-41.3%	0.00	205	243	38	1.7%	1.32
Utilities	**22**	166	53	-113	-10.8%	0.11	732	729	-3	0.0%	0.60
Construction	**23**	842	1,476	635	5.8%	0.58	3,922	6,626	2,704	5.4%	0.67
Manufacturing	**31**	1,325	2,006	681	4.2%	0.36	5,602	4,876	-725	-1.4%	0.34
Wholesale Trade	**42**	1,888	2,416	528	2.5%	0.82	4,850	5,243	393	0.8%	0.73
Retail Trade	**44**	6,903	7,294	391	0.6%	1.06	15,893	16,240	346	0.2%	0.91
Transportation and Warehousing	**48**	1,176	1,382	206	1.6%	0.60	3,538	3,846	308	0.8%	0.42
Information	**51**	632	535	-97	-1.7%	0.27	1,732	955	-777	-5.8%	0.15
Finance and Insurance	**52**	1,111	899	-212	-2.1%	0.39	2,560	2,177	-383	-1.6%	0.36
Real Estate and Rental and Leasing	**53**	386	396	11	0.3%	0.36	1,667	1,957	290	1.6%	0.61
Professional, Scientific, and Technical Services	**54**	1,392	1,226	-166	-1.3%	0.26	5,666	5,213	-452	-0.8%	0.34
Management of Companies and Enterprises	**55**	587	627	39	0.7%	0.71	1,394	1,624	229	1.5%	0.60
Administrative and Support and Waste Management and Remediation Services	**56**	1,806	3,638	1,832	7.3%	0.92	4,955	8,847	3,892	6.0%	0.71
Educational Services	**61**	4,691	5,284	593	1.2%	0.90	12,098	14,306	2,209	1.7%	0.95
Health Care and Social Assistance	**62**	6,802	9,183	2,381	3.0%	1.23	15,107	21,438	6,331	3.6%	0.73
Arts, Entertainment, and Recreation	**71**	354	400	46	1.2%	0.29	2,326	2,290	-36	-0.2%	0.72
Accommodation and Food Services	**72**	3,619	3,875	257	0.7%	0.67	18,164	18,508	344	0.2%	1.17
Other Services (except Public Administration)	**81**	2,361	1,381	-980	-5.2%	0.42	6,656	4,729	-1,926	-3.4%	0.88
Public Administration	**92**	4,712	5,118	406	0.8%	1.41	13,900	14,196	296	0.2%	1.51
Unclassified	**99**	108	3	-106	-30.9%	0.01	381	9	-373	-31.6%	0.37

Source: JobsEQ (historical data from Quarterly Census of Employment and Wages)
Note: Figures may not sum because of rounding.

Projected Job Growth

Job projections from Caltrans, JobsEQ, and the Association of Monterey Bay Area Governments (AMBAG) all show a slowdown in overall job growth over the next decade. JobsEQ's growth projection through 2032 indicates that Monterey County will add about 17,500 jobs over the next decade with an average annual growth rate of 0.9 percent (**Table 2**). During this same period, Salinas is projected to add 4,900 jobs with a growth rate of 0.7 percent.

However, the JobsEQ projection shows agricultural industries in Salinas expect to grow at a markedly higher 2.0 percent CAGR through 2032, which would represent a considerably higher growth rate than over the past decade. Due to the nature of agricultural production, a lot of this job growth would not necessarily create a concurrent expansion of demand for industrial space. However, because of how the sector is organized through vertically integrated companies that have multiple functions in Salinas that require the use of industrial buildings, the job growth in agricultural production could have a greater influence on the market in Salinas. It should be noted that these job projections do not account for individual business location decisions or the catalytic effect that individual development projects or full implementation of the Central Area Specific Plan (CASP), West Area Specific Plan (WASP), and Salinas Ag Industrial Center Precise Plan would potentially have.

Most of the other industry sectors in Salinas are projected to experience comparatively low growth or slight job losses through 2032. The historical growth for manufacturing and wholesale trade in Salinas was substantially higher than in Monterey County. The JobsEQ projection shows job losses for those sectors countywide and estimates that Salinas will follow suit. These growth factors are more generalized and do not account for more local factors. Because of how the manufacturing and wholesale trade differed from the county trend, the analysis uses the historical growth trend as the basis for estimating the growth potential for manufacturing and wholesale trade.[2]

Projections of market growth over the next decade indicate that agricultural production will continue to have an outsized influence over the employment base and economic activity. However, future employment in agriculture could be tempered by adoption of technology and automation, which has had an impact in many industries in recent years.

[2] The JobsEQ projection estimates job losses through 2031. The information from the focus groups and interviews indicates that the potential square footage demand will not likely contract over the short-term. Given the high job growth rate for manufacturing uses in particular (4.2 percent between 2011 and 2021), the analysis assumes that job growth in this sector will grow at an annual rate of 2.0 percent.

Table 2
Comparison of 10-Year Employment Projections
Salinas and Monterey County

Industry	NAICS Code	City of Salinas				Monterey County			
		2022Q1 Jobs	2032Q1 Projected Jobs	2021 to 2031 Projected Job Growth	2021 to 2031 Projected CAGR	2022Q1 Jobs	2032Q1 Projected Jobs	2021 to 2031 Projected Job Growth	2021 to 2031 Projected CAGR
Total - All Industries	**Total**	65,689	70,589	4,900	0.7%	190,229	207,742	17,513	0.9%
Agriculture, Forestry, Fishing and Hunting	**11**	18,070	22,067	3,997	2.0%	54,378	66,102	11,724	2.0%
Mining, Quarrying, and Oil and Gas Extraction	**21**	0	0	0	-	239	235	-4	-0.2%
Utilities	**22**	52	50	-2	-0.4%	718	586	-132	-2.0%
Construction	**23**	1,481	1,454	-27	-0.2%	6,654	6,532	-122	-0.2%
Manufacturing	**31**	2,052	2,501	449	2.0%	4,992	5,405	413	0.8%
Wholesale Trade	**42**	2,408	2,726	318	1.2%	5,235	5,432	197	0.4%
Retail Trade	**44**	7,287	6,490	-797	-1.2%	16,231	14,513	-1,718	-1.1%
Transportation and Warehousing	**48**	1,387	1,426	39	0.3%	3,845	4,035	190	0.5%
Information	**51**	556	666	110	1.8%	992	1,200	208	1.9%
Finance and Insurance	**52**	883	835	-48	-0.6%	2,137	2,036	-101	-0.5%
Real Estate and Rental and Leasing	**53**	398	395	-3	-0.1%	1,968	1,957	-11	-0.1%
Professional, Scientific, and Technical Services	**54**	1,221	1,241	20	0.2%	5,195	5,405	210	0.4%
Management of Companies and Enterprises	**55**	617	591	-26	-0.4%	1,596	1,528	-68	-0.4%
Administrative and Support and Waste Management and Remediation Services	**56**	3,590	3,788	198	0.5%	8,750	9,213	463	0.5%
Educational Services	**61**	5,446	5,498	52	0.1%	14,687	14,985	298	0.2%
Health Care and Social Assistance	**62**	9,179	9,916	737	0.8%	21,475	24,164	2,689	1.2%
Arts, Entertainment, and Recreation	**71**	422	583	161	3.3%	2,427	3,301	874	3.1%
Accommodation and Food Services	**72**	4,101	4,792	691	1.6%	19,672	23,157	3,485	1.6%
Accommodation	**721**	284	334	50	1.6%	6,263	7,365	1,102	1.6%
Food Service	**722**	3,817	4,458	641	1.6%	13,409	15,792	2,383	1.6%
Other Services (except Public Administration)	**81**	1,417	1,553	136	0.9%	4,848	5,335	487	1.0%
Public Administration	**92**	5,119	4,915	-204	-0.4%	14,177	13,507	-670	-0.5%
Unclassified	**99**	4	4	0	0.0%	13	14	1	0.7%

Source: JobsEQ (historical data from Quarterly Census of Employment and Wages)
Note: Figures may not sum because of rounding.
Manufacturing and wholesale trade employment growth is adjusted to historical trends.

As shown in **Table 3**, the job projection from AMBAG shows Salinas adding about 2,200 jobs with an annual growth rate of 0.3 percent, with a similarly low growth rate for the county as a whole. The AMBAG projections are generally more conservative than those from other agencies. The Caltrans long-term forecast for Monterey County projects a higher growth rate of 1.0 percent, which is consistent with the JobsEQ projection for the county.

Summary of Economic Status: Industry Growth and Concentration

This section identifies the economic "roles" or circumstances for industries in Salinas and unincorporated Monterey County. These roles are defined based on recent employment growth and the employment concentration (location quotient).[3] These roles are described below. The economic roles of industries in Salinas are shown in **Figure 1**, while the economic roles for industries in unincorporated Monterey County are shown in **Figure 2**. A comparison of Salinas and Monterey County is shown in **Figure 3**.

Growing Economic Base Industries

Growing economic base industries (positive job growth and high concentration) represent the primary drivers of the county economy. These industries already prominently contribute to the overall economic base because of their above-average concentration. Yet, they also continue to show job growth. Between Salinas and Monterey County, the distribution of economic activity is very comparable (except for the higher concentration of activity with tourism in Monterey County), and agricultural activity supports most of the growing economic base industries. It includes agricultural services as well as suppliers and distribution.

- Growing economic base industries (positive job growth and high concentration) for Salinas include agricultural support services, food manufacturing, wood products, paper, wholesale trade, truck transportation, and hospitals.
- Growing economic base industries in Monterey County include agricultural support, oil extraction and mining, beverage manufacturing, wholesale trade, truck transportation, and nonprofit organizations.

[3] The employment concentration is based on the location quotient. The location quotient is calculated by comparing an industry's percentage of total employment for the region and the percentage of employment for that same industry in the state. A computed location of at least 1.0 represents an above-average concentration, while a value below 1.0 indicates a below-average concentration of employment.

Table 3
Comparison of Growth Projections
Salinas and Monterey County

Salinas Projection	2021 Jobs	2031 Jobs	2011 to 2021 Growth	2011 to 2021 CAGR
JobsEQ	65,689	70,589	4,900	0.7%
AMBAG	78,874	81,079	2,205	0.3%

Monterey County Projection	2021 Jobs	2031 Jobs	2011 to 2021 Growth	2011 to 2021 CAGR
JobsEQ	190,229	207,742	17,513	0.9%
Caltrans	192,700	212,400	19,700	1.0%
AMBAG	243,015	249,613	6,598	0.3%

Source: JobsEQ, Caltrans, and Association of Monterey Bay Area Governments
Manufacturing and wholesale trade employment growth is adjusted to historical trends.

Figure 1
Economic Roles of Industries
Salinas, 2011 to 2021

Declining Economic Base Industries (Negative Job Change, High Concentration)	Growing Economic Base Industries (Positive Job Growth, High Concentration)
111 Crop Production	114 Fishing, Hunting and Trapping
515 Broadcasting (except Internet)	115 Support Activities for Agriculture and Forestry
	311 Food Manufacturing
	321 Wood Product Manufacturing
	322 Paper Manufacturing
	424 Merchant Wholesalers, Nondurable Goods
	484 Truck Transportation
	622 Hospitals
Declining Non-Base Industries	**Emerging Industries (Positive Growth, Low Concentration**
113 Forestry and Logging	112 Animal Production and Aquaculture
211 Oil and Gas Extraction	236 Construction of Buildings
212 Mining (except Oil and Gas)	237 Heavy and Civil Engineering Construction
213 Support Activities for Mining	238 Specialty Trade Contractors
221 Utilities	312 Beverage and Tobacco Product Manufacturing
313 Textile Mills	314 Textile Product Mills
315 Apparel Manufacturing	323 Printing and Related Support Activities
316 Leather and Allied Product Manufacturing	325 Chemical Manufacturing
324 Petroleum and Coal Products Manufacturing	326 Plastics and Rubber Products Manufacturing
331 Primary Metal Manufacturing	327 Nonmetallic Mineral Product Manufacturing
334 Computer and Electronic Product Manufacturing	332 Fabricated Metal Product Manufacturing
335 Electrical Equipment, Appliance, and Component Manufacturing	333 Machinery Manufacturing
425 Wholesale Electronic Markets and Agents and Brokers	336 Transportation Equipment Manufacturing
481 Air Transportation	337 Furniture and Related Product Manufacturing
482 Rail Transportation	339 Miscellaneous Manufacturing
483 Water Transportation	423 Merchant Wholesalers, Durable Goods
485 Transit and Ground Passenger Transportation	492 Couriers and Messengers
486 Pipeline Transportation	518 Data Processing, Hosting, and Related Services
487 Scenic and Sightseeing Transportation	519 Other Information Services
488 Support Activities for Transportation	524 Insurance Carriers and Related Activities
491 Postal Service	531 Real Estate
493 Warehousing and Storage	551 Management of Companies and Enterprises
511 Publishing Industries (except Internet)	561 Administrative and Support Services
512 Motion Picture and Sound Recording Industries	562 Waste Management and Remediation Services
517 Telecommunications	611 Educational Services
521 Monetary Authorities-Central Bank	621 Ambulatory Health Care Services
522 Credit Intermediation and Related Activities	623 Nursing and Residential Care Facilities
523 Securities, Commodity Contracts, and Other Financial Investments and Related Activities	624 Social Assistance
525 Funds, Trusts, and Other Financial Vehicles	711 Performing Arts, Spectator Sports, and Related Industries
532 Rental and Leasing Services	713 Amusement, Gambling, and Recreation Industries
533 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	722 Food Services and Drinking Places
541 Professional, Scientific, and Technical Services	811 Repair and Maintenance
712 Museums, Historical Sites, and Similar Institutions	
721 Accommodation	
812 Personal and Laundry Services	
813 Religious, Grantmaking, Civic, Professional, and Similar Organizations	

Source: JobsEQ (historical data from Quarterly Census of Employment and Wages)

Figure 2
Economic Roles of Industries
Monterey County, 2011 to 2021

Declining Economic Base Industries (Negative Job Change, High Concentration)	Growing Economic Base Industries (Positive Job Growth, High Concentration)
111 Crop Production	115 Support Activities for Agriculture and Forestry
114 Fishing, Hunting and Trapping	211 Oil and Gas Extraction
311 Food Manufacturing	212 Mining (except Oil and Gas)
322 Paper Manufacturing	312 Beverage and Tobacco Product Manufacturing
712 Museums, Historical Sites, and Similar Institutions	424 Merchant Wholesalers, Nondurable Goods
721 Accommodation	484 Truck Transportation
	487 Scenic and Sightseeing Transportation
	813 Religious, Grantmaking, Civic, Professional, and Similar Organizations
Declining Non-Base Industries	**Emerging Industries (Positive Growth, Low Concentration**
113 Forestry and Logging	112 Animal Production and Aquaculture
221 Utilities	213 Support Activities for Mining
313 Textile Mills	236 Construction of Buildings
315 Apparel Manufacturing	237 Heavy and Civil Engineering Construction
316 Leather and Allied Product Manufacturing	238 Specialty Trade Contractors
323 Printing and Related Support Activities	314 Textile Product Mills
324 Petroleum and Coal Products Manufacturing	321 Wood Product Manufacturing
325 Chemical Manufacturing	326 Plastics and Rubber Products Manufacturing
331 Primary Metal Manufacturing	327 Nonmetallic Mineral Product Manufacturing
333 Machinery Manufacturing	332 Fabricated Metal Product Manufacturing
334 Computer and Electronic Product Manufacturing	335 Electrical Equipment, Appliance, and Component Manufacturing
423 Merchant Wholesalers, Durable Goods	336 Transportation Equipment Manufacturing
425 Wholesale Electronic Markets and Agents and Brokers	337 Furniture and Related Product Manufacturing
481 Air Transportation	339 Miscellaneous Manufacturing
482 Rail Transportation	492 Couriers and Messengers
483 Water Transportation	518 Data Processing, Hosting, and Related Services
485 Transit and Ground Passenger Transportation	519 Other Information Services
486 Pipeline Transportation	524 Insurance Carriers and Related Activities
488 Support Activities for Transportation	531 Real Estate
491 Postal Service	551 Management of Companies and Enterprises
493 Warehousing and Storage	561 Administrative and Support Services
511 Publishing Industries (except Internet)	611 Educational Services
512 Motion Picture and Sound Recording Industries	621 Ambulatory Health Care Services
515 Broadcasting (except Internet)	622 Hospitals
517 Telecommunications	623 Nursing and Residential Care Facilities
521 Monetary Authorities-Central Bank	624 Social Assistance
522 Credit Intermediation and Related Activities	713 Amusement, Gambling, and Recreation Industries
523 Securities, Commodity Contracts, and Other Financial Investments and Related Activities	722 Food Services and Drinking Places
525 Funds, Trusts, and Other Financial Vehicles	811 Repair and Maintenance
532 Rental and Leasing Services	
533 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	
541 Professional, Scientific, and Technical Services	
562 Waste Management and Remediation Services	
711 Performing Arts, Spectator Sports, and Related Industries	
812 Personal and Laundry Services	

Source: JobsEQ (historical data from Quarterly Census of Employment and Wages)

Figure 3
Comparison of Growing Economic Base Industries and Emerging Industries
Salinas and Monterey County

Growing Economic Base Industries (Positive Job Growth, High Concentration)		
Salinas	**Avg. Annual Wage**	**Monterey County**
115 Support Activities for Agriculture and Forestry	$43,627	115 Support Activities for Agriculture and Forestry
311 Food Manufacturing	$49,302	211 Oil and Gas Extraction
321 Wood Product Manufacturing	$50,806	212 Mining (except Oil and Gas)
322 Paper Manufacturing	$75,683	312 Beverage and Tobacco Product Manufacturing
424 Merchant Wholesalers, Nondurable Goods	$82,385	424 Merchant Wholesalers, Nondurable Goods
484 Truck Transportation	$58,289	484 Truck Transportation
622 Hospitals	$95,107	487 Scenic and Sightseeing Transportation
		813 Religious, Grantmaking, Civic, Professional, and Similar Organizations

Emerging Industries (Positive Growth, Low Concentration)		
Salinas	**Avg. Annual Wage**	**Monterey County**
112 Animal Production and Aquaculture	$41,059	112 Animal Production and Aquaculture
236 Construction of Buildings	$67,000	213 Support Activities for Mining
237 Heavy and Civil Engineering Construction	$81,293	236 Construction of Buildings
238 Specialty Trade Contractors	$61,133	237 Heavy and Civil Engineering Construction
312 Beverage and Tobacco Product Manufacturing	$61,501	238 Specialty Trade Contractors
314 Textile Product Mills	$40,710	314 Textile Product Mills
323 Printing and Related Support Activities	$43,929	321 Wood Product Manufacturing
325 Chemical Manufacturing	$68,343	326 Plastics and Rubber Products Manufacturing
326 Plastics and Rubber Products Manufacturing	$72,920	327 Nonmetallic Mineral Product Manufacturing
327 Nonmetallic Mineral Product Manufacturing	$96,013	332 Fabricated Metal Product Manufacturing
332 Fabricated Metal Product Manufacturing	$54,050	335 Electrical Equipment, Appliance, and Component Manufacturing
333 Machinery Manufacturing	$62,534	336 Transportation Equipment Manufacturing
336 Transportation Equipment Manufacturing	$53,261	337 Furniture and Related Product Manufacturing
337 Furniture and Related Product Manufacturing	$59,575	339 Miscellaneous Manufacturing
339 Miscellaneous Manufacturing	$44,874	492 Couriers and Messengers
423 Merchant Wholesalers, Durable Goods	$71,843	518 Data Processing, Hosting, and Related Services
492 Couriers and Messengers	$51,957	519 Other Information Services
518 Data Processing, Hosting, and Related Services	$105,478	524 Insurance Carriers and Related Activities
519 Other Information Services	$49,458	531 Real Estate
524 Insurance Carriers and Related Activities	$81,331	551 Management of Companies and Enterprises
531 Real Estate	$60,624	561 Administrative and Support Services
551 Management of Companies and Enterprises	$82,398	611 Educational Services
561 Administrative and Support Services	$36,340	621 Ambulatory Health Care Services
562 Waste Management and Remediation Services	$68,430	622 Hospitals
611 Educational Services	$65,684	623 Nursing and Residential Care Facilities
621 Ambulatory Health Care Services	$86,317	624 Social Assistance
623 Nursing and Residential Care Facilities	$47,087	713 Amusement, Gambling, and Recreation Industries
624 Social Assistance	$25,671	722 Food Services and Drinking Places
711 Performing Arts, Spectator Sports, and Related Industries	$50,940	811 Repair and Maintenance
713 Amusement, Gambling, and Recreation Industries	$39,095	
722 Food Services and Drinking Places	$29,377	
811 Repair and Maintenance	$51,108	

Source: JobsEQ (historical data from Quarterly Census of Employment and Wages)

Emerging Industries

Emerging industries (positive job growth and low concentration) represent potential future economic drivers for the county economy. While these industries have not yet attained an above-average concentration of jobs, they have shown recent growth:

- Emerging industries (positive job growth and low concentration) for Salinas include animal production, construction, multiple manufacturing sectors, transportation support, data processing, information services, multiple professional services sectors, education, health care, recreation/performing arts, and food service.
- Emerging industries for Monterey County are similar but include higher levels of uses more appropriate outside of cities such as animal production and mining support services. Uses such as recreation and performing arts are not concentrated as heavily.

Declining Base Industries

Declining base industries (negative job change and high concentration) represent economic drivers that continue to show high employment concentration but have also had recent vulnerability with declines in employment. Declining base industries might be considered candidates for business retention activity:

- Declining base industries for Salinas include crop production and broadcasting.
- Declining base industries for the county include crop production, fishing, food manufacturing, paper manufacturing, and accommodations.

Altogether, the trend indicates some recent vulnerabilities with crop production and job reductions that occurred as a result of labor shortages during the pandemic. However, the City in particular has a diverse range of emerging industries that represent agricultural supplier sectors, as well as sectors outside of agriculture. Salinas also continues to see strong performance from core agricultural support sectors, although growing base industries are not as well represented in the non-agricultural sectors. **Chapter 4** includes a more detailed discussion of the agricultural production trends and context from focus groups with representatives from the agricultural industry.

Topical Conclusions: Local Economic Setting

Policy Implications

- Salinas' economic base continues to be driven by agricultural production by a significant margin, even though it grew at a slower rate than the rest of the county over the past decade.
- Supplier sectors to agriculture have grown at a faster rate and outpaced the rest of the county.
- Growth projections show slowing employment growth through 2031, which potentially impacts net growth in demand for industrial space.

Needs for Ongoing Tracking

- Available data indicate some degree of agricultural employment growth in Salinas, however, other than boutique greenhouse and other niche operations, it is believed that the majority of these jobs are operations and administrative aspects of the agricultural producers headquartered in Salinas.

Suggested Action Items

- Conduct outreach to local agricultural producers to identify the extent to which their Salinas operations extend into office, manufacturing, distribution, and/or other industrial activities.

3. Local Labor Force

Labor Force Trends

Salinas' potential job creation strength lies in its changing demographics and educational and economic characteristics. Salinas' relative youth with a median age of 31.0 years, slightly increasing educational attainment levels, and substantial college or graduate school enrollment are all positive traits that could lead to a higher trained and more qualified workforce able to fill potentially higher paid jobs. Combined with greater and targeted local educational opportunities through Hartnell Community College and California State University Monterey Bay, as well as research and development facilities at the Naval Postgraduate School in Monterey and the University of California at Santa Cruz, Salinas is geographically well positioned to build upon these strengths.

However, Salinas still has substantial progress to make in terms of fully realizing these potential opportunities. According to most recent American Community Survey (ACS), United States Census results from 2021, Salinas' labor force has a comparatively low percentage of residents working at home, and the overall educational attainment remains relatively low. Progress toward strengthening these metrics will need to continue, as Salinas is geographically well-situated to benefit from economic diversification opportunities.

Current Labor Force Composition

According to the ACS (2021 one-year sample), Salinas had a labor force of nearly 67,000 workers.[4] This represents over one-third of the total labor force in Monterey County, which has about 181,800 workers.

As shown in **Table 4**, Salinas has a labor force participation rate of about 64.2 percent, which is nearly identical to the labor force participation rate for California (64.4 percent) and higher than the labor force participation for Monterey County (59.5 percent). In addition, the unemployment rate for Salinas in 2021 was 5.5 percent, which is notably lower than California (8.3 percent) and Monterey County (6.8 percent).

[4] This count includes all workers aged 16 and over.

Table 4
Employment Status and Labor Force Participation, Population Aged 16 and Over
Salinas and Monterey County

Employment Status and Labor Force Participation	California	Monterey County	Salinas
Population 16 years and over	31,507,237	281,950	153,112
Employment Status			
In labor force	63.4%	59.5%	63.2%
Civilian labor force	62.9%	58.1%	63.0%
-Employed	57.6%	54.1%	59.6%
-Unemployed	5.2%	3.9%	3.4%
Armed Forces	0.5%	1.5%	0.2%
Not in labor force	36.6%	40.5%	36.8%
Civilian labor force	19,805,371	195,651	96,457
Unemployment Rate	8.3%	6.8%	5.5%

Source: US Census American Community Survey (2021 one-year sample)

Socioeconomics and Commute Characteristics

Educational Attainment

The comparatively low educational attainment for Salinas potentially constrains the City's short-term ability to develop diversified industries that supply the agricultural industry, including agricultural technology which will be discussed further in **Chapter 4**. Educational attainment for the population in Salinas (aged 25 and over) broadly lags behind both California and Monterey County (**Table 5**). Only 57.7 percent of the Salinas population has completed at least a high school education. This is significantly lower than the high school educational attainment for both California (84.4 percent) and Monterey County (74 percent).

In addition, only about 12.5 percent of Salinas' population has at least a bachelor's degree or higher. This is less than half the percentage for Monterey County (27.2 percent) and California (36.2 percent).

While labor directly involved in crop production generally does not require higher education, the supplier industries and future growth opportunities potentially need a larger base of educated workers. The regional base of higher education and job training opportunities provides Salinas with capacity to raise the educational attainment.

Commute and Remote Work Indicators

The commute characteristics for Salinas show a comparatively high percentage of 72.3 percent of workers driving to work alone (**Table 6**). This is higher than the drive-alone commute rates for both California (63.7 percent) and Monterey County (70.3 percent). Salinas also has a very high percentage of workers who commute by "other means," which excludes carpools, public transportation, and walking. Presumably, this would include private group transportation, which is common with farm workers. The average commute times for Salinas' labor force is in line with the county and state averages.

Only 4.1 percent of Salinas workers work from home. This is notably lower than for California (21.4 percent) and Monterey County (11.3 percent). The data likely reflects that those employed residents of Salinas do not work in the technology sectors of Silicon Valley in any great numbers as their shorter commute times and lack of work from home indicates.

However, an opportunity to expand into this sector still exists with the favorable demographics developing over time, in part to the City's continued efforts to build housing in its specific plans as well as in its downtown. Not only will there be better educated and trained residents that can expand into different technology sectors and jobs, but greater potential for expanding opportunities in diversified economic development. It should be noted that the data reflects the 2021 one-year sample and might not reflect more recent trends that have occurred since more companies began implementing hybrid scheduling and/or more requirements for in-person work.

Table 5
Educational Attainment, Population Aged 25 and Over
Salinas and Monterey County

Educational Attainment	California	Monterey County	Salinas
Population 25 years and over	**26,909,869**	**281,950**	**96,003**
Educational Attainment			
Less Than 9th Grade	8.8%	17.0%	29.4%
High School, No Diploma	6.7%	9.0%	12.9%
High School Graduate (or Equivalent)	20.7%	20.8%	24.2%
Some College, No Degree	19.7%	18.2%	14.6%
Associate's Degree	7.9%	7.8%	6.4%
Bachelor's Degree	22.1%	15.3%	9.3%
Graduate or Professional Degree	14.0%	11.9%	3.2%
High School Graduate or Higher	84.4%	74.0%	57.7%
Bachelor's Degree or Higher	36.2%	27.2%	12.5%

Source: US Census American Community Survey (2021 one-year sample)

Table 6
Commute Characteristics, Population Aged 16 and Over
Salinas and Monterey County

Commute Pattern	California	Monterey County	Salinas
Workers 16 years and over	17,811,184	181,826	66,919
Mode of Transport to Work			
Car, truck, or van -- drove alone	63.7%	70.3%	72.3%
Car, truck, or van -- carpooled	8.4%	6.8%	6.7%
Public transportation (excluding taxicab)	2.1%	0.5%	0.3%
Walked	2.1%	2.8%	0.8%
Other means	2.3%	8.3%	15.7%
Worked from home	21.4%	11.3%	4.1%
Mean travel time to work (minutes)	27.6	25.4	24.9

Source: US Census American Community Survey (2021 one-year sample)

Skills and Career Ladders

Career ladders for agricultural work come through the opportunities to advance into higher level occupations within the same profession and advancing into other occupations through acquiring new skills and certifications.

Using data from JobsEQ on agriculture and food careers, the potential career training ladders start with crop farmworkers, agricultural equipment operators, fishing and hunting workers, and cutters and trimmers (**Figure 4**). The next step up includes occupations such as agricultural inspectors, labor contractors, machine operators, animal breeders and caretakers, animal farm workers, and slaughters and meat packers.

The higher skilled careers for agriculture and food go into food science technicians, supervisors and forest/conservation workers. A further step up the career ladder includes managers, food scientists, agricultural technicians, foresters, and fish and game wardens. Farm and home management educators are the highest skill level in the career training ladder based on the Jobs EQ methodology, but it should be noted that opportunities have also presented themselves in the form of promotions into management and ownership within the various producers in Salinas.

Wages and Occupational Distributions

Agricultural production workers are largely concentrated into the farming occupations, with 75 percent of the total workers that averaged about $34,300 in average annual wages through 2022 (**Table 7**).[5] Management workers made up about 8.1 percent of the total workers, and their average annual wage was about $109,100. The other large occupational grouping in agricultural production was transportation and material moving occupations. These occupations made up about 6.2 percent of the total agricultural production jobs, with an average annual salary of $39,800. As discussed below, these income levels imply difficulty in obtaining new housing; that said, the availability of additional housing throughout the City will work to provide more entry-level opportunities for these households by freeing-up existing, older housing stock in the City as some households seek move-up opportunities within town.

Clearly the evolution of the local agricultural production sector offers an opportunity to improve earnings as skill levels are enhanced. However, it is also clear that households working in this industry sorely need additional regional housing solutions to afford good quality shelter without overcrowding.

[5] The occupational data comes from a four-quarter moving average through the 3rd quarter of 2022.

Figure 4
Career Training Ladder for Agriculture and Food Careers
Monterey County

Source: Chmura Career Ladders, JobEQ

Table 7
Staffing Pattern by Occupation for Agricultural Production Jobs
Monterey County

Occupational Category (Major Group)	NAICS Code	Staffing Pattern 2022Q3 [1]	Percentage of Jobs	Average Annual Wages
Management Occupations	**11-0000**	4,757.2	8.1%	$109,100
Business and Financial Operations Occupations	**13-0000**	579.4	1.0%	$79,600
Computer and Mathematical Occupations	**15-0000**	181.1	0.3%	$105,800
Architecture and Engineering Occupations	**17-0000**	80.4	0.1%	$89,700
Life, Physical, and Social Science Occupations	**19-0000**	183.0	0.3%	$85,000
Arts, Design, Entertainment, Sports, and Media Occupations	**27-0000**	23.4	0.0%	$77,100
Healthcare Practitioners and Technical Occupations	**31-0000**	2.9	0.0%	$34,600
Protective Service Occupations	**33-0000**	33.6	0.1%	$37,800
Food Preparation and Serving Related Occupations	**35-0000**	155.4	0.3%	$35,400
Building and Grounds Cleaning and Maintenance Occupations	**37-0000**	598.8	1.0%	$39,800
Sales and Related Occupations	**41-0000**	389.2	0.7%	$78,000
Office and Administrative Support Occupations	**43-0000**	1,764.5	3.0%	$47,500
Farming, Fishing, and Forestry Occupations	**45-0000**	44,021.3	75.0%	$34,300
First-Line Supervisors	**45-1010**	1,669.6	2.8%	$52,700
Agricultural Inspectors	**45-2010**	35.3	0.1%	$54,800
Animal Breeders	**45-2020**	5.1	0.0%	$63,000
Graders and Sorters, Agricultural Products	**45-2040**	1,170.0	2.0%	$31,600
Miscellaneous Agricultural Workers	**45-2090**	41,090.3	70.0%	$33,600
Fishing and Hunting Workers	**45-3030**	18.4	0.0%	n/a
Forest and Conservation Workers	**45-4010**	7.2	0.0%	$33,100
Logging Workers	**45-4020**	25.3	0.0%	$58,300
Construction and Extraction Occupations	**47-0000**	114.8	0.2%	$67,900
Installation, Maintenance, and Repair Occupations	**49-0000**	944.9	1.6%	$51,200
Production Occupations	**51-0000**	1,138.8	1.9%	$39,600
Transportation and Material Moving Occupations	**53-0000**	3,637.0	6.2%	$39,800
	Total	58,686.5		n/a

Source: JobsEQ (sourced from Quarterly Census of Employment and Wages)
[1] The staffing pattern reflects the distribution of jobs by occupation in Monterey County.
These jobs correspond to the agriculture, forestry, fishing sector (NAICS code 11).
The job count represents quarterly data from the 3rd quarter of 2022.
The data only includes covered employment.

Housing Expense and Overcrowding

Over the 5-year period that included 2017 through 2021, the median monthly housing costs for Salinas households were $1,668, as shown in **Table 8**. This was just over $100 less than the median monthly housing costs for Monterey County and California. The trend was similar with both owner-occupied and renter-occupied housing.

These monthly housing costs represented about 26.4 percent of the median income for Salinas residents, which is very similar to the housing cost as a percentage of median income for Monterey County (26.0 percent) and California (25.6 percent). For owner-occupied housing units, the monthly housing was 21.8 percent of median household income in Salinas, while for renter-occupied housing, the monthly housing costs represented 34.4 percent of median household income. These figures are similar to problematic housing cost burdens occurring throughout the County and the State. When confronted with these conditions, households often "double up", contributing to very high persons per household numbers, and/or result in long commutes from outside areas to fill local jobs, as discussed further below.

Labor Supply Gaps

Comparing the labor supply with the jobs provides an indicator of which industries have experienced labor shortages, due to factors such as housing cost described above, and sectors having a labor surplus.

Table 9 compares the labor force by industry with the total jobs by industry in Salinas and Monterey County. Looking at the comparison for 2021, Salinas had an overall labor surplus of about 3,400 workers, while Monterey County had an overall shortage of about 6,000 workers. Weighed against an overall labor force of 68,600 and 182,400 workers, respectively, Salinas and Monterey County are roughly balanced overall.

However, when looking at the individual industry sectors, some very important findings emerge. For Salinas, the largest labor surpluses in 2021 occurred in the construction, manufacturing, transportation and warehousing, and professional services industries. Each of these sectors had a labor surplus of over 1,000 workers. For construction, the labor surplus was more than triple the number of construction jobs in Salinas. This would indicate that Salinas serves as a bedroom community for construction workers who work jobs for employers located outside of the City and the county.

Table 8
Housing Costs and Household Income (Five-Year Sample 2017-2021)

	Median Monthly Housing Cost	Median Housing Cost - Owner-Occupied	Median Housing Cost Renter-Occupied	Median Household Income	Median Household Income Owner-Occupied	Median Household Income Renter-Occupied	Housing Cost as Percentage of Median Income	Housing Cost as Percentage of Median Income (Owner-Occupied)	Housing Cost as Percentage of Median Income (Renter-Occupied)
California	$1,791	$1,943	$1,698	$84,097	$109,195	$59,530	25.6%	21.4%	34.2%
Monterey County	**$1,775**	**$1,885**	**$1,718**	**$82,013**	**$105,255**	**$61,155**	**26.0%**	**21.5%**	**33.7%**
Santa Cruz County	$2,080	$2,296	$1,925	$96,093	$124,331	$67,144	26.0%	22.2%	34.4%
Santa Clara County	$2,671	$2,908	$2,530	$140,258	$173,280	$106,120	22.9%	20.1%	28.6%
San Benito County	$2,070	$2,392	$1,703	$95,606	$115,717	$65,451	26.0%	24.8%	31.2%
Salinas	**$1,668**	**$1,764**	**$1,636**	**$75,747**	**$96,993**	**$57,109**	**26.4%**	**21.8%**	**34.4%**
Gonzales	$1,516	$1,733	$1,300	$73,906	$101,250	$46,967	24.6%	20.5%	33.2%
Soledad	$1,403	$1,442	$1,349	$67,366	$90,114	$33,786	25.0%	19.2%	47.9%
Greenfield	$1,569	$1,664	$1,559	$69,474	$88,417	$54,439	27.1%	22.6%	34.4%
King City	$1,403	$1,295	$1,502	$59,712	$78,246	$45,119	28.2%	19.9%	39.9%
Hollister	$2,009	$2,374	$1,681	$87,761	$106,783	$60,261	27.5%	26.7%	33.5%
Gilroy	$2,502	$2,805	$2,151	$116,206	$137,649	$71,071	25.8%	24.5%	36.3%

Source: US Census American Community Survey (2017 to 2021 five-year sample)

Table 9
Comparison of Employment and Labor Force by Industry
Salinas and Monterey County

Industry Description	NAICS Code	Salinas			Monterey County		
		2021 Jobs [1]	2021 Labor Force [2]	Excess Labor (Shortage)	2021 Jobs [1]	2021 Labor Force [2]	Excess Labor (Shortage)
Total - All Industries	**Total**	65,239	68,629	3,390	188,406	182,444	(5,962)
Agriculture, Forestry, Fishing and Hunting	**11**	18,048	15,942	(2,106)	54,354	28,344	(26,010)
Mining, Quarrying, and Oil and Gas Extraction	**21**	0	0	(0)	243	50	(193)
Utilities	**22**	53	537	484	729	1,694	965
Construction	**23**	1,476	6,731	5,255	6,626	14,519	7,893
Manufacturing	**31**	2,006	3,994	1,988	4,876	9,198	4,322
Wholesale Trade	**42**	2,416	3,231	815	5,243	5,815	572
Retail Trade	**44**	7,294	7,330	36	16,240	17,262	1,022
Transportation and Warehousing	**48**	1,382	2,814	1,432	3,846	6,149	2,303
Information	**51**	535	1,260	725	955	3,427	2,472
Finance and Insurance	**52**	899	503	(396)	2,177	2,952	775
Real Estate and Rental and Leasing	**53**	396	580	184	1,957	3,838	1,881
Professional, Scientific, and Technical Services	**54**	1,226	2,756	1,530	5,213	10,366	5,153
Management of Companies and Enterprises	**55**	627	0	(627)	1,624	0	(1,624)
Administrative and Support and Waste Management and Remediation Services	**56**	3,638	3,821	183	8,847	9,061	214
Educational Services	**61**	5,284	3,315	(1,969)	14,306	14,364	58
Health Care and Social Assistance	**62**	9,183	5,728	(3,455)	21,438	19,489	(1,949)
Arts, Entertainment, and Recreation	**71**	400	492	92	2,290	3,483	1,193
Accommodation and Food Services	**72**	3,875	3,969	94	18,508	12,892	(5,616)
Other Services (except Public Administration)	**81**	1,381	2,564	1,183	4,729	7,575	2,846
Public Administration	**92**	5,118	3,062	(2,056)	14,196	11,966	(2,230)

Source: JobsEQ (sourced from Quarterly Census of Employment and Wages) and US Census American Community Survey (2021 one-year sample)
Note: Figures may not sum because of rounding.
[1] The industry data is annualized, so the totals will differ from the occupational data that is only reported on a quarterly basis.
Jobs reflect the location of work.
[2] Labor force reflects the location of residence for employed workers.

The largest labor shortages in Salinas occurred in agriculture, educational services, health care, and public administration. For these sectors, workers have to commute into Salinas from elsewhere within or outside of the county. For agriculture, the seasonal nature of the jobs partially explains the labor shortage, while the labor shortages for education and health care likely reflect the more concentrated presence of institutions and facilities in Salinas compared to other parts of Monterey County.

The largest labor surpluses in Monterey County occurred in construction, manufacturing, transportation and warehousing, information services, real estate, professional services, arts and entertainment, and other services. Most of these industries are not highly concentrated in Monterey County, but the workers can afford to live in the county while commuting to jobs outside of the county.

For Monterey County, the most striking labor shortage occurred in agriculture with a shortfall of 26,000 workers. This indicates the magnitude of the seasonality of agriculture, as well as the transient nature of the labor force that works those jobs. The other significant labor shortage in Monterey County occurred in hospitality (food service and accommodations), which had a shortfall of over 5,600 workers. Hospitality also has a seasonal component, particularly with tourism. With agriculture and hospitality, another common link is with the low wages for those industries. This potentially points to housing affordability issues.

Table 10 compares employment with the labor force supply by occupation. When looking at the occupational categories, the farming occupations had very large labor shortages.

Other occupational categories in the county with large labor shortages include food preparation, business/financial, and health care support. The largest labor shortages by occupation in Salinas included educational occupations, and health care practitioners.

The occupations with the largest labor surplus in Salinas included management, construction, installation/maintenance/repair, and production occupations. In Monterey County, the largest labor surpluses occurred in management, science, art/design/entertainment/media, protective service, building maintenance, construction, and production occupations.

Table 10
Comparison of Employment and Labor Force by Occupation
Salinas and Monterey County

Occupations by Major Group	SOC Code	Salinas			Monterey County		
		2021 Jobs (4-quarter average) [1]	2021 Labor Force [2]	Excess Labor Force (Shortage)	2021 Jobs (4-quarter average) [1]	2021 Labor Force [2]	Excess Labor Force (Shortage)
Management Occupations	**11-0000**	4,138	4,973	835	13,201	17,179	3,978
Business and Financial Operations Occupations	**13-0000**	2,569	1,605	(964)	8,595	7,079	(1,516)
Computer and Mathematical Occupations	**15-0000**	1,021	438	(583)	3,214	3,754	540
Architecture and Engineering Occupations	**17-0000**	447	859	412	1,661	2,467	806
Life, Physical, and Social Science Occupations	**19-0000**	482	267	(215)	1,668	2,733	1,065
Community and Social Service Occupations	**21-0000**	1,146	967	(179)	3,036	3,164	128
Legal Occupations	**23-0000**	430	390	(40)	1,226	1,459	233
Educational Instruction and Library Occupations	**25-0000**	3,747	1,472	(2,275)	9,804	9,207	(597)
Arts, Design, Entertainment, Sports, and Media Occupations	**27-0000**	712	808	96	2,292	3,338	1,046
Healthcare Practitioners and Technical Occupations	**29-0000**	3,936	2,259	(1,677)	8,351	8,962	611
Healthcare Support Occupations	**31-0000**	2,800	2,241	(559)	7,967	6,479	(1,488)
Protective Service Occupations	**33-0000**	1,837	1,928	91	4,314	5,664	1,350
Food Preparation and Serving Related Occupations	**35-0000**	3,785	3,621	(164)	13,666	8,552	(5,114)
Building and Grounds Cleaning and Maintenance Occupations	**37-0000**	1,633	3,240	1,607	6,669	8,554	1,885
Personal Care and Service Occupations	**39-0000**	1,009	394	(615)	3,270	2,504	(766)
Sales and Related Occupations	**41-0000**	5,658	6,887	1,229	13,796	18,615	4,819
Office and Administrative Support Occupations	**43-0000**	6,066	6,256	190	17,580	16,592	(988)
Farming, Fishing, and Forestry Occupations	**45-0000**	13,596	10,879	(2,717)	40,946	19,776	(21,170)
Construction and Extraction Occupations	**47-0000**	1,548	4,901	3,353	6,219	9,417	3,198
Installation, Maintenance, and Repair Occupations	**49-0000**	1,794	1,789	(5)	5,452	4,760	(692)
Production Occupations	**51-0000**	2,440	3,833	1,393	5,959	7,485	1,526
Transportation and Material Moving Occupations	**53-0000**	6,052	8,622	2,570	15,085	14,704	(381)
	Total	66,847	68,629	1,782	193,970	182,444	(11,526)

Source: JobsEQ (sourced from Quarterly Census of Employment and Wages) and US Census American Community Survey (2021 one-year sample)
Note: Figures may not sum because of rounding.
[1] Occupational employment data is only reported on a quarterly basis, so the totals will differ from the annually adjusted industry data.
Jobs reflect the location of work.
[2] Labor force reflects the location of residence for employed workers.

Topical Conclusions: Labor Force Conditions

Policy Implications

- Labor force shortages reflect the seasonal nature of agricultural production but point to the need for adequate workforce housing.
- The comparatively low educational levels for the Salinas labor force present a potential impediment to addressing economic development opportunities.
- The young population in Salinas and the presence of higher education in Salinas and Monterey County provide opportunities for workforce training.
- Adoption of technology will lead to changes in the future labor force needs.
- Salinas' labor force has not gone to remote work as quickly as other parts of California, which indicates that it is not yet a prominent destination for remote workers relocating from more expensive areas.

Needs for Ongoing Tracking

- What are some of the specific labor force and housing conditions that can be addressed through public policy?
- How will increasing adoption of agricultural technology impact the labor force needs (number of workers needed, training needs, etc.)?
- Is the job training in Monterey County sufficient to meet the needs of industry as well as career ladder opportunities for workers?

Suggested Action Items

- Ensure that Salinas' strategic partnerships with workforce development programs at Hartnell College, CSU Monterey Bay, UC Santa Cruz, regional providers, and trade schools meet the needs of agriculture in light of shifts in technology and market changes.
- Explore other strategic partnerships with trade groups and establish an agricultural industry working group in Salinas to address business climate and workforce preparedness issues.
- Address needs for agricultural and other seasonal worker housing and engage with private businesses that have been providing worker housing.

4. Agricultural Economic Analysis

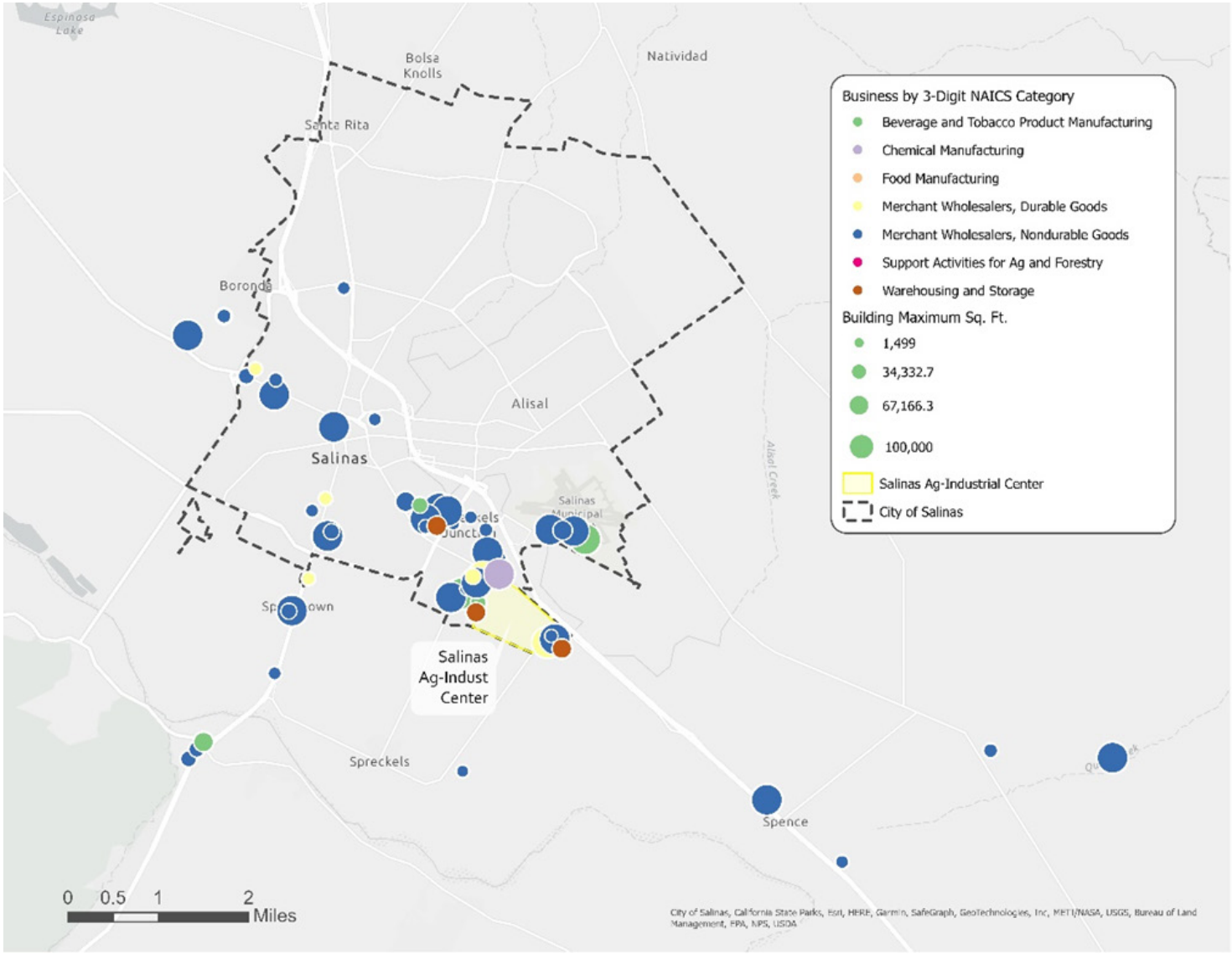
Overview of Key Agricultural Production Dynamics and Issues

Salinas is host to about 80 major producers and innumerable service providers, as shown on **Map 1** (the verified businesses are listed in **Appendix B**). Most of the ag-related businesses are scattered in the southern half of the City, near the Salinas Ag-Industrial Center on Abbott Street between S. Sanborn and Harkins Roads, serving as the primary commercial district for agriculture-related manufacturing and service provisions is Abbott Street.

About half of the ag-related industries are in the Merchant Wholesalers, Nondurable Goods industry followed by Support Activities for Agriculture and Forestry (19 percent). The wholesale businesses in particular are involved in distribution and could also require cooling facilities. The wholesale and agricultural support businesses also represent a broadly diverse range of small, medium, and large-sized businesses. The distributions are as follows:

- About 32 percent of these businesses occupy spaces that range from 2,500 to 9,999 square feet.
- 22 percent occupy spaces that range from 10,000 to 39,999 square feet.
- 18 percent range from 40,000 to 99,999.
- 15 percent occupy spaces that are 100,000 or more.

Map 1. Industrial Businesses by 3-Digit NAICS Category and by Building Size



Sources: DataAxle; EPS.

Crop Patterns and Trends

Monterey County is one of the leading agricultural producing regions in the world, and in particular has large concentrations of high value crops that go directly to consumers for consumption. Total agricultural production was about $4.1 billion in 2021, and the overall production remained above $4 billion every year over the past decade, except the beginning of the COVID-19 pandemic in 2020. The unadjusted crop production value since 2012 peaked at $4.8 billion in 2015.

Leading Crops

As shown in **Table 11**, the leading crops in Monterey County in 2021 include strawberries, lettuce, broccoli, wine grapes, spinach, cauliflower, celery, livestock, brussels sprouts, and nursery products. The prevalence of strawberries, lettuce, broccoli, and wine grapes has been consistent over the long-term. However, in recent years nursery products production has dropped.

With the production value per acre, strawberry crops averaged over $93,000 in 2021. This production value per acre has shown long-term growth over the past decade, while most of the other leading crops have a production value per acre below $20,000 with minimal long-term change since 2012.

Other high value crops with over $100,000 in production value per acre include nursery products and mushrooms. It should be noted that many of the individual commodities for those high-value crops are grown under cover and therefore tend to utilize less space than other crops grown in the open.

Changes to Crop Composition and Production Levels

Vegetable crops accounted for $2.6 billion in production value in 2021, which is consistent with the longer-term trends. While much of Monterey County's crop production remains tied to vegetable crops, these types of crops have shown a slight decline over the past decade (**Table 12**). Fruit and nut crop production totaled $1.2 billion in 2021, which represents a high point over the past decade, where the annual production did not drop below $1.0 billion in any year during that time. Nursery crops have seen the most pronounced long-term drop in production value, going below $100 million in 2021 after a peak production of $313.7 million in 2015.

The cultivated crop acreage in Monterey County in 2021 was about 294,700 acres. This is a decline from prior years, which showed a recent peak of 373,500 acres in 2013 and steadily declined afterwards. Vegetable crop acreage dropped from just below 268,000 acres in 2019 to 229,100 acres in 2021. By comparison, the fruit and nut acreage had a far less significant acreage decrease, going from 56,600 acres in 2019 to 55,165 in 2021. It remains to be seen whether the decline in vegetable crop acreage was a temporary phenomenon brought on by pandemic-driven labor shortages, or if this represents a more permanent reduction. The production and acreage trends are shown in **Figures 5** and **6**.

Figure 5. Monterey County Crop Production Trend, 2012 to 2021

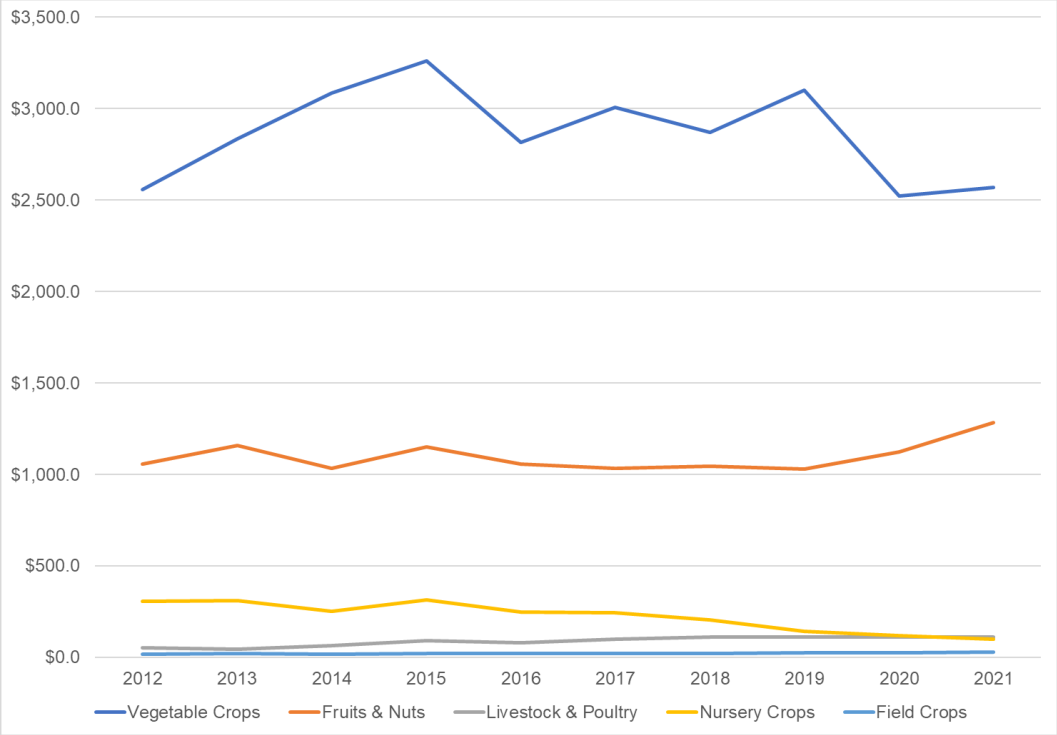


Figure 6. Monterey County Crop Acreage Trend, 2012 to 2021

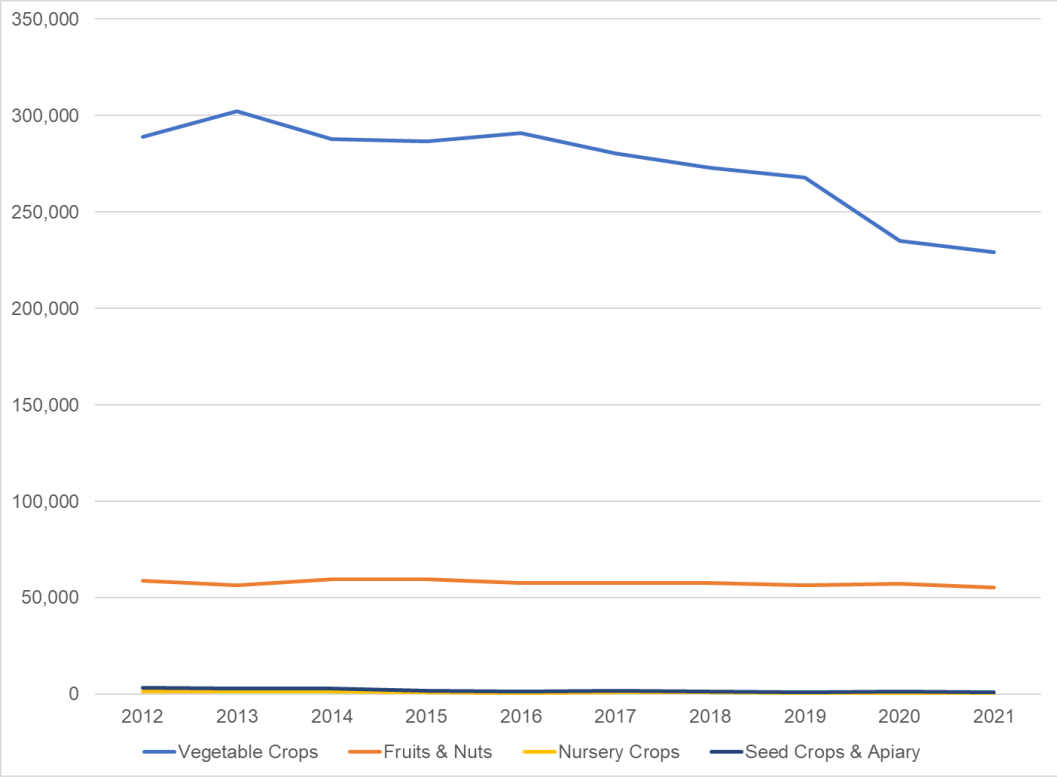


Table 11
Top Crop Commodities by Value and Acreage
Monterey County, 2011 to 2021

Top Crop Commodities (2021)	2017-21 Average Acreage	2017-21 Average Production Value	2017-21 Average Production Value per Acre	2012-16 Average Acreage	2012-16 Average Production Value	2012-16 Average Production Value per Acre
Strawberry	9,939	$801.6	$80,645	11,249	$750.8	$66,743
Leaf Lettuce	58,997	$706.1	$11,968	68,273	$715.4	$10,478
Head Lettuce	39,148	$536.7	$13,709	43,584	$619.7	$14,218
Broccoli	47,653	$381.5	$8,007	61,172	$394.1	$6,442
Wine Grape	44,153	$199.1	$4,509	44,635	$222.7	$4,989
Spinach	15,395	$144.2	$9,364	13,256	$137.2	$10,346
Cauliflower	18,614	$195.0	$10,473	19,650	$179.0	$9,110
Celery	10,291	$153.4	$14,905	12,735	$195.8	$15,375
Livestock & Poultry	n/a	$109.4	n/a	n/a	$73.1	n/a
Brussel Sprout	4,966	$94.4	$19,008	2,526	$38.8	$15,361
Nursery, Cut Flowers & Foliage Total	811	$164.8	$203,102	1,277	$299.3	$234,353
Misc Vegetables	31,107	$157.1	$5,049	37,395	$169.4	$4,531
Mushroom	135	$88.4	$656,468	144	$90.2	$627,498
Raspberry	625	$41.9	$67,053	716	$42.2	$58,901
Spring Mix	3,927	$32.6	$8,298	7,725	$71.6	$9,275
Artichoke	3,922	$46.7	$11,914	4,762	$42.9	$9,004
Cabbage	4,930	$46.3	$9,390	6,288	$45.2	$7,194
Lemon	1,286	$39.5	$30,719	1,240	$30.6	$24,680
Carrot	2,608	$30.4	$11,645	3,061	$25.8	$8,426
Peas	4,709	$48.0	$10,191	1,581	$26.6	$16,837
Garlic	1,243	$17.7	$14,218	n/a	$0.0	n/a
Onion, Dry	2,050	$33.8	$16,480	2,098	$17.4	$8,294

Source: Monterey County Agricultural Commissioner Crop & Livestock Reports

Table 12
Crop Production Trend
Monterey County, 2012 to 2021

Commodity Group	Crop Production Values ($Millions) by Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Vegetable Crops	$2,568.4	$2,524.6	$3,099.1	$2,871.1	$3,006.6	$2,817.0	$3,261.5	$3,084.6	$2,833.8	$2,557.8
Fruits & Nuts	$1,285.8	$1,124.7	$1,028.1	$1,043.9	$1,034.1	$1,056.8	$1,149.4	$1,033.8	$1,159.6	$1,057.7
Livestock & Poultry	$113.4	$110.9	$110.6	$110.6	$101.4	$80.5	$91.2	$64.3	$45.0	$53.1
Nursery Crops	$99.8	$119.8	$144.0	$204.3	$244.9	$249.2	$313.7	$250.6	$312.3	$307.5
Field Crops	$28.1	$26.1	$24.6	$23.7	$21.7	$20.6	$20.7	$18.7	$20.0	$19.3
Seed Crops & Apiary	$4.8	$4.6	$3.6	$5.0	$5.3	$4.4	$5.0	$5.5	$9.0	$8.8
Total Production Value	$4,100.2	$3,910.8	$4,410.0	$4,258.6	$4,425.4	$4,256.1	$4,841.5	$4,493.4	$4,379.7	$4,004.2
Organics	$776.0	$723.4	$562.7	$415.3	$390.3	$365.2	$335.1	$277.3	$214.4	$182.7
Percentage of Total	18.9%	18.5%	12.8%	9.8%	8.8%	8.6%	6.9%	6.2%	4.9%	4.6%

Commodity Group	Harvested Acres by Year [1]									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Vegetable Crops	229,076	235,095	267,989	273,071	280,459	290,987	286,637	287,700	302,218	288,854
Fruits & Nuts	55,165	57,131	56,631	57,606	57,631	57,557	59,513	59,495	56,366	59,024
Nursery Crops	587	565	745	998	921	810	1,167	1,236	1,373	1,494
Field Crops	1,171,734	1,078,081	1,091,360	1,083,084	1,075,880	1,076,357	1,077,952	1,076,968	1,086,704	1,083,876
Seed Crops & Apiary	901	1,325	1,054	1,493	1,740	1,579	1,966	2,802	3,079	3,530
Total Production Acreage	1,457,463	1,372,197	1,417,779	1,416,252	1,416,631	1,427,290	1,427,235	1,428,201	1,449,740	1,436,778

Source: Monterey County Agricultural Commissioner Crop & Livestock Reports
[1] Harvested acreage does not include livestock acreage, and excludes rangeland.

Legalization of Cannabis

Cannabis represents a significant addition to agricultural production, but in the short-term the sector remains highly volatile as wholesale prices dropped significantly in 2022 due to overproduction throughout the State of California.

In general, Monterey County's overall crop production has not shown long-term growth over the past decade. However, the legalization of recreational use cannabis in California has added another source of potential revenue. Cannabis added another $618.2 million in production value in 2021, up from $449.7 million in 2019. **It is notable that this level of production is comparable to that of organic produce from the County.**

Cannabis production is not included as part of the agricultural crop production total for Monterey County; however, the Crop and Livestock Report has included information about cannabis production since 2019. When combined with cannabis production, the 2021 crop production in the county would have exceeded the agricultural production every year since 2012, excluding the peak year in 2015.

The cultivated acreage for cannabis grew from 87 acres in 2019 to 118 acres in 2021 (**Table 13**). More than 80 percent of the cannabis production in Monterey County occurred under mixed light conditions. Indoor cannabis grows accounted for $81.9 million in production value in 2021, while using only 85,400 square feet of production area. Cannabis grown in nurseries generated about $28.9 million in production value, while utilizing 1.5 million square feet of production area. It should be noted that the growth potential for these grow operations is significant.

Recent market activity reflecting the growth potential, includes the Glasshouse mixed light acquisition in Santa Barbara of 5.7 million square feet in greenhouse space. The inland coastal areas of California are well positioned to emerge as major future supply sources, pending federal legalization of recreational cannabis and the potential development of more mainstream products including those related to health and wellness markets (e.g., CBD and other non-psychoactive compounds). Additional cannabis operations in the areas of R&D, distribution, and manufacturing are relatively labor intensive and could play a role in the further development of a critical mass of suppliers and labor force skills needed in Salinas.

Table 13
Cannabis Production Indicators
Monterey County, 2019 to 2021

Cannabis Indicators	2021	2020	2019
Cannabis Production Value	$618,193,000	$484,102,000	$449,688,000
Cannabis Production Acreage	118	102	87

Cannabis Production Value by Product Type	2021	2020
Nursery Products	$28,875,000	$22,693,000
Flower (Mixed Light)	$501,120,000	$414,000,000
Flower (Indoor)	$81,855,000	$39,820,000
Trim	$1,830,000	$7,448,000
Seed	$4,513,000	$141,000

Cannabis Production by Unit and Product Type	2021	2020
Nursery Products (Units)	3,319,000	2,063,000
Flower (Mixed Light) (Pounds)	640,000	460,000
Flower (Indoor) (Pounds)	53,500	36,200
Trim (Pounds)	30,600	99,300
Seed (Units)	6,447,000	141,000

Cannabis Production Area (sq.ft.) by Type of Space	2021	2020
Nursery	1,511,000	1,053,000
Indoor	85,400	88,100
Mixed Light	3,166,000	2,891,000

Source: Monterey County Agricultural Commissioner Crop & Livestock Reports

Other Emerging Trends

Organic agricultural products accounted for $776.0 million in 2021 production value. Since 2012, organics have increased from 4.6 percent to 18.9 percent of the total agricultural production value in Monterey County.

Agricultural products in Monterey County tend to go directly to consumers and do not undergo extensive processing in the county. While food processing and manufacturing activity exists in Monterey County, it has a comparatively low concentration compared to other parts of the Central Valley, which have more extensive food processing industries.

Summary of Stakeholder Observations

As an initial step, several rounds of stakeholder interviews were held in addition to an "anchor" focus group comprised of Technical Advisory Committee (TAC) members, the Farm Bureau, and senior executives of major producers. Specific City-oriented action items from these stakeholders have also been merged from research-based recommendations and are presented at the end of this report.[6]

The attendees included existing agricultural producers currently operating in Salinas, property owners, and supplier businesses. This section summarizes chief findings from those discussions.

Connection to Salinas

Agricultural businesses located in Salinas largely base administrative and industrial operations in the city. Major firms located in Salinas have facilities spread across the United States (US) based on proximity to consumers, as well as location and access to key inputs including labor and natural resources. For example, Taylor Fresh Foods Inc. (Taylor) is headquartered in Salinas with 16 plants across the country. The company operations include growing, trucking, cooling, value-added processes, packaging, and shipping. Taylor and the other major producers located in Salinas tend to be vertically integrated, with in-house facilities such as cooling, packaging, and other functions. Water availability and reliable supply chains are key concerns.

Companies such as this are connected to a vast network of growers and service providers, with Taylor collaborating with an estimated 350 growers and many service providers. While these producers operate across the US, it was expressed that there is unequivocally a high dedication to Salinas. Having a highly functional relationship with host cities is critical in this industry, as these firms are subjected

[6] Note that the enclosed narrative is reflective of the tenor and direction of key informant interviews and focus group sessions, based on transcripts and meeting notes. Participants were assured that content arising out of these discussions would be generalized as not to pinpoint the origins of specific comments in an effort to maximize candor and arrive at the most helpful guidance from the industry possible.

to food safety regulations that continually evolve, along with additional requirements for composting and other functions, requiring constant facility upgrades.

Specific actions suggested for the City by the industry are included in **Chapter 6** of this report, with additional information about the demand outlook and potential scenarios in **Chapter 5**.

Recent Market Conditions

In general, the production of goods locally has been cyclical without major growth, while acreage is decreasing. Stakeholders expressed concern over consumer demand: during COVID there was a shift to non-fresh items and that delivery services and take-out options may be contributing to less demand for "healthy options." In 2020, production started to shift downward as a result (less acreage farmed and crops harvested), with shipments down over 30 percent since pre-pandemic peak. Nevertheless, the industry is stable and resilient, and various adaptations are being made to shore up demand. For example, one adaptation has been the replacement of iceberg lettuce with cabbage, creating higher value to offset the cost of transportation.

Locational Factors

Production centers will shift as water demand and scarcity becomes more acute, these companies need Salinas and other domestic locations in western and southwestern production sites in Nevada and Arizona. "Salad" is broken down into three sectors: retail, deli, and food service. Taylor Food Service, for example, is well positioned in Yuma, Arizona, where production runs year-round. Retail-oriented production has not gravitated to this location but is looking at other close-in valley locations such as Gonzales. Nevada also provides support for organic produce, with a 22-week growing season and fewer pests.

These locations in other states are similarly dependent on H2A workers. Other states also have less onerous industrial regulations in comparison to California, though it should be notes that many industry players have goals around net zero energy usage in their plants.

Ag Center Outlook

The Salinas Agricultural Industrial Center (the Ag Center) was a major topic of discussion for the focus group participants, who generally expressed a need for more modern spaces that address their needs as the existing industrial building inventory in Salinas ages. The Ag Center has undergone a specific plan process and has over 250 acres of land area designated for industrial space and support facilities aimed at the agricultural-industrial sectors and addressing future needs for industrial growth associated with those and other sectors. A more detailed discussion of the Ag Center is found in **Chapter 5**.

Modern Cooling Facilities

In addition to major producers, third-party operators provide critical services of a wide variety of capacities, including shipping, cooling, packaging, and transportation. Because of Monterey County's agricultural production of a high concentration of perishable products that ship direct to consumers, cooling in particular is a major element of the process, with potential new supply coming online in the Ag Center. Every cooler in Salinas is running at capacity and the average facility is 40 years old, indicating that more supply is needed. Facility modernization is a constant challenge of the industry, which is subject to substantial seasonal demands that these facilities help accommodate. These are expensive and risky investments, suitable in some cases for public-private partnerships, such as that contemplated for the Ag Center.

The strawberry industry has processing challenges related to cooler facilities, with product trucked to Spreckels and Castroville, where they are cooled. There has been consistent interest in ensuring that the Ag Center cooler facility is cost competitive; the City's interest in a potential Enhanced Infrastructure Financing District (EIFD) may be helpful in this regard.

Other Supplier Industries

Salinas hosts a large range of value-added processes and could absorb more of this activity. According to industry interviews, a bag of lettuce represents about 50 percent of the manufacturing value-added, with the balance generated by any additional packaged ingredients, as well as packaging, distribution, transportation, and marketing. There is reportedly an opportunity/need for additional packaging options in the city with stakeholders expressing a striking lack of locally owned, independent facilities. In some cases, there may be opportunities to replace inputs originating from elsewhere (e.g., strawberry baskets originating in the City of Industry).

Value-added operators are involved in repackaging goods for delivery to consumer markets. Lettuce, cauliflower, broccoli, fruit, and even hard goods from various origins are often combined in different ways. Accommodating this diversity, the majority of truck trips include mixed loads with multiple commodities.

For transportation and warehousing services, Highway 101 generally lacks a critical mass of industry activity and does not have the same level of connectivity as I-5 (which has a burgeoning logistics hub around Tracy and Stockton). While the 101 Corridor will not ever have the scale and diversity of other major corridors running through California, the attraction of additional generalized industry in Salinas, whether in the agricultural sector or not, would bolster the need for a range of support uses and provide further impetus to bolster the City's skilled labor force.

Use of Agricultural Technology

The industry is a ready adopter of technology as it becomes available for use. Stakeholders expressed that many decisions are "office driven" and based on advanced data analysis.

Irrigation and remote sensing technology helps increase productivity through sustainable groundwater management and appears to be attracting global interest and (potentially) investment. According to industry interviews, Israel-based consultants have advised the industry based on their expertise with agriculture in arid environments. The industry has developed its own supply chain software based on its specialized practices, and at least one producer is using carbon robotics developed by a leading farm equipment purveyor in Michigan.

Best Practices and Challenges

In terms of Salinas-area crop rotations, strawberries are emerging as a leading crop, focused around the Blanco Road area. The industry was split roughly between Watsonville and Salinas, and is now becoming dominated by Salinas, with Driscoll doing 90 percent of its business in the agricultural lands surrounding town. Elimination of methyl bromide places more emphasis on finding good soil, where Monterey County has an advantage. Blackberry and raspberry farming is backfilling the Watsonville area farms and may be a sign of things to come in the broader region.

Distribution

Major producers in the region have expressed frustration regarding traffic concerns in Salinas and have, in some cases, chosen to use facilities elsewhere, as long as produce can enter coolers within 3 hours of picking.

The industrial area generally served by Abbott Street is centrally located but constrained. Additional cooler supply is greatly needed, as discussed throughout this report. The addition of modern facilities in town will benefit from sustained efforts to improve traffic flow in the City, which affects turn-around times related to truck loading. Shift changes are particularly problematic in this regard.

Labor Force Considerations

As briefly mentioned above, the further attraction of a cross-section of industry will help develop a "critical mass" of more advanced skills possessed by the local labor force. With HQ operations, the area is struggling to find good quality candidates for management, and it is hoped that additional support for Hartnell's "ag-tech" programs will materialize. These are other key industry-based observations on labor force:

- Average pay in the industry is low and reflects modest skill sets. According to the industry, average wages are hovering around $17 per hour in 2023. These observations are consistent with the hourly wage data for farmworkers in Monterey County and California.
- Labor for Salinas tends to originate from Soledad and closer-in. The average age of the labor force has increased over the past decade (roughly) from 26 to 36 years. The maturing labor force requires adequate income to feed families and provide housing. The growing prominence of berry crops could also result in a larger year-round labor force, as those crops have a longer growing season than lettuce and other row crops.
- Foreign buyers are becoming interested in the industry and firms are very reliant on H2A worker visas. These account for about 20 percent of total grower employment.
- Automation efforts are a response to labor challenges, but building space and labor dedicated to higher-tech operations are a continuing challenge. For example, a European company interested in various tech applications was reportedly frustrated by the lack of "tech talent" and suitable space in the form of standard R&D spec buildings in Salinas.

Consideration of Climate Change

Climate change has impacted California agriculture in many ways. Increasing temperatures and reduced chill hours, volatile precipitation, extreme weather (droughts, floods, and fires), and an uptick in pests are significantly impacting California agriculture, crops, and crop rotation patterns. Moving forward, the farming community is forced to address the impacts of climate change to remain productive as the global crop demand is expected to double by 2050.[7]

Global temperatures have increased by 2.5°F since 1880 and are projected to continue to increase in California throughout the 21st century.[8] With a warming climate have come rising nighttime temperatures and an increase in extreme heat,[9] the latter of which puts pressure on the farmworkers. Further, increased

[7] Ray, D. K., Mueller, N. D., West, P. C., & Foley, J. A. (2013). Yield trends are insufficient to double global crop production by 2050. *PLoS ONE*, *8*(6). https://doi.org/10.1371/journal.pone.0066428

[8] Fernandez-Bou, A. S. (2022, June 13). *Climate change and the future of Agriculture*. CalCAN. https://calclimateag.org/climate-change-and-the-future-of-agriculture/

[9] Gershunov, A., & Guirguis, K. (2012). California heat waves in the present and future. *Geophysical Research Letters*, *39*(18). https://doi.org/10.1029/2012gl052979

heat has reduced winter chill hours (hours under 45°F),[10] which are essential for the growth of many California seed and fruit crops, including almonds, walnuts, avocados, cherries, and oranges, among others.[11]

In addition, the warmer environment creates a faster snowmelt runoff, which leads to both winter flooding (similar to the recent flooding that occurred in 2023 in Monterey County) and summer water deficits.[12] The effects of climate change present multiple challenges to crop survival, as oxygen availability decreases, root asphyxia occurs, and plant disease rates increase.[13]

Not only are droughts and flooding becoming a pattern, but wildfires are also occurring at an increasing rate.[14] Fires have eliminated many fields altogether and have also led to vast increases in insurance premiums for farmers. Some have lost coverage entirely.[15]

Climate change is also impacting agriculture through an increased presence of pests and plant diseases. Pathogen development and survival rates have increased with the warmer climate,[16] putting crops at risk of animal, fungal, bacterial, and other viral pathogens.[17]

[10] Luedeling, E., Zhang, M., & Girvetz, E. H. (2009). Climatic changes lead to declining winter chill for fruit and nut trees in California during 1950–2099. *PLoS ONE*, *4*(7). https://doi.org/10.1371/journal.pone.0006166

[11] CalCAN. (2021, December 7). *Climate threats to agriculture*. CalCAN. https://calclimateag.org/climatethreatstoag/

[12] Sommer, L. (2017, February 28). *With climate change, California is likely to see more extreme flooding*. NPR. http://www.npr.org/2017/02/28/517495739/with-climate-change-california-is-likely-to-see-mo-re-extreme-flooding

[13] Pioneer Agronomy. (n.d.). *Flooding Impact on Crops*. Pioneer® Seeds. https://www.pioneer.com/us/agronomy-science.html

[14] Westerling, A. L., Hidalgo, H. G., Cayan, D. R., & Swetnam, T. W. (2006). Warming and earlier spring increase western U.S. forest wildfire activity. *Science*, *313*(5789), 940–943. https://doi.org/10.1126/science.1128834

[15] California State Assembly. (2020, November 18). The Impact of Wildfires on California Agriculture Report Informational Hearing.

[16] Ahanger, R. A., Bhat, H. A., Bhat, T. A., Ganie, S. A., Lone, A. A., Wani, I. A., Ganai, S. A., Haq, S., Khan, O. A., Junaid, J. M., & Bhat, T. A. (2013). Impact of Climate Change on Plant Diseases . *International Journal of Modern Plant & Animal Sciences*, 105–112. https://doi.org/10.1201/b14056-16

[17] Pathak, T., Maskey, M., Dahlberg, J., Kearns, F., Bali, K., & Zaccaria, D. (2018). Climate change trends and impacts on California agriculture: A detailed review. *Agronomy*, *8*(3), 25. https://doi.org/10.3390/agronomy8030025

While many farmers and their crops are hurt by climate change, all crops are affected differently. Warmer temperatures have brought yield reductions in almonds, wine grapes, strawberries, hay, walnuts, table grapes, freestone peaches, cherries, maize, sunflowers, and tomatoes.[18] [19] Though numerous crops are harmed by increased heat, some crops stand to benefit, including alfalfa, barley, wheat, and rice.[20]

The changes to the climate have necessitated innovation by farmers and the agriculture industry to adapt to the different demands placed on growing. No-till and cover crops have been important tools to increase carbon storage and sequestration, as well as improving both soil health and water storage.[21] Regenerative agricultural practices, including eliminating the use of toxic pesticides and synthetic fertilizers, lead to purer water, air, and food, as well as other positive externalities shared by animals and people alike. Subsidizing sustainable farming practices can help share the costs of and incentivize regenerative farming.

Lastly, consistent with discussion throughout this report, labor automation involving such things as autonomous tractors, irrigation drones, and computer-vision-driven weeding, seeding, and harvesting robots—can help the region transition into a new reality as extreme heat exacerbates labor shortages and decreases labor productivity.[22] The increase in labor automation has been ongoing in other industries such as manufacturing and logistics, and accelerated with the labor shortages during the pandemic. The adoption of technology in other industries ties into how ag tech will have broad impacts on agriculture in the years ahead.

[18] Lobell, D. B., Field, C. B., Cahill, K. N., & Bonfils, C. (2006). Impacts of future climate change on California perennial crop yields: Model projections with climate and crop uncertainties. *Agricultural and Forest Meteorology*, *141*(2–4), 208–218. https://doi.org/10.1016/j.agrformet.2006.10.006

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Relationship Between Crop Trends and Ag-Driven Industrial Production

Supporting Operations

Crop production in Monterey County creates demand for more than $2.0 billion in supplier purchases, with 34 percent of the purchases occurring locally. The highest supplier demand occurs in agricultural support services, chemical manufacturing, other farm products, real estate, and petroleum/coal products.

Supplier industries with the highest demand by crop producers include agricultural support services, chemical manufacturing, other crop producers, real estate, and petroleum/coal product manufacturing. Each of these sectors generate more than $100 million in supplier demand by crop producers.

Warehousing and storage only generate about $8.7 million in annual supplier demand. This would support the finding from the focus groups that most warehousing and storage use the crop producers' own facilities, rather than supplied through an outside firm.

The sectors with the highest in-region purchase percentage are support activities for agriculture and trade with other crop producers. At least 75 percent of the purchases for these sectors are made with other Monterey County businesses. The largest unmet commodity demand is with chemical manufacturing, for which only 15 percent of the supplier purchases are made in-region.

The types of businesses that can be supported in Salinas would need to account for the high degree of urbanization within the City Limits, compared to unincorporated Monterey County. While sectors such as chemical and petroleum/coal product manufacturing have very large unmet demand by agricultural businesses that is imported into Monterey County, those types of uses also generate externalities (noise, pollution, safety risks to adjacent residential neighborhoods, etc.) on a scale that make them undesirable uses for a populated area with high average household sizes such as Salinas.

The largest suppliers with potential for import substitution also include several manufacturing sectors, such as machinery, wood products, paper products, electrical equipment, plastic/rubber, and fabricated metal manufacturing. The general site conditions for that type of manufacturing can be potentially accommodated within Salinas' existing and planned industrial areas. Each of these sectors have at least $20 million of unmet agricultural supplier demand in Monterey County.

Other large supplier categories such as professional services and financial services could also potentially create demand for office space, especially with Salinas' role in the agricultural sectors as an administrative center. For both industrial and administrative spaces, the proposed Ag Center would potentially serve as a location for business attraction. This will be further discussed in **Chapter 5**.

Clustering and Performance of Support Sectors

Traded clusters[23] represent groupings of interrelated industries that bring net wealth into a region. A traded cluster does not depend on population-driven local demand (i.e., retail and local-serving services) because it serves regional, national, and global markets. The traded clusters defined in this section are benchmarks used by the US Cluster Mapping Project, which is a joint venture between the US Economic Development Administration and Harvard Business School.

The largest traded cluster in Salinas is agricultural inputs and services (**Table 16**), while the fourth largest traded cluster is food processing and manufacturing (see **Table 15**). The two clusters are complementary parts of the larger agricultural industry value chain. The food processing sectors in Monterey County and Salinas operate somewhat differently than other agricultural economies because of how much of the product (with the emphasis on "salad bowl" commodities) goes toward direct consumption by consumers, rather than other food processing. These activities still require the use of industrial facilities, and expansion of these sectors could occur with the Ag Center.

Other traded clusters in Monterey County with an above-average concentration of employment and at least 100 jobs include:

- Hospitality and tourism (mainstay of the peninsula economy, highly dependent on Salinas Valley labor).
- Paper and Packaging (major supplier to food processing and manufacturing).
- Electric power generation and transmission (major supplier to food processing and manufacturing).
- Nonmetal mining.

[23] Traded clusters as defined by the US Cluster Mapping Project.

Table 14
Supplier Purchase Patterns for Crop Production Sectors
Monterey County

Buyer Industry: Crop Production (111) in Monterey County, California					
NAICS	Supplier Industries	Total US Purchases [1]	Purchases From Monterey County Firms	Purchases From Firms Outside Monterey County	% In-Region Purchases
	Suppliers With High Local Purchase Percentage (Over 50 Percent)				
115	Support Activities for Agriculture and Forestry	$386,018,000	$290,825,000	$95,193,000	75%
111	Crop Production	$204,751,000	$158,728,000	$46,023,000	78%
	Suppliers With Moderate Local Purchase Percentage (20 to 50 Percent)				
531	Real Estate	$187,249,000	$72,865,000	$114,384,000	39%
221	Utilities	$69,525,000	$18,912,000	$50,613,000	27%
333	Machinery Manufacturing	$57,338,000	$17,515,000	$39,823,000	31%
561	Administrative and Support Services	$43,107,000	$12,186,000	$30,921,000	28%
532	Rental and Leasing Services	$37,674,000	$14,616,000	$23,058,000	39%
321	Wood Product Manufacturing	$32,609,000	$7,962,000	$24,647,000	24%
322	Paper Manufacturing	$27,119,000	$5,968,000	$21,151,000	22%
722	Food Services and Drinking Places	$11,916,000	$3,015,000	$8,901,000	25%
811	Repair and Maintenance	$8,229,000	$1,941,000	$6,288,000	24%
	Suppliers With Low Local Purchase Percentage (Below 20 Percent)				
325	Chemical Manufacturing	$336,451,000	$50,186,000	$286,265,000	15%
324	Petroleum and Coal Products Manufacturing	$114,816,000	$1,363,000	$113,453,000	1%
541	Professional, Scientific, and Technical Services	$70,618,000	$9,075,000	$61,543,000	13%
211	Oil and Gas Extraction	$48,701,000	$1,220,000	$47,481,000	3%
238	Specialty Trade Contractors	$47,972,000	$4,353,000	$43,619,000	9%
524	Insurance Carriers and Related Activities	$44,957,000	$4,212,000	$40,745,000	9%
522	Credit Intermediation and Related Activities	$31,539,000	$4,080,000	$27,459,000	13%
335	Electrical Equipment, Appliance, and Component Manufacturing	$27,168,000	$156,000	$27,012,000	1%
326	Plastics and Rubber Products Manufacturing	$26,664,000	$177,000	$26,487,000	1%
332	Fabricated Metal Product Manufacturing	$21,979,000	$1,179,000	$20,800,000	5%
336	Transportation Equipment Manufacturing	$15,811,000	$564,000	$15,247,000	4%
551	Management of Companies and Enterprises	$15,025,000	$2,300,000	$12,725,000	15%
212	Mining (except Oil and Gas)	$13,923,000	$1,281,000	$12,642,000	9%
334	Computer and Electronic Product Manufacturing	$12,046,000	$675,000	$11,371,000	6%
331	Primary Metal Manufacturing	$10,601,000	$127,000	$10,474,000	1%
533	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	$10,510,000	$0	$10,510,000	0%
523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities	$9,361,000	$497,000	$8,864,000	5%
517	Telecommunications	$9,070,000	$451,000	$8,619,000	5%
493	Warehousing and Storage	$8,738,000	$483,000	$8,255,000	6%
423	Merchant Wholesalers, Durable Goods	$7,744,000	$789,000	$6,955,000	10%
311	Food Manufacturing	$7,033,000	$204,000	$6,829,000	3%
112	Animal Production and Aquaculture	$6,175,000	$925,000	$5,250,000	15%
518	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	$5,503,000	$38,000	$5,465,000	1%
424	Merchant Wholesalers, Nondurable Goods	$5,354,000	$972,000	$4,382,000	18%
	Total Supplier Purchases by Crop Production Establishments	$2,032,100,000	$696,417,000	$1,335,683,000	34%

Source: JobsEQ
[1] Table only shows supplier industries with more than $5 million in annual purchases by Monterey County crop producers.

Table 15
Employment Growth Trends for Traded Clusters, 2011 to 2021
Salinas

Traded Cluster	2011 Jobs	2021 Jobs	2011 to 2021 Growth	2011 to 2021 CAGR	2021 Location Quotient
Largest Traded Clusters (100 Jobs or More)					
Agricultural Inputs and Services	10,247	12,079	1,832	2%	14.39
Distribution and Electronic Commerce	1,725	2,149	425	2%	0.74
Business Services	1,217	1,312	95	1%	0.29
Food Processing and Manufacturing	747	912	165	2%	1.38
Education and Knowledge Creation	1,013	451	-562	-8%	0.17
Hospitality and Tourism	625	436	-189	-4%	0.34
Paper and Packaging	179	394	215	8%	5.57
Transportation and Logistics	229	272	43	2%	0.40
Marketing, Design, and Publishing	241	232	-9	0%	0.21
Financial Services	499	211	-287	-8%	0.26
Wood Products	12	117	105	26%	1.25
Other Traded Clusters					
Construction Products and Services	95	94	-1	0%	0.29
Insurance Services	39	74	35	7%	0.20
Production Technology and Heavy Machinery	59	61	3	0%	0.30
Performing Arts	57	56	-1	0%	0.27
Information Technology and Analytical Instruments	51	52	1	0%	0.04
Communications Equipment And Services	67	44	-23	-4%	0.24
Metalworking Technology	18	31	13	5%	0.20
Environmental Services	11	23	12	7%	0.40
Furniture	7	23	16	12%	0.21
Upstream Chemical Products	21	18	-2	-1%	0.69
Vulcanized and Fired Materials	2	13	10	18%	0.27
Biopharmaceuticals	0	10	10	n/a	0.05
Downstream Metal Products	3	7	4	9%	0.07
Aerospace Vehicles and Defense	3	7	4	9%	0.02
Leather and Related Products	3	7	4	8%	0.45
Oil and Gas Production and Transportation	1	7	6	23%	0.08
Video Production and Distribution	6	6	0	1%	0.01
Upstream Metal Manufacturing	0	5	5	50%	0.08
Downstream Chemical Products	12	4	-8	-10%	0.04
Recreational and Small Electric Goods	0	4	4	n/a	0.05
Plastics	0	4	4	n/a	0.03
Electric Power Generation and Transmission	3	3	0	-1%	0.05
Music and Sound Recording	0	3	3	n/a	0.18
Apparel	6	3	-3	-7%	0.03
Trailers, Motor Homes, and Appliances	1	2	1	10%	0.10
Medical Devices	0	2	1	19%	0.01
Automotive	9	1	-7	-17%	0.01
Lighting and Electrical Equipment	2	1	-1	-4%	0.01

Source: JobsEQ and US Cluster Mapping Project
Note: Figures may not sum because of rounding.

Table 16
Employment Growth Trends for Traded Clusters, 2011 to 2021
Monterey County

Traded Cluster	2011 Jobs	2021 Jobs	2011 to 2021 Growth	2011 to 2021 CAGR	2021 Location Quotient
Largest Traded Clusters (100 Jobs or More)					
Agricultural Inputs and Services	27,200	35,276	8,076	3%	14.55
Hospitality and Tourism	7,867	6,977	-890	-1%	1.88
Business Services	4,789	4,912	123	0%	0.38
Distribution and Electronic Commerce	4,482	4,681	199	0%	0.56
Education and Knowledge Creation	3,583	3,064	-519	-2%	0.40
Food Processing and Manufacturing	2,996	2,187	-809	-3%	1.15
Financial Services	1,010	608	-402	-5%	0.26
Transportation and Logistics	729	578	-151	-2%	0.29
Marketing, Design, and Publishing	941	493	-448	-6%	0.15
Paper and Packaging	482	474	-8	0%	2.32
Construction Products and Services	397	453	56	1%	0.48
Information Technology and Analytical Instruments	380	364	-15	0%	0.09
Electric Power Generation and Transmission	122	338	216	11%	1.66
Insurance Services	135	332	198	9%	0.31
Performing Arts	254	231	-24	-1%	0.39
Wood Products	85	176	91	8%	0.65
Environmental Services	149	155	5	0%	0.93
Production Technology and Heavy Machinery	195	140	-55	-3%	0.24
Nonmetal Mining	121	136	16	1%	2.26
Oil and Gas Production and Transportation	86	114	29	3%	0.45
Other Traded Clusters					
Communications Equipment And Services	189	96	-93	-7%	0.18
Downstream Metal Products	28	93	65	13%	0.32
Metalworking Technology	85	63	-23	-3%	0.14
Furniture	41	59	18	4%	0.19
Forestry	16	54	39	13%	1.01
Vulcanized and Fired Materials	31	49	19	5%	0.37
Lighting and Electrical Equipment	15	49	34	13%	0.17
Upstream Chemical Products	54	43	-11	-2%	0.57
Aerospace Vehicles and Defense	81	36	-44	-8%	0.03
Upstream Metal Manufacturing	5	31	26	20%	0.15
Biopharmaceuticals	0	23	23	n/a	0.04
Video Production and Distribution	42	22	-20	-6%	0.02
Apparel	118	22	-96	-15%	0.07
Leather and Related Products	14	13	-1	-1%	0.28
Downstream Chemical Products	36	11	-25	-12%	0.04
Recreational and Small Electric Goods	5	9	4	6%	0.03
Plastics	4	9	4	8%	0.02
Medical Devices	2	6	4	13%	0.01
Trailers, Motor Homes, and Appliances	3	5	2	6%	0.10
Music and Sound Recording	0	5	5	48%	0.10
Automotive	59	5	-54	-22%	0.01
Livestock Processing	6	1	-5	-17%	0.00
Water Transportation	0	0	0	-100%	0.00

Source: JobsEQ and US Cluster Mapping Project
Note: Figures may not sum because of rounding.

Agricultural Cluster Trends

Agricultural production represents a multifaceted activity in Salinas and Monterey County that creates demand for businesses in other support sectors. As shown in **Table 17**, some of the supporting industries for agriculture are more concentrated than others. Specific areas of note include:

- **Support activities for crop production are concentrated in Salinas** and include a combination of farm management and contract labor, in addition to specialized crop and harvesting services.
- **Trucking, warehousing, and storage are lacking in Salinas.** While some trucking services have an above-average concentration in Salinas, some other types of transportation and transportation support sectors, such as freight transportation arrangement and support activities for road transportation do not have a high concentration. Warehousing and storage sectors also have a low concentration in both Salinas and Monterey County.
- **Trade and regulatory organizations in Salinas generally show a comparatively low concentration of jobs**. Only public sector regulation of agricultural marketing and commodities shows a high concentration.
- **Salinas is under-represented in food and beverage manufacturing. Table 14** shows that many individual food processing industries have not developed in Salinas. The processing activity often ties into what a region grows, and as mentioned in the previous section, much of Monterey County's agricultural product is consumed directly rather than designated for further processing activity beyond cooling and packaging. The only food manufacturing sector with above-average concentration is other food manufacturing.
- **Beverage manufacturing also shows a low concentration of jobs in Salinas.** This may be an excellent target for future capture in Salinas, as County data (see subsequent section) show the industry is otherwise well-represented in the region. Again, this may be an industry that helps fill out the industrial base of the City.

Table 17
Economic Trends for Agriculture and Support Industries
Salinas and Monterey County

Industry Description	NAICS Code	City of Salinas 2011 Jobs	City of Salinas 2021 Jobs	City of Salinas 2011 to 2021 Growth	City of Salinas 2011 to 2021 CAGR	Salinas 2021 LQ	Monterey County 2011 Jobs	Monterey County 2021 Jobs	Monterey County 2011 to 2021 Growth	Monterey County 2011 to 2021 CAGR	Monterey Co. 2021 LQ
Crop Production (Proprietors)	111	6,406	5,901	-505	-0.8%	9.77	18,874	18,804	-71	0.0%	10.78
Animal Production (Proprietors)	112	60	73	13	2.0%	0.68	177	232	54	2.7%	0.75
Agricultural Supply and Support											
Support Activities for Crop Production	1151	10,226	12,059	1,833	1.7%	14.70	27,066	35,223	8,157	2.7%	14.86
Support Activities for Animal Production	1152	1	0	-1	-8.9%	0.03	40	5	-35	-18.8%	0.15
Sawmills and Wood Preservation	3211	0	9	9	n/a	0.56	0	21	21	n/a	0.45
Veneer, Plywood, and Engineered Wood Product Manufacturing	3212	0	5	5	n/a	0.36	2	21	20	30.1%	0.55
Other Wood Product Manufacturing	3219	12	103	91	24.4%	1.42	83	134	50	4.8%	0.64
Pulp, Paper, and Paperboard Mills	3221	0	0	0	n/a	0.00	0	0	0	n/a	0.00
Converted Paper Product Manufacturing	3222	179	394	215	8.2%	5.49	482	474	-8	-0.2%	2.29
Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing	3253	41	38	-3	-0.8%	3.29	149	70	-79	-7.3%	2.11
Agriculture, Construction, and Mining Machinery Manufacturing	3331	31	36	4	1.3%	1.49	116	75	-41	-4.3%	1.08
Farm Product Raw Material Merchant Wholesalers	4245	0	5	5	49.8%	0.29	8	14	6	5.9%	0.31
General Freight Trucking	4841	336	418	82	2.2%	1.09	716	794	78	1.0%	0.72
Specialized Freight Trucking	4842	149	288	139	6.8%	1.84	451	818	367	6.1%	1.80
Support Activities for Road Transportation	4884	71	49	-22	-3.6%	0.74	144	125	-19	-1.4%	0.65
Freight Transportation Arrangement	4885	33	12	-20	-9.2%	0.09	63	42	-21	-3.9%	0.11
Other Support Activities for Transportation	4889	2	7	5	15.4%	0.22	3	15	12	16.0%	0.18
Warehousing and Storage	4931	239	193	-46	-2.1%	0.22	385	352	-32	-0.9%	0.14
Total Agricultural Supply and Support		11,320	13,615	2,295	1.9%	4.99	29,709	38,184	8,475	2.5%	4.85
Agricultural Trade and Regulatory Organizations											
Business Associations	813910	33	21	-12	-4.6%	0.61	57	51	-6	-1.0%	0.52
Professional Organizations	813920	5	1	-4	-13.8%	0.06	9	9	0	0.5%	0.15
Labor Unions and Similar Labor Organizations	813930	40	45	5	1.1%	0.99	76	88	13	1.6%	0.68
Regulation of Agricultural Marketing and Commodities	926140	58	42	-16	-3.2%	2.14	79	74	-5	-0.6%	1.31
Total Agricultural Trade and Regulatory Organizations		137	109	-28	-2.3%	0.90	220	223	3	0.1%	0.64
Food and Beverage Manufacturing											
Animal Food Manufacturing	3111	0	2	2	n/a	0.11	1	6	6	28.6%	0.13
Grain and Oilseed Milling	3112	0	0	0	n/a	0.00	0	0	0	n/a	0.00
Sugar and Confectionery Product Manufacturing	3113	2	22	20	27.9%	0.76	62	138	76	8.3%	1.66
Fruit and Vegetable Preserving and Specialty Food Manufacturing	3114	3	5	2	6.1%	0.05	166	76	-90	-7.5%	0.25
Dairy Product Manufacturing	3115	0	7	7	n/a	0.11	0	17	17	43.0%	0.09
Animal Slaughtering and Processing	3116	1	0	-1	-13.3%	0.00	6	1	-5	-16.7%	0.00
Seafood Product Preparation and Packaging	3117	1	0	-1	-100.0%	0.00	3	0	-3	-100.0%	0.00
Bakeries and Tortilla Manufacturing	3118	67	114	47	5.5%	0.77	385	463	78	1.9%	1.09
Other Food Manufacturing	3119	675	762	87	1.2%	5.71	1,843	1,053	-790	-5.4%	2.73
Beverage Manufacturing	3121	61	113	52	6.4%	0.47	860	891	31	0.4%	1.28
Total Food and Beverage Manufacturing		810	1,026	216	2.4%	1.22	3,326	2,646	-680	-2.3%	1.09

Source: JobsEQ (historical data from Quarterly Census of Employment and Wages)

Strengths and Challenges of the Agricultural Economy

The prominence of Monterey County's agricultural economy and its proximity to Silicon Valley presents Salinas with a unique set of both opportunities and challenges.

Fit With Emerging Technology Sectors

The connection with Silicon Valley technology sectors has been tenuous. The labor supply gaps show excess labor force in Salinas for the information and professional services sectors, which is an indication that Salinas serves as a bedroom community for workers who commute to jobs in Silicon Valley. However, agricultural technology presents some opportunity, but there is competition with other agricultural centers, such as those in the Central Valley.

Unique Economic Base and Labor Force Challenges for Agriculture

The Salinas agricultural industry is subject to labor and other price pressures, natural resource constraints, and continual need to incorporate technological advancements. The Salinas economy's gradual transition toward knowledge intensive industry and technological applications is inevitable given the strengths of the region in this regard and its proximity to Silicon Valley.

With continuing budgetary pressures again facing the California state, county, and municipal governments for the foreseeable future, brought on by global post-pandemic inflationary pressures and supply-chain disruptions, Salinas needs to differentiate itself to better identify unique and local solutions to address these ongoing shortfalls in revenue generation. Historical economic performance should not solely determine the future economic prosperity of a community. It is also instructive to examine the historic and projected job growth for Salinas. This analysis can be instrumental in determining the potential job creation for the future.

Salinas' continued global leadership in fresh produce production and distribution is its inherent competitive advantage. In addition, Salinas' efficient agricultural productivity and global distribution enhances and protects our national food security. However, this food production prominence did not occur overnight nor without enormous investment and innovation. Improved technology and production efficiencies have allowed Salinas-area farmers to grow more and more fresh produce over the last several decades, which has helped feed the world's ever-increasing population.

Diversification Opportunities and Food Security

Salinas' continued importance as a protector and provider of our nation's food security also emphasizes the importance of Salinas' relevance to overall national and homeland security. This added relevance may also create other opportunities to develop related technologies within the local economy.

This presents added economic diversification opportunities with the increasing need for financial and data privacy, especially with the growing prevalence of mobile banking and financial services as well as explosive growth of Internet shopping and web-based data sharing and retrieval.[24] In addition, with the convenient proximity of the Naval Postgraduate School in Monterey, which is focused on national and homeland security issues, Salinas is well positioned to nurture businesses that potentially create additional technologies, including:

- Cyber Security.
- Financial Management.
- Bioscience.
- Monitoring and Remediation of natural resources.
- Global Positioning Systems for Agriculture, Finance, etc.

Global Market Influence

Economic globalization is a historical process, the result of human innovation and technological progress. It refers to the increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders. Because of Monterey County's preeminent position as a world-class agricultural economy,

Through the development of its "Fresh Network" with off-season-production in Mexico, Arizona, and Colorado, consumer markets in across the United States, Europe, Asia, and Latin America, labor supply from Mexico and Latin America, and capital from all regions, Salinas is a prime example of reaping the benefits of globalization through its Fresh Network.

Furthermore, the growth in global markets has helped to promote efficiency through competition and the division of labor—the specialization that allows people and economies to focus on what they do best. Global markets also offer greater opportunity for people to tap into more diversified and larger markets around the world. It also means that they can have access to more capital, technology, cheaper imports, and larger export markets.

[24] "An Innovative Economic Strategy for the City of Salinas, California - Fresh Network with Global Ramifications", prepared for the City of Salinas by Lon Hatamiya, March 2012.

For Salinas to fully maximize its already established global presence through its international Fresh Network, additional global partnerships could provide the necessary impetus for further economic growth and diversity. International partnerships can be logically expanded to include many areas of the world; however, historic and natural connections are a basis for initial expansion. These relationships, previously established through Salinas' unique international "vegetable diplomacy," can also provide an added perspective on innovative suggestions for new technologies, industries, and sectors to be explored and implemented by Salinas into the remainder of the 21st Century. While global market influence is largely an external factor that is outside of the City's ability to influence, Salinas' economic development activities can influence agricultural businesses' relocation decisions and help facilitate other actions that support the agricultural cluster. This can potentially include direct outreach, business retention and expansion initiatives, planning support for business support facilities, etc. While they do not directly influence the global economy, economic development can help position Salinas businesses to continue taking a leadership role in Monterey County's niche within the global economy.

Role of Agricultural Technology

Salinas' future economic survival and sustainability will be found in the creativity of its citizens and their ability to adapt to changing times and places, as well as their ability to continue to work within an increasingly globalized world through the development and refinement of technology. Furthermore, for Salinas to determine its own economic future, jobs will need to be created in sectors dissimilar from the past, but also related to opportunities in ag tech. Many of the most innovative ag tech companies are either centered in the area or are focused on applied research and commercial applications in the vegetable growing fields of the surrounding Monterey Bay region.

Moreover, a basic tenet of economic development is the expansion of capacities that contribute to the advancement of society through the realization of individual, firm, and community potential.[25] With that in mind, the future of Salinas' economic growth should come from an increased commitment to nurturing its greatest economic strength—agricultural production and distribution—but also an increased emphasis on technology-based industries mentioned above, especially as they relate to agricultural innovation.

The Ag Center would potentially serve as an asset that can help nurture Salinas' expansion into Ag Tech applications. A more detailed discussion of the Ag Center is presented in **Chapter 5**.

[25] As defined by the US. Department of Commerce, Economic Development Administration

Topical Conclusions: Crop Trends and Industrial Production

Policy Implications

- While agricultural production supports a wide range of other business activity in Monterey County and Salinas, gaps in the supply chain still exist.
- Crop production in Salinas has seen shifts in individual crop commodities but remains dominant in crops that largely go directly to consumer. This limits the opportunities to expand food manufacturing and processing.
- Supplier relationships with various industries create potential opportunities for business development in Salinas because of unmet local demand. Several of these sectors are emerging industries that do not yet have a high concentration but have shown recent growth.
- Cannabis is a growing part of agricultural production but has been treated as more of a separate entity from other farming activities.

Needs for Ongoing Tracking

- Establish regular communications with ag producers to stay on top of opportunities to attract supplier businesses and sought-after value-added firms to Salinas, while identifying business location needs for existing supplier businesses.
- Monitor crop production trends, and how recent shifts in crop production during the pandemic might be temporary or persistent.
- For Monterey County's crop production, what commodities are currently shipped out of the region for processing, and what can be processed locally? Also, what opportunities exist for expansion of local processing and manufacturing?
- Further consider accommodation of cannabis production as the industry evolves.

Suggested Action Items

- Ensure that Salinas' supply of industrial space is adequate for supplier industries that might want to locate in Salinas.
- Identify the types of supplier businesses that Salinas is in position to accommodate, and which ones would not be suited for Salinas.
- Maintain communication with prominent agricultural production businesses in Salinas and identify the extent of their operations in Salinas.
- Outreach to local cannabis producers that can help identify potential demand and constraints on local resources as that sector expands.

5. Agricultural Economy Growth Dynamics: Issues and Options

Job Growth Outlook and Space Demand

Required Space Type and Acreage

As shown in **Table 18**, the projected employment growth in Salinas through 2031 will potentially support over 350,000 square feet of industrial space. In addition, wholesale trade job growth will potentially support nearly 200,000 square feet and transportation and warehousing growth could potentially support as much as 100,000 square feet of space in Salinas. Altogether, this represents nearly 650,000 square feet of industrial and similar building space that would be needed over the next 10 years. Depending on the floor area ratio (FAR) assumption, this potentially creates demand for over 40 acres of industrial land.

Over a 20-year period, assuming no change in the lower job growth assumption, this potentially generates around 1.4 million square feet of demand, with a potential land requirement of over 90 acres.

It should be noted that the projected job growth would represent a significant slowdown from the job growth trends over the past decade. If the growth projection continues the high growth trend that Salinas experienced over the past decade, then the overall demand for industrial space would come out to nearly 2 million square feet of industrial space, with a potential land demand of up to 130 acres. Over a 20-year period, this high growth scenario would result in more than 4.7 million square feet of industrial space demand, and a potential land demand of more than 300 acres.

In addition, the square footage demand does not include agricultural production, which generally supports outdoor and greenhouse operations that do not require built-up industrial spaces. However, many of the most prominent crop types in Monterey County, such as lettuce and salad products, require refrigerated storage and chilling facilities before heading to market. This increases the potential need for light industrial spaces. It should be noted that the need for expanded cooler functions does not depend on large demand for more workers. Because of the high cost for these facilities, the private sector has been hesitant to take on the construction risk. A separate study is underway that looks at an Enhanced Infrastructure Financing District (EIFD) as an option that can help make this kind of development more feasible.

Table 18
Projected Demand for Building Space -- Select Land Use Categories
Salinas and Monterey County

Industry	NAICS Code	City of Salinas			Monterey County		
		2021 to 2031 Projected Job Change	Square Feet Per Job	Projected Square Footage Demand Change	2021 to 2031 Projected Job Change	Square Feet Per Job	Projected Square Footage Demand Change
Industrial	**21, 22, 31-33**	447	800	357,901	277	800	221,901
Wholesale Trade	**42**	318	600	190,857	197	600	118,257
Transportation and Warehousing	**48**	39	2,200	85,800	190	2,200	418,000
Office	**51-55**	53	250	13,250	238	250	59,500

Source: JobsEQ (historical data from Quarterly Census of Employment and Wages)
Manufacturing and wholesale trade employment growth is adjusted to historical trends.

Development Context for Salinas Ag-Industrial Center

Salinas is undersupplied in terms of available industrial space and land, with poorly located pockets of agricultural service providers located across town from Abbott Street. Industrial markets are very tight and offer few options for interested investors. The low vacancy rates in the overall industrial building category suggest that the tight building inventory can constrain business development and job growth in Salinas.

The Salinas Agricultural Industrial Center (the Ag Center), a 257-acre ag-related industrial park located within Salinas, presents an opportunity for the City to revitalize and expand their industrial offerings, attracting new facilities and users. Recent land use plans prepared for the Ag Center anticipate the center will contain approximately 1.5 million square feet of major industrial uses (agricultural processing center), 2.0 million square feet of minor industrial uses (ag. cooling, distribution, & general light industrial), and 770,000 square feet of minor (Flex) industrial uses (sales, contractor yards). The expected capital subsidy of $35 million (2023 $) to be provided by the City based on new property tax increment generated by the site should be an effective approach to keeping the cost of land and space at levels affordable to support industry.

Although the developer has proposed to develop supporting infrastructure over a 4- to 6-year time span beginning in 2026, allowing for ongoing absorption thereafter, actual timing will depend on specific market dynamics which are difficult to estimate with certainty. The proposal does not yet have a firm commitment.

The traditional technique of using published job projections, converted into square footage using stated job and employment assumptions, only tells part of the story and is not a complete basis for Ag Center support. Relatively traditional and conservative projections in this regard estimate approximately 650,000 square feet of supportable industrial and related distribution and warehousing space in the next decade, or 1.4 million square feet over the next 20 years. It would be reasonable to equate this demand to that for speculative light industrial, flex, sales, and contractor space, building on expected cooler development at the outset of the project, and not recognizing "one-off" owner user deals that could dramatically expedite the buildout rate. If the actual job growth is closer to what the growth pattern for Salinas has been over the past decade, then the square footage demand would be closer to 2 million square feet.

However, the projected demand does not fully account for unique attributes of the local agricultural economy and the fact that Salinas is a global hub for industry headquarters. It is anticipated that a substantial project such as the Ag Center will shift regional demand to the Salinas Valley to a certain extent. In addition, much of the existing plant and equipment in Salinas is fully depreciated and beyond practical reinvestment.

As such, there are likely several substantial relocations that will transpire in the City, effectively capturing development that may have otherwise sought space further south on Highway 101, and effectively expanding development opportunities for close-in land adjacent to the City's increasingly vital downtown and surrounding districts with high development potential. Even a single fulfillment center could dramatically expedite buildout.

As an example, the Growers Ice site in Salinas encompasses approximately 26 acres, with much of the land area used for cooling. The Ag Center would potentially serve as an option for this type of redevelopment and potential site relocation activity.

Thus, it is estimated that the Ag Center offers a viable option to expand land supply for 20 or more years for vertical buildout and absorption, after which time the City will need to further consider the path of growth for the industry. As discussed in this report and below, the consolidation of such uses to the Abbott Street area is viewed as a positive long-term approach to resolving traffic issues and better organizing the City to respond to housing and other infill uses.

Perhaps the most uncertain land use in the Ag Center at this time is that of speculative "flex" space serving R&D, sales, contractor uses. In particular, the R&D component is something that has been cited as an unmet need by the industry. Pro forma analysis of this product by EPS indicates that a 13 percent to 14 percent lease rate increase may be necessary to achieve feasibility using simple return on cost metrics. However, market improvements in combination with other efforts to improve development dynamics in the City and reduce costs may help the realization of this important future use.

The developer has proposed establishing backbone infrastructure by 2032, opening up major land capacity in Salinas for the first time in decades. Given the limited opportunities afforded in Salinas, it will be important to evaluate the probably market response based on additional outreach and marketing, and it is highly likely that phasing of the project may need to be tempered as additional market intel is gathered.

The Ag Center's benefits are primarily in facilitating new cooler space, and providing infrastructure facilitating speculative development at a scale which has not been seen in Salinas in decades. The degree and rate of speculative industrial space absorption is uncertain, as is the behavior of potential owner-users seeking build-to suit space.

Real Estate Dynamics

Housing

For decades, California has faced a housing crisis related to its significant unhoused population and lack of affordability, including providing much-needed housing for farmworkers. Many agriculture-based economies boast a moderate climate that many find attractive when choosing a place to live or travel, such as Monterey County. Monterey County, which comprises both an agriculture- and tourism-based economy, has a bifurcated population with both the service and farm workers that serve the community not being able to afford to live there. The West Area and Central Area Specific Plans include provisions for housing, much of which will be market rate and appeal more to tech workers. While market rate housing will likely be out of reach for most agricultural workers, it will help Salinas reach its growth targets and potentially lead to more balanced economic development by increasing the overall size of the labor force. In addition, new housing inventory will create "move up" opportunities for existing households.

A 2018 study done for the Salinas Valley and Pajaro Valley regions indicated a farmworker housing shortage of more than 45,500 units.[26] Types of housing that is needed to help alleviate the farmwork housing shortage include:

- Family housing.
- Intergenerational- encourage mutual self-reliance child and elder care (Desert Gardens Apartments in Indio, California).
- H-2A worker lodging.

The above housing types need to be affordable, whether subsidized by the government or affordable by design is a necessity now with more than half of renters and 33 percent of homeowners defined as housing cost-burdened, which means that a household pays more than 30 percent of its income on housing costs. Estimated affordability based on the City's median household income of $67,900 reflects a monthly rent of about $1,700 or a purchase price of $207,500. The average median sales price of a home in the City is $675,000 (as of 2022) and average rent is close to $2,000, indicating a gap in what residents can afford to pay in rent and a major gap in potential home ownership.

[26] Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley, prepared by California Institute for Rural Studies, June 2018.

Affordable by design housing includes:

- **Physical design of units**. Units that have a smaller square footage or lot size, or attached units such as condominiums, townhomes, and apartments. The units can be built using modular or prefabricated construction.
- **Tenancy.** Housing setups such as cohousing or single room occupancy (SROs, co-housing) where common areas are typically shared.
- **Financing elements.** This includes alternative financing structures housing cooperatives where each tenant owns a share of the housing, but not their unit outright and rent-to-own units, where tenants typically pay rent for a certain amount of time with the option to purchase the home before the lease expires, in some cases part of the rent is applied toward the purchase price.

Industrial Market Overview

The overall industrial market situation in Monterey County, and the cities of Salinas, King City, and Gonzales has seen little growth over the past decade with an inventory increase of only 3 percent as shown in **Table 19**. The City of Salinas comprises over 60 percent of the County's industrial space and represents about 43 percent of growth between 2013 and 2023, also accounting for about 43 percent of the County's vacant space.

The net absorption for the overall industrial building in market totaled nearly 790,000 square feet between 2013 and 2023, with an average annual net absorption of nearly 72,000 square feet.

Manufacturing

Table 20 compares manufacturing trends in Salinas with the other comparison cities and Monterey County. The findings reveal several patterns and variations over the years.[27]

For manufacturing square footage, Salinas maintained a consistent inventory of nearly 1.2 million square feet from 2013 to 2023, showing no change in square footage over the years. Similarly, King City and Gonzalez also had constant inventory sizes without any significant changes. Monterey County's inventory expanded by about 80,000 square feet (0.4 percent), growing from about 2.15 million square feet in 2013 to 2.23 million square feet in 2023.

[27] CoStar broadly defines manufacturing uses as "a sub-type of an industrial building primarily used for manufacturing products. May also include warehousing or distribution areas CoStar Glossary; https://www.costar.com/about/costar-glossary

Table 19
All Industrial Building Trends (2013-2023)
Salinas, Monterey County, and Comparison Cities

City of Salinas Industrial Trends

Item [1]	Industrial 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Difference (2013-2023)	Average Annual % Change (2013-2023)
Inventory (Sq. Ft.)													
City of Salinas	13,349,402	13,349,402	13,349,402	13,359,297	13,382,922	13,588,206	13,606,206	13,587,192	13,587,192	13,587,192	13,587,192	**237,790**	**0.2%**
City of King City	1,590,902	1,590,902	1,590,902	1,590,902	1,590,902	1,590,902	1,590,902	1,590,902	1,590,902	1,590,902	1,590,902	**-**	**0.0%**
City of Gonzalez	786,109	786,109	786,109	786,109	786,109	799,609	930,009	930,009	930,009	930,009	930,009	**143,900**	**1.7%**
Monterey County	21,497,135	21,497,135	21,497,135	21,507,030	21,679,655	21,905,439	22,071,823	22,052,809	22,052,809	22,052,809	22,052,809	**555,674**	**0.3%**
Salinas as % of Monterey County	*62.1%*	*62.1%*	*62.1%*	*62.1%*	*61.7%*	*62.0%*	*61.6%*	*61.6%*	*61.6%*	*61.6%*	*61.6%*	***42.8%***	**-**
Inventory (Buildings)													
City of Salinas	468	468	468	469	470	474	475	474	474	474	474	**6**	**0.1%**
City of King City	22	22	22	22	22	22	22	22	22	22	22	**-**	**0.0%**
City of Gonzalez	24	24	24	24	24	25	26	26	26	26	26	**2**	**0.8%**
Monterey County	855	855	855	856	859	865	868	867	867	867	867	**12**	**0.1%**
Salinas as % of Monterey County	*54.7%*	*54.7%*	*54.7%*	*54.8%*	*54.7%*	*54.8%*	*54.7%*	*54.7%*	*54.7%*	*54.7%*	*54.7%*	***50.0%***	**-**
Vacancy Rate (Percentage)													
City of Salinas	0.9%	0.7%	0.7%	-	-	-	-	-	0.1%	-	0.2%	**(0.7%)**	**(14.0%)**
City of King City	42.2%	41.7%	41.7%	63.8%	62.5%	-	0.2%	-	3.1%	3.3%	16.6%	**(25.6%)**	**(8.9%)**
City of Gonzalez	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Monterey County	8.0%	5.7%	5.3%	4.3%	5.0%	1.5%	1.7%	1.9%	1.7%	1.5%	3.3%	**(4.7%)**	**(8.5%)**
Vacant Space (Sq. Ft.)													
City of Salinas	880,127	403,570	390,531	238,571	288,739	182,089	81,633	175,597	213,413	161,819	304,945	**(575,182)**	**(10.1%)**
City of King City	1,071,673	663,453	663,153	1,014,330	993,920	-	2,664	-	49,500	52,300	264,800	**(806,873)**	**(13.0%)**
City of Gonzalez	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Monterey County	2,612,983	1,934,108	1,877,898	1,393,580	1,513,755	447,987	417,498	469,876	348,167	343,167	716,513	**(1,896,470)**	**(12.1%)**
Salinas as % of Monterey County	33.7%	20.9%	20.8%	17.1%	19.1%	40.6%	19.6%	37.4%	61.3%	47.2%	42.6%	***30.3%***	**-**
Net Absorption													
City of Salinas	(24,320)	476,557	13,039	161,855	(26,543)	311,934	118,456	(112,978)	(37,816)	51,594	(143,126)	**-**	**-**
City of King City	102,800	36,700	100	15,200	12,200	552,100	(2,664)	2,664	(49,500)	(2,800)	(212,500)	**-**	**-**
City of Gonzalez	-	-	-	-	-	13,500	130,400	-	-	-	-	**-**	**-**
Monterey County	77,693	486,959	88,027	218,939	24,350	966,168	127,803	(69,952)	54,322	35,500	(393,685)	**-**	**-**

Source: CoStar data retrieved May 2023; EPS.

[1] Unless otherwise noted, data reflects Q4 of each year. Dashes signify no data available through CoStar.

Table 20
Manufacturing Building Trends (2013-2023)
Salinas, Monterey County, and Comparison Cities

City of Salinas Manufacturing Trends

Item [1]	Manufacturing 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Difference (2013-2023)	Average Annual % Change (2013-2023)
Inventory (Sq. Ft.)													
City of Salinas	1,194,461	1,194,461	1,194,461	1,194,461	1,194,461	1,194,461	1,194,461	1,194,461	1,194,461	1,194,461	1,194,461	**0**	**0.0%**
City of King City	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	**-**	**0.0%**
City of Gonzalez	393,753	393,753	393,753	393,753	393,753	393,753	393,753	393,753	393,753	393,753	393,753	**0**	**0.0%**
Monterey County	2,150,060	2,150,060	2,150,060	2,150,060	2,234,060	2,234,060	2,234,060	2,234,060	2,234,060	2,234,060	2,234,060	**84,000**	**0.4%**
Salinas as % of Monterey County	*55.6%*	*55.6%*	*55.6%*	*55.6%*	*53.5%*	*53.5%*	*53.5%*	*53.5%*	*53.5%*	*53.5%*	*53.5%*	***0.0%***	**-**
Inventory (Buildings)													
City of Salinas	30	30	30	30	30	30	30	30	30	30	30	**0**	**0.0%**
City of King City	1	1	1	1	1	1	1	1	1	1	1	**-**	**0.0%**
City of Gonzalez	5	5	5	5	5	5	5	5	5	5	5	**0**	**0.0%**
Monterey County	60	60	60	60	61	61	61	61	61	61	61	**1**	**0.2%**
Salinas as % of Monterey County	*50.0%*	*50.0%*	*50.0%*	*50.0%*	*49.2%*	*49.2%*	*49.2%*	*49.2%*	*49.2%*	*49.2%*	*49.2%*	***0.0%***	**-**
Vacancy Rate (Percentage)													
City of Salinas	1.9%	1.9%	0.8%	0.3%	11.4%	0.2%	0.7%	-	-	0.1%	13.4%	**(0.1)**	**(0.2)**
City of King City	8.7%	-	-	-	-	-	-	-	-	100.0%	100.0%	**(0.9)**	**(0.3)**
City of Gonzalez	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Monterey County	1.3%	1.2%	0.4%	0.1%	6.1%	0.3%	2.6%	3.2%	2.2%	2.9%	10.0%	**(0.1)**	**(0.2)**
Vacant Space (Sq. Ft.)													
City of Salinas	22,920	23,109	9,303	3,000	136,282	1,800	8,175	-	-	1,603	160,090	**137,170**	**21.5%**
City of King City	1,200	-	-	-	-	-	-	-	-	13,800	13,800	**12,600**	**27.7%**
City of Gonzalez	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Monterey County	27,222	26,711	9,303	3,000	136,282	7,010	58,175	72,000	50,000	65,403	223,890	**196,668**	**23.5%**
Salinas as % of Monterey County	84.2%	86.5%	100.0%	100.0%	100.0%	25.7%	14.1%	-	-	2.5%	71.5%	***69.7%***	**-**
Net Absorption													
City of Salinas	(4,500)	(189)	13,806	6,303	(133,282)	134,482	(6,375)	8,175	-	(1,603)	(158,487)	**-**	**-**
City of King City	2,400	1,200	-	-	-	-	-	-	-	(13,800)	-	**-**	**-**
City of Gonzalez	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Monterey County	2,948	511	17,408	6,303	(49,282)	129,272	(51,165)	(13,825)	22,000	(15,403)	(158,487)	**-**	**-**

Source: CoStar data retrieved May 2023; EPS

[1] Unless otherwise noted, data reflects Q4 of each year. Dashes signify no data available through CoStar.

Salinas accounts for approximately 53.5 percent of the total manufacturing inventory in Monterey County, experiencing a slight decrease of 2.1 percent over the period. According to CoStar data, the number of manufacturing buildings in Salinas remained consistent with 30 buildings during this period. The other cities and Monterey County also had stable inventory of manufacturing buildings without significant variations.

The vacancy rate in Salinas has fluctuated in recent years, going from 0.2 percent in 2018 to the current figure of 21.6 percent in 2023. This suggests shifts in demand for manufacturing space in Salinas, even though employment has grown at a high rate over the past decade. Given the relatively small number of buildings classified as industrial, the data can also be driven by business location decisions by an individual business or small group of businesses. The vacancy rate in Monterey County ranged from 0.1 percent to 10.0 percent, with the highest rate observed in 2023. Salinas has had a higher vacancy rate compared to Monterey County in most years.

The inventory of vacant space increased from 1,800 square feet in 2018 to 160,090 square feet in 2023. In Monterey County, the vacant space ranged from 3,000 square feet to about 223,900 square feet, with the highest amount observed in 2022.

Overall, the data suggests that the inventory of manufacturing buildings in Salinas has been relatively tight with very little growth or movement. The trends indicate that there is little room for existing companies to expand or new companies to enter the market.

Light Industrial

Light industrial buildings represent a broad classification of buildings that can include manufacturing, fabrication, assembly, warehousing, distribution, maintenance, and/or processing activities. For light industrial buildings, Salinas' inventory has remained relatively stable from 2013 to 2023. These types of buildings are generally suited to a broad range of business activities and can also potentially accommodate operations for manufacturing establishments as well. Salinas' 11.4 million square feet of inventory comprises 64 percent of the County's supply, only increasing by 1 percent over the past decade. King City and Gonzalez did not observe any change in their light industrial inventory over the same period. See **Table 21**.

Between 2013 and 2023, Salinas' vacancy rates remained low and ranged between 0.4 and 6.4 percent with an extremely tight vacancy rate of 1.0 percent in 2023. Overall Salinas exhibited a lower vacancy rate than King City and Monterey County, suggesting a comparatively stronger demand for light industrial space in Salinas. The lack of space in Salinas may partly explain the lack of activity occurring in this sector, as a healthy market will generally have some modicum of vacant space facilitating the movement of firms within the market.

Table 21
Light Industrial Building Trends (2013-2023)
Salinas, Monterey County, and Comparison Cities

City of Salinas
Light Industrial Trends

Item [1]	Light Industrial											Difference (2013-2023)	Average Annual % Change (2013-2023)
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Inventory (Sq. Ft.)													
City of Salinas	11,321,012	11,321,012	11,321,012	11,321,012	11,344,637	11,429,921	11,447,921	11,447,921	11,447,921	11,447,921	11,447,921	**126,909**	**0.1%**
City of King City	1,409,854	1,409,854	1,409,854	1,409,854	1,409,854	1,409,854	1,409,854	1,409,854	1,409,854	1,409,854	1,409,854	**-**	**0.0%**
City of Gonzalez	372,556	372,556	372,556	372,556	372,556	386,056	516,456	516,456	516,456	516,456	516,456	**143,900**	**3.3%**
Monterey County	17,685,625	17,685,625	17,685,625	17,685,625	17,774,250	17,880,034	18,028,434	18,028,434	18,028,434	18,028,434	18,028,434	**342,809**	**0.2%**
Salinas as % of Monterey County	*64.0%*	*64.0%*	*64.0%*	*64.0%*	*63.8%*	*63.9%*	*63.5%*	*63.5%*	*63.5%*	*63.5%*	*63.5%*	***37.0%***	**-**
Inventory (Buildings)													
City of Salinas	352	352	352	352	353	356	357	357	357	357	357	**5**	**0.1%**
City of King City	13	13	13	13	13	13	13	13	13	13	13	**-**	**0.0%**
City of Gonzalez	18	18	18	18	18	19	20	20	20	20	20	**2**	**1.1%**
Monterey County	616	616	616	616	618	623	625	625	625	625	625	**9**	**0.1%**
Salinas as % of Monterey County	*57.1%*	*57.1%*	*57.1%*	*57.1%*	*57.1%*	*57.1%*	*57.1%*	*57.1%*	*57.1%*	*57.1%*	*57.1%*	***55.6%***	**-**
Vacancy Rate (Percentage)													
City of Salinas	6.4%	2.3%	2.3%	2.0%	1.3%	1.6%	0.4%	1.5%	1.7%	1.4%	1.0%	**(5.4%)**	**(16.9%)**
City of King City	38.4%	37.5%	37.5%	36.6%	36.3%	-	0.2%	-	-	-	17.8%	**(20.6%)**	**(7.4%)**
City of Gonzalez	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Monterey County	8.0%	5.5%	5.2%	4.7%	4.8%	1.8%	1.6%	1.9%	1.4%	1.2%	2.6%	**(5.4%)**	**(10.6%)**
Vacant Space (Sq. Ft.)													
City of Salinas	728,544	265,266	259,133	228,130	142,327	177,489	48,309	170,013	195,670	160,216	116,601	**(611,943)**	**-16.7%**
City of King City	541,400	528,600	528,500	515,500	511,800	-	2,664	-	-	-	251,000	**(290,400)**	**-7.4%**
City of Gonzalez	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Monterey County	1,410,569	970,064	914,969	825,558	855,282	321,260	286,827	340,898	248,024	225,264	475,508	**(935,061)**	**-10.3%**
Salinas as % of Monterey County	*51.6%*	*27.3%*	*28.3%*	*27.6%*	*16.6%*	*55.2%*	*16.8%*	*49.9%*	*78.9%*	*71.1%*	*24.5%*	***65.4%***	**-**
Net Absorption													
City of Salinas	9,088	5,775	(6,476)	19,771	970	9,330	16,041	(1,664)	3,607	-	-	**-**	**-**
City of King City	88,000	12,800	100	13,000	3,700	511,800	(2,664)	2,664	-	-	(251,000)	**-**	**-**
City of Gonzalez	-	-	-	-	-	13,500	130,400	-	-	-	-	**-**	**-**
Monterey County	84,293	440,505	55,095	89,411	58,901	639,806	182,833	(54,071)	92,874	22,760	(250,244)	**-**	**-**

Source: CoStar data retrieved May 2023; EPS.

[1] What is included in the light industrial trend is distribution, truck terminal, warehouse, food processing, light industrial, refrigeration/cold storage. Unless otherwise noted, data reflects Q4 of each year. Dashes signify no data available through Costar.

The Ag Center potentially plays an important role in the future provision of this important product segment. In addition, the City's role in facilitating discussions between business operators and commercial real estate interests can also prove important to ensuring that the inventory of building space in Salinas is aligned with the demand from the business community.

Two other similar subcategories are service-showroom and flex buildings. These types of spaces represent distinct building categories but are not a major factor in the overall industrial building market for Salinas and Monterey County.

Service-showroom spaces had an overall inventory of less than 1 million square feet in Monterey County in 2023, with Salinas accounting for nearly 570,000 square feet. This category has seen similarly tight inventory countywide with low vacancy rates, and limited change to the inventory.

Flex spaces can incorporate multiple uses, including offices, within a building footprint similar to a regular industrial building. Monterey County had an overall inventory of nearly 550,000 square feet of flex space, with less than 25,000 square feet in Salinas. The inventory did not change much over the past decade, and the vacancy rates are low, like the overall industrial building market.

Barriers to Industry Expansion and Potential Solutions/Innovation and Market Opportunities

This section summarizes physical barriers to industry expansion opportunities discussed in this report. The findings chiefly cover circulation, land use patterns, economic competitiveness, and water infrastructure. More detailed expositions of these findings can be found in **Appendix A**.

Economic Competitiveness

Monterey Region vs Other Regions

Monterey County's agricultural sectors are distinct from other prominent agricultural regions, such as the Central Valley, because of a product mix that makes greater use of refrigerated storage. As indicated in the employment data, Monterey County does not have a strong base of transportation and warehousing businesses. However, the focus groups indicated a strong demand for these types of facilities, not necessarily as standalone businesses, but as facilities that operate as part of an integrated agribusiness.

Monterey County does have a comparatively low concentration of logistical facilities and services. This stands in contrast to areas in the Central Valley that have become major logistical centers over the past decade. Also, a primary concern for Monterey County centers on the water supply and infrastructure.

Salinas vs Other Regional Options

Salinas stands to benefit from Monterey County's agricultural production assets. While Salinas is not as concentrated in farming activity, the city serves as an important center for the supplier industries, and administrative and managerial functions for agricultural.

I. Connecting Infrastructure (Streets and Rail-lines)

A. Poor access to U.S. Highway 101, particularly for agricultural industrial businesses located in the Abbott Street corridor is universally seen as an economic challenge and an influence on business location/expansion decisions.

Existing circulation constraints have and will continue to be a disincentive for existing agricultural businesses in the southwest portion of the City. While not explicitly expressed by focus group participants as a likely sole rationale for curtaining new investment in Salinas, circulation challenges were universally identified and noted as a potentially important variable in Mann Packing's decision to relocate to Gonzales.

Agricultural industrial businesses in and near the Abbott Street industrial corridor have long been concerned about circulation constraints, as identified in the transportation analysis conducted for the Salinas Ag Center, and the public outreach process for the Economic Development Element (EDE). Several sector stakeholders also noted the poor pavement conditions on a number of roadways in and around the industrial core as indicative of a decline in the quality of the transportation system.

This includes heavy-duty truck access from Highway 101 back to the industrial areas. Studies have identified congested conditions and limited access due to limited roadway capacity. Due to uncertainty about mitigation feasibility for a number of improvements, the Salinas Ag-Industrial Center EIR found many impacts to be potentially significant and unavoidable.

Circulation improvements needed to resolve operational challenges are known, but their implementation is constrained by funding and physical limitations along some routes. The Transportation Agency of Monterey County (TAMC) is in the preliminary planning stages for a project to improve the U.S. Highway 101/Abbott Street interchange. This could provide some incremental relief, particularly for future end users in the Salinas Ag Center.

II. Land Use Patterns

A. Other than the Salinas Ag Center, the City has a limited supply of vacant, greenfield industrial land in locations likely to attract agricultural industrial business growth, particularly for businesses with significant land demand needs.

Key stakeholders in the City's agricultural industrial business community have identified a lack of industrial land supply available for business expansion/development where development costs are feasible. The Ag Center site is the "ripest" site for agricultural industrial business development due primary to its advanced entitlement status. The rate at which development absorption will occur is unknown at this time. Regardless, it is prudent for the City to be planning for longer-term agricultural industrial development capacity as such is important for longer term growth and for managing industrial land costs through adequate competition.

Land Development Barriers

As indicated in **Chapter 6**, a contingency would entail planning for other potential development sites. These would include the Economic Opportunity Areas (EOA) identified in the Economic Development Element (EDE), lands adjacent to the Ag Center, and revitalization of Abbott Street and West Market Street.

One contingency for expanding potential development site options is existing industrial land capacity designated through the General Plan. The Salinas General Plan is currently undergoing a comprehensive update. Some industrial designations under the current General Plan are included in the opportunity areas to the west (EOA D-Airport West) and east (EOA G–Alisal/Airport East) of Salinas Municipal Airport, as shown in Figure 1. While these opportunity areas potentially provide 343 acres and 396 acres of land area, respectively, for industrial development, the General Plan update has proposed carving portions of EOA D out for open space addressing flooding and water recharge needs.

Another option would be to look at creating synergy between the Ag Center and the surrounding land areas. Because of similar uses, new greenfield agricultural industrial development in those areas could create synergies with compatible types of businesses while minimizing the costs of extending/expanding infrastructure to serve that development.

The contingent strategy for the land areas adjacent to the Ag Center is complicated by constraints poised to extending infrastructure outside the boundaries of the Ag Center. The project includes agricultural buffer easements along these boundaries that would prevent such extensions. The buffer easement agreement that stipulates this constraint has not been executed.

Potential also exists to stimulate revitalization of existing underutilized/vacant parcels in the Abbott Street and West Market Street areas and/or parcels that could be vacated by agricultural industrial businesses that relocate to the Ag Center site. The City should consider expanding land use flexibility within the Abbott Street industrial area and the West Market Street corridor to allow a much broader mix of use types. Opportunities exist to capitalize on the evolution of the agricultural sector towards technology innovation and to enable the development prototype/flexibility needs of such businesses.

Further opportunities include locating workforce housing and/or commercial spaces closer to employment centers. With such flexibility, particularly along the West Market Street corridor, the City may have the opportunity to create innovative districts with distinctive identities that attract economic development. Revitalization success will also be contingent on the City's ability to provide incentives.

The implementation recommendations and further discussion of the site constraints are found in **Chapter 6** and **Appendix A**.

III. Water Supply

A. Water supply should be viewed as a constraint to economic vitality of the agricultural industrial sector and is likely to become increasing so.

Cal Water extracts groundwater from the 100/400-foot aquifer to supply agricultural industry in Salinas. The aquifer is in overdraft condition. New demand from expanded operations on existing sites and/or revitalization of underutilized/vacant sites would worsen overdraft conditions; such demand could come under heightened scrutiny.

Water supply availability may not be a constraint to developing the Ag Center, because the project replaces agricultural demand with urban demand, with the net outcome of no overdraft exacerbation (per the water supply assessment prepared for the project).

Farmers are already making decisions about moving agricultural production and associated processing and packaging operations to other locations and/or extending the duration of production in other locations in part due to concerns about water supply availability.

Water Supply Barriers

Water supply availability is a key concern for agricultural industrial sector stakeholders as it affects both the direct and indirect financial viability of their businesses. Sufficient supply to accommodate business expansion going forward and sufficient supply for continuing agricultural crop cultivation are cited as the two main potential constraints. Potential constraints stem primarily from the perceived threat of water supply being constrained to ensure sustainability of groundwater supply.

Groundwater Sustainability Planning

Agricultural industry stakeholders and the City understand the implications of groundwater sustainability plans (GSP) developed by the Salinas Valley Groundwater Sustainability Agency (GSA). The status of groundwater supply, both quantity and reliability, suggests that constraints on water supply availability are possible now and in the future. These constraints include historical overdraft of groundwater (with agricultural demand accounting for 90 percent). In addition, the GSP underestimates future subbasin overdraft for urban growth that occurs as infill rather than new expansion onto agricultural land. Overdraft can be mitigated by reducing pumping or recharging the subbasin through direct or in-lieu means.

There may be sufficient uncertainty on the part of the agricultural industry and farmers regarding fair share costs to consider options to continuing to re-invest in the Salinas Valley and Salinas. This has potential to be a negative influence on agricultural productivity and on the economic health of the agricultural industrial sector.

Urban Water Supply—Relationship to Groundwater Management

Cal Water's *2020 Urban Water Management Plan* (UWMP) is the purveyor-level plan for providing water to areas of the City that are home to its existing agricultural industrial businesses and future businesses (e.g., Salinas Ag Industrial Center). The UWMP is now being implemented under the umbrella of groundwater supply management planning being conducted and implemented by the GSA.

While Cal Water believes that groundwater supply will meet future demands, the Sustainable Groundwater Management Act may impact future supply reliability. Projected industrial water demand shows zero growth between 2020 and 2045. Cal Water would be subject to pumping reductions/allowances should such be required by the GSA in the future. The Ag Center was projected to have no net impact on groundwater overdraft because it would convert agricultural water demand to urban demand.

IV. Industrial Wastewater Treatment

A. Industrial wastewater treatment capacity at the City's industrial wastewater treatment facility (IWTF) is limited.

Limited capacity is currently a constraint to agricultural industrial sector business growth, and as a result, also potential constraint to business retention. Concern about this constraint is universal to associated stakeholders. However, the City is now actively planning IWTF expansions for the short term and for the medium to long term that should provide increased stakeholder confidence that the constraint can be resolved. These expansions may help catalyze development of the Salinas Ag Center by reducing uncertainty about the cost and timing of securing new industrial wastewater treatment capacity.

Treatment Capacity Barriers

The IWTF accepts wastewater flow from 23 different industrial facilities and is operating at or near its permitted capacity of 4.0 million mgd.

Limited capacity at the IWTF is a barrier to existing businesses who may wish to expand operations at their existing locations, businesses who may wish to locate on existing vacant and/or underutilized infill industrial parcels, and to new businesses that could located within the Ag Center industrial business stakeholders were near universally concerned about this issue.

The IWTF must be expanded to accommodate any new source(s) of treatment demand, due to insufficient capacity even with the City's agreement with Monterey One Water (M1W) to pipe wastewater to their regional plant.[28] To further complicate existing operational conditions, the IWTP overtopped during recent storms. **Industrial wastewater mixed with flow in the Salinas River. The Regional Water Quality Control Board has indicated that the City must invest improvements to better flood proof the facility—a significant cost that had not been anticipated by the City.**[29]

[28] M1W has recently stated that it can no longer take the wastewater because it doesn't meet M1W standards. If this continues to be the case, the effective capacity of the IWTP would be reduced by this amount.

[29] David Jacobs, City of Salinas Public Works Director, March 15, 2023

6. Summary of Major Findings and Next Steps

Salinas serves as an economic hub to a world-class agriculture and farming region. These sectors have served as centers for jobs and innovation. The City of Salinas has embarked on an update to its General Plan and has prioritized the role of agriculture in its long-range planning in addressing the opportunities and challenges to agriculture as the community moves forward with the General Plan update.

The following conclusions and suggested actions stem from preceding discussion as well as supplemental input provided by the industry, as cited. EPS held numerous interviews, discussions, and focus group sessions with major agricultural goods producers anchoring the sector to supplement research.

The focus of this section is to provide an informed summary of pivotal information on the Salinas economy that may be used as a basis for policy structure.

I. Condition of agricultural economy around Salinas and its influence on jobs and development

A. What is the condition of the driving agricultural economy around Salinas and how does it influence jobs and development in the City?

1. Salinas is a global ag-tech player and is the center of the fresh produce industry in the U.S.

Over time it will lose certain operations to other parts of the region, mostly on the basis of cost sensitivity. Salinas can improve its competitive position and retain some of the firms that may be "on the fence", but it should seize the opportunity to expand its role in ag-tech, gravitating to higher value, higher paying uses and jobs over time. Ideally, residents of the region would be trained and ascend the career ladder, in addition to the potential expansion of the market to accommodate new labor force from outside areas. Salinas is not only the epicenter for implementation of new technologies in the fertile fields surrounding the City, but it is also home to the Western Growers Center for Innovation and Technology, which incubates start-up companies and assists in their further development and commercial application.

The Ag center facility is planned as a large, modern, and efficient cooling facility anchor use with accompanying ag-related uses offered either on a speculative or owner-user basis. It provides land supply for firms looking to modernize, expand and improve production processes and efficiency. In many cases it is advisable to build from a clean slate as opposed to complex adaptations of aged facilities, as has been noted in interviews and focus groups. Continue attention to supporting development of modern and efficient new facilities through available mechanisms when a positive return on public investment is anticipated.

Cooler location/availability is a critical component of the ag production economy, but not always the highest and best use from a commercial real estate perspective, where simpler and less expensive/risky projects may have stronger potential vertical development returns. In these cases, public investment can be a bridge to basic minimum feasibility, as may be the case with the Ag Center. Interviews indicate that while a good case can be made for relocation to the ag center, it is not a given until more is known regarding the costs of owning or leasing land or space in the district, and the operational costs related to infrastructure debt service and service provision.

2. Acreage and production are dropping slightly over time, but the industry is stable and healthy overall.

Ag commodity prices generally have gone up on a unit basis, with organic production values increasing particularly quickly. Organic agricultural products accounted for $776.0 million in 2021 production value. Since 2012, organics have increased from 4.6 percent to 18.9 percent of the total agricultural production value in Monterey County.

Crop production in Monterey County totaled $4.1 billion in 2021, with vegetable crops making up more than half of the total. The crop value represents an increase from 2020, but still down from the peak value of $4.8 billion in 2015.

The cultivated crop acreage in Monterey County in 2021 was about 294,700 acres. This is a decline from prior years, which showed a recent peak of 373,500 acres in 2013 and steadily declined afterwards. The reduction in acreage is reportedly a function of improved irrigation practices where technologies allowing better production per acre.

Cannabis production is equivalent to roughly 15 percent of the total ag production value, is similar in magnitude to organic produce value, and its value per gallon of water is high. It will be helpful to consider how cannabis production potentially affects the overall ag sector, as it may build potential critical mass for support industries.

3. Salinas has a number of anchor producers that have long-term commitments to the City. However, it will be important to balance the economy and improve the range of value-added activities in town to support the anchors.

There is potential and intent to continue expanding food processing capacity in Salinas. Although for more intensive types of processing, the product is shipped out to other locations, such as the Central Valley, Salinas remains "ground zero" as a base of operations for lettuce, strawberries, cauliflower, and other commodity types grown throughout the Salinas Valley.

Cold storage facilities in Salinas are reportedly running at capacity; every cooler is maxed out. There is a major opportunity to expand capacity and throughput in Salinas; however, these facilities are expensive. Difficult to reinvest in existing sites to meet modern needs and meet food safety requirements. Existing operations need 25 percent to 30 percent larger sites to meet current/future needs. Existing sites are on average 40 to 50 years old and are difficult to upgrade.

II. Supplier businesses and local supply chain gaps

A. Are there supplier businesses that should have a larger presence in Salinas, filling gaps in the local supply chain?

The largest unmet local demand for supplier inputs includes chemical manufacturing, petroleum products, ag support services, professional services, specialty contractors, insurance, machinery manufacturing, and administrative services. The practicality of specific sectors, such as large-scale manufacturing, is constrained by proximity to Salinas' population centers.

Traded clusters in Salinas with an above-average concentration of jobs include agricultural inputs/services, food processing, paper and packaging, and wood products.

Support activities for crop production are highly concentrated in Salinas, while other supplier sectors such as transportation and warehousing, and trade organizations have low concentrations.

The potential for attracting supplier businesses to Salinas is limited by distribution network and the ability to serve other markets. Until additional critical mass of industry activity occurs on the SR 101 corridor, the I-5 corridor (as well as SR 99) will host the primary support hubs in the State for logistics and other support activity.

Service providers to the anchors struggle with capital costs related to securing reliable long-term water, wastewater, and circulation infrastructure, as discussed later in this section.

The Ag Center, discussed below, is well-positioned to provide the right types of expansion opportunities for the next two decades, including space for a major cooler facility, as well as potential light industrial and flex space meeting a variety of needs.

As discussed in this report, promotion of a broader industrial base would confer advantages to the local Salinas agricultural sector, facilitating labor skills cross-over and improving capture of transportation, warehouse, and distribution otherwise locating in Central Valley.

B. Is there a need for more industrial space to serve and diversify the agricultural cluster in Salinas?

The Salinas commercial economy is undersupplied in terms of available space and land, with poorly located pockets of service providers located across town from Abbott Street. Industrial markets are very tight and offer few options for interested investors.

The introduction of the Ag Center is imperative to provide productive expansion for the cross-section of manufacturing, light industrial, and even R&D/flex uses. The expected capital subsidy of $35 million (2023$) to be provided by the City based on new property tax increment generated by the site should be an effective approach to keeping the cost of land and space at levels affordable to support industry.

The traditional technique of using published job projections, converted into square footage using stated job and employment assumptions, only tells part of the story and is not a complete basis for Ag Center support. As discussed in **Chapter 5**, relatively traditional and conservative projections in this regard estimate approximately 650,000 square feet of supportable industrial and distribution space in the next decade.

However, the projections used are relatively generic and not specifically calibrated to recognize the unique attributes of the local agricultural economy and the fact that Salinas is a global hub for industry headquarters. It is anticipated that a substantial project such as the Ag Center will shift regional demand to the Salinas Valley to a certain extent. In addition, much of the existing plant and equipment inventory in Salinas is fully depreciated and beyond practical reinvestment. As such, there is likely a number of substantial relocations that will transpire within the city, effectively capturing development that may have otherwise sought space further south on Highway 101, and effectively expanding development opportunities for close-in land adjacent to the city's increasingly vital downtown and surrounding districts with high development potential.

As such, it is estimated that the Ag Center offers a viable option for perhaps another 20 to 30 years, after which time the City will need to further consider the path of growth for the industry. As discussed in this report and below, the consolidation of such uses to the Abbott Street area is viewed as a positive long-term approach to resolving traffic issues and better organizing Salinas to respond to housing and other infill uses.

In terms of future expansion opportunities, there is much logic to extending ag-related industrial uses to the south, requiring study of the ag mitigation buffer contemplated in association with the Specific Plan. While the implementation of the Specific Plan is the primary short-term goal, once the project is approved and established, planning for the next increment of growth should begin, at least conceptually, perhaps not at the scale of the Ag Center, but in smaller increments.

The Economic Development Element (EDE) associated with the City's most recent General Plan Update identified over 200 acres of infill parcels. While the City's GIS system shows that these parcels are potentially available for infill development consistent with their General Plan land use designations and as evaluated in the General Plan EIR, it is possible that availability of a subset of them could be constrained by site specific factors that could only be identified through a parcel-by-parcel analysis. Moreover, many of these lands are not situated in the path of growth, and it is recommended that an updated infill analysis be conducted.

C. Ag-related commercial land uses in Salinas can be consolidated to reduce travel times and boost local productivity.

Many of the older facilities in town are in two distinct areas, the Market Street area, and other areas. Where possible, treating these areas as "sending" zones and positioning Abbott Steet as the "receiving" zone would be a gradual and systematic approach to consolidating and strengthening land use patterns in Salinas, allowing appropriate adaptation of close-in land supply on the periphery of the downtown district. The reorganization and consolidation of ag functions to the Abbott Street area sets up the potential for site reuse for housing and other uses as appropriate.

As projects further consolidate in and around the Ag Center, there are two land use planning concepts that may help the City's future buildout composition and fiscal performance:

Amenitized Abbott Street District

The district may be able to expand amenities and offerings providing walkable lunch/food truck options. Already, Alvarado Street has opened a tap room. Areas around the coming Ag Center could be positioned with "pocket arts" and cultural installations. If successful, this may be a concept that both provides amenities and services to workers, reducing lunch-based driving trips, as well as offering

another "itinerary item" for visitors to the area. Manufacturing/showroom concepts such as coffee grinding, artisan food and beverage manufacturing, and other cost sensitive, small-scale uses can be integrated to activate and celebrate the agricultural heritage of Salinas. However, it is imperative that district activation not interfere with production processes or attempt to compete with downtown.

The City can improve local infrastructure of all types to improve the performance of Abbott Street and its environs. The technical elements of some of these ideas are provided in the next section; however, as mentioned previously the City can support relocation of ag firms to a state-of-the-art district on Abbott Street, oriented to the upcoming Ag Center. Using "economic gardening" techniques the Abbott Street District could become, over time, an agriculture innovation center with a range of uses and companies providing for a diverse, interesting environment with room for select visitor amenities. To the extent that sales and property values increase as a result, fiscal benefits can be used to promote public safety, road maintenance, and other services.

Sending Site Reuse Potential

There may be substantial reuse opportunities for parcels that are vacated by industrial users consolidating to the Ag Center or the Abbott Street district, as discussed elsewhere in this report. As the City supports modernization and reinvention of facilities in Abbott Street, it should be strategic with replacement development concepts in "sending" areas, look to support the industry's labor force as a priority through the provision of housing and other uses to support local employees interested in reducing long commutes (e.g., teachers, firefighters).

III. Labor force needs for the agricultural cluster

A. What are the labor force needs related to the continuing success of the agricultural cluster economy?

Between 2011 and 2021, agricultural jobs grew at a slower rate than Salinas' overall employment. Monterey County experienced similar overall employment growth, but agricultural jobs doubled the local growth rate. Both areas experience substantial seasonal fluctuations which provide challenges in terms of housing and other issues. Key labor-related concerns and next steps include:

- Labor force shortages reflect the seasonal nature of agricultural production but point to the need for adequate workforce housing.
- The comparatively low educational levels for the Salinas labor force present a potential impediment to addressing economic development opportunities.

- The young population in Salinas and the presence of higher education in Salinas and Monterey County provide opportunities for workforce training.
- Adoption of technology will lead to changes in the future labor force needs.
- Salinas' labor force has not gone to remote work as quickly as other parts of California, which indicates that it is not yet a prominent destination for remote workers relocating from more expensive areas.

Next steps include:

- Ensure that Salinas' strategic partnerships with workforce development programs at Hartnell College, CSU Monterey Bay, UC Santa Cruz, regional providers, and trade schools meet the needs of agriculture in light of shifts in technology and market changes.
- Explore other strategic partnerships with trade groups and establish an agricultural industry working group in Salinas to address business climate and workforce preparedness issues.
- Address needs for agricultural and other seasonal worker housing, and engage with private businesses that have been providing worker housing.

The Salinas Ag industry is subject to labor and other price pressures, natural resource constraints, and continual need to incorporate technological advancements.

There has been a steady progression in the growth of research institutions and related start-ups throughout the AMBAG region; increasing "latent" labor force may favor technical aspects of field within Salinas over time. The Salinas economy's gradual transition toward knowledge intensive industry and technological applications is inevitable given the strengths of the region in this regard and its proximity to Silicon Valley. The trend toward information technology, with more jobs beginning to require new skill sets, makes strong programming from Hartnell critical.

Overall industry expansions will occur throughout the city and the larger valley; however, lower-margin, cost-sensitive operations may gradually seek locations to the south on 101. Salinas is an expensive housing market, influenced by proximity to Monterey and Silicon Valley. The area is gaining critical mass in terms of research capabilities in multiple sectors including Ag, however, Salinas struggles with ag labor force housing cost burden, partly due to general development costs as well as local fees and building requirements.

Companies are increasingly building their own housing. However, this may not be an ideal long-term solution. Farmworker housing often lacks services and infrastructure and may be detached from larger communities offering support to families. As Salinas and other cities struggle to build additional housing, often constrained due to rampant growth opposition in the region, SB 6 and AB 2011

from 2022 streamline housing approvals for commercial sites. The City would be well-served to facilitate industrial relocations to Abbott Street and the Ag Center to open up former industrial sites for housing.

IV. City actions to improve agricultural cluster

A. What can the City of Salinas do to help improve agricultural production to the benefit of the City, the industry, and the labor force?

1. Improve and formalize City-Industry Communications

The City should create a formal relationship with industry with regular meetings and priority initiative tracking (large and small). An industry organization could help to provide timely feedback to the City regarding infrastructure, services, and areas where City and industry can partner to strengthen the City's ability to provide land, labor force/housing, and public works/services to the industry and the greater labor force.

The City does not have a business retention/assistance program, although it has in the past had more organized relations with the industry, including a focus on ag tech. At this time, businesses function more individually. There is a pressing need to communicate on a regular basis to stay updated on priority projects and initiatives.

2. Recognize cannabis as a source of jobs and public/private revenue, not a "zero sum game"

The industry is in a nascent stage and needs a reliable local policy structure. Potential health/wellness and pharmaceutical applications could put the industry in overdrive despite current problems with over-supply. Natural conditions and concerns around pesticide/herbicide contamination favor indoor mixed light grows. There are many cross-overs with conventional agriculture in terms of buyers and suppliers of inputs and final goods.

B. How can the City prioritize its economic development function?

Business Climate

- Identify incentives for business retention and attraction. Other cities, such as Gonzales, have been aggressive with offering incentives to capture operations moving out of Salinas, such as Mann Packing. Additional processing capacity in the County is moving toward Gonzales, which has ample land and sewer capacity, as well as power cost advantages (i.e., Gonzales' local utility

provides electricity at $0.10 to $0.15 per kwh, while Salinas' current costs are about $0.25 per kwh).

- Identify policies for ag production expansion and exemption from ag mitigation for ag-related uses. The County is moving towards an ag mitigation ordinance. It would establish edges and specific criteria for receiving sites.

Diversification and Resiliency

- Support other industries (e.g., fulfillment centers, potentially cannabis-related uses) having common basis with agriculture (see "tool" below) to grow common base and attract additional suppliers in area of equipment dealers and others.
- Promote industry diversification. Diversification potential for processing is limited because of how Monterey County's ag production emphasizes direct-to-consumer produce and products that do not require substantial processing beyond packaging and distribution.
- Pursue the vision of Salinas as a major ag research center as a natural progression of the City's current trajectory. Concepts might include a USDA Campus, UC ANR campus, and other ideas.

Labor Force and Housing

- Support Hartnell certificate programs in a major effort to prioritize workforce development.
- Attract and maintain ag-related and other major industry interests by improving conditions for the labor force (housing) and seeking to reduce all manner of input costs.
- Work with the school district on school transportation for the labor force.
- Do more to relieve housing cost burden (add lower-income MFR development). Look at smart approaches to "flex" housing, possibly serving H2A and other labor groups.
- Support local industry revenue growth by encouraging the industry to pursue product lines with strong local job generation; and collaborate with school districts to incorporate fresh produce into school lunch programs.
- Identify and implement solutions for transportation and family care complexity/time problems as the work force ages (e.g., childcare, easier commute, etc.)

Economic Development and Planning Practice

- Set up industry dashboard "tool" for City use that tracks key metrics and indicators, such as major tenant relocations, number of workers in training programs, housing activity, crop trends, employment trends, etc.
- Reorganize City grant organizing and opportunity zone efforts.

- Identify direct funding resources for agricultural businesses. Options can potentially include a City-consortium revolving loan fund, state and federal grant programs, and other economic development resources, such as State GoBiz, CDBG, and the Economic Development Administration (EDA).

V. Public investment in short- and long-term infrastructure.

A. What must City and the industry do to confront the need for massive public investment in short- and long-term infrastructure and extremely cost sensitive industry conditions?

1. Circulation—Practical Implications and Solutions

As mentioned in **Chapter 5**, the City's ability to substantially improve existing access to the Sanborn Road and Airport Road interchanges is limited, as is Caltrans' ability to modify existing interchange ramps – this appears to be a relatively intractable problem. There are no circulation improvements currently being planned by the City that would facilitate better access. Further it is possible that a substantial percentage of the City's traffic impact fee balance may be used for improvements needed to facilitate developing the North of Boronda Future Growth Area.[30]

In addition, a current TAMC/Caltrans project may provide some relief, particularly for future end users in the Salinas Ag Center. TAMC is designing improvements as part of the U.S. Highway 101 South of Salians Corridor Study. The design includes converting the existing U.S. Highway 101/Abbott Street interchange to a full access interchange. While the interchange is approximately 1.5 miles south of the Salinas Ag Center site, the improvement could provide some relief from access and delay challenges at the existing interchanges, particularly for future users within the agricultural center. Provided additional funds are secured, the project could be constructed within 10 years or so.[31]

Other major improvements identified include the need to construct a new interchange at U.S. Highway 101/Harris Road. TAMC believes that the Harris Road interchange project has "fallen off the radar" in terms of importance or function, in lieu of the U.S. Highway 101 South of Salians Corridor Study, as the latter is designed to solve existing traffic safety hazards—a Caltrans priority.[32]

[30] Andrew Easterling, City of Salinas Traffic Engineer; March 14, 2023.

[31] Todd Muck, TAMC Executive Director; March 14, 2023.

[32] Ibid.

2. Water Supply—Practical Implications and Solutions

The City's ability to entitle agricultural industrial projects on infill parcels that require substantial new water demand (e.g., coolers) could be constrained over time. New sources of water supply may be needed for this purpose; the City should be proactive in pursuing new source opportunities, some of which could, but are not limited to:

a. Savings from changes in land use/end uses in the City that "free up" existing water supply.

b. Opportunities for reuse/recycling of process water

c. Require reuse/recycling of process water for new agricultural processing or other water intensive uses that locate within the Salinas Ag Center.

Note that under "b" and "c" here, treatment and reuse of food waste process water is typically subject to waste discharge requirements of the State Water Quality Control Board.

d. If new process wastewater from development within the Ag Center is delivered to the industrial treatment facility, allocate the new flow for reuse/recharge if current agreements with Monterey One Water do not already commit these flows to Pure Water Monterey or other end uses.

Potential groundwater supply limitations are not expected to constrain developing the Salinas Ag Center. That development would convert agricultural land to urban use. The City could consider incentivizing new water intensive agricultural industrial users to locate at the Ag Center site and/or incentivize existing intensive users to relocate to the center, with existing vacated/underutilized sites prioritized for low water demand agricultural industrial or other low water demand end uses.

Costs to mitigate groundwater overdraft could be extremely high. Mechanisms for generating the funding for mitigation project and management action costs are not in place but are identified as an implementation step to follow adoption of the GSP. The City should maintain a strong voice in the GSA process for selecting and implementing projects and actions to advocate for those which have the least impact on urban industrial users.

3. Wastewater Treatment—Practical Implications and Solutions

Short-Term Capacity Expansion

To partially relieve constraints to business development/expansion posed by limited treatment capacity, the City has planned a set of improvements to the IWTF to increase its effective capacity by 1.5 mgd to 5.5 mgd. This project is being driven primarily by a request from an existing agricultural industrial

business that would like to relocate, at least over the short term, to Ag Center, while also retaining its existing treatment capacity allocation. The expansion project is designed and CEQA review is complete.

The City's timing for implementing this expansion may be contingent on the outcome of discussions with the Regional Water Quality Control Board regarding the facility floodproofing improvements

Mid- to Longer-Term Capacity Expansion

As has been discussed, the Salinas Ag Center will likely be the primary destination for new, non-infill, agricultural industrial business growth. Recognizing that such growth is in part contingent on further expanding IWTF capacity, the City has embarked on an IWTF expansion master plan process that it expects to complete in summer/fall 2023. The master plan identifies expansion improvement requirements, associated costs, and a user fee structure to generate funding for the improvements.

The timing for IWTF expansion beyond the 1.5 mgd project currently being planned by the City is uncertain. Nevertheless, the IWTF expansion master plan will facilitate more timely expansions as demand dictates by establishing expansion design requirements and funding mechanisms.

4. Land Use—Practical Implications and Solutions

Physical resource and circulation constraints limit development opportunities for vacant land designated for industrial use in the general plan (Economic Opportunity Areas D and G, as identified in the EDE, see **Map 6**) and added to the City's land inventory through the EDE process. In addition, their locations do not afford opportunities for development synergy with agricultural industrial uses in the existing Abbott Street industrial area.

Salinas Ag Center

The Salinas Ag Center is the next locus of new/expanded agricultural industrial development. As described in **Chapter 5**, the recommended approach for the Ag Center is to prioritize its development and implement it as a two-phase development in order to allow the spaces to fill in. Concurrently, other options should remain open as contingencies. While the development absorption rate for that site is unknown, having other options for industrial land supply provide additional flexibility to meet the City's agricultural industrial growth needs over the mid- to longer-term.

Other Future Development Areas

To ensure that the City's future industrial development needs are not entirely constrained to the Ag Center, some consideration of other industrial expansion sites should be considered as a contingency in the event that the process for developing the Ag Center does not proceed as expected. These other development needs would be accommodated through options identified through the General Plan EOAs, the land areas adjacent to the Ag Center, and revitalization opportunities along Abbott and West Market streets. Further discussion of these options can be found in **Chapter 5** and **Appendix A**.

Appendix A: Detailed Infrastructure and Land Use Discussion

Connecting Infrastructure (Streets and Rail-lines)

Circulation—Summary of Findings

Poor access to U.S. Highway 101, particularly for agricultural industrial businesses located in the Abbott Street corridor is universally seen as an economic challenge and an influence on business location/expansion decisions.

Access to Highway 101, particularly for heavy duty trucks, to interchanges that provide northbound access, is along what routes that can be circuitous, in poor condition, and congested. Circulation improvements needed to resolve operational challenges are known, but their implementation is constrained by funding and physical limitations along some routes. Several are identified in the City's 2005 Traffic Improvement Program. Currently there are no associated improvements planned in the City's *Proposed Capital Improvement Program for Fiscal Year 2022-2027*.

The Transportation Agency of Monterey County (TAMC) is in the preliminary planning stages for a project to improve the U.S. Highway 101/Abbott Street interchange. This could provide some incremental relief, particularly for future end users in the Salinas Agricultural Industrial Center.

Circulation Barriers

Agricultural industrial businesses in and near the Abbott Street industrial corridor have long been concerned about circulation constraints. This issue was identified as a fundamental component of the transportation analysis conducted for the Salinas Ag-Industrial Center. It was also identified by specific stakeholders as part of the Economic Development Element (EDE) public outreach process (as one component of a broader concern about cross-town transportation constraints).

Heavy duty truck access to northbound Highway 101 at Sanborn Road and at Airport Boulevard, has been the primary agricultural industrial business concern, with northbound access from Highway 101 back to industrial areas also a concern. Access to and from the interchanges can be challenging given limited roadway capacity, and with often congested conditions. The Salinas Agricultural Industrial Center EIR traffic impact analysis identified that many related facilities (intersections and road segments) were operating at levels below City, County and/or Caltrans Level of Service (LOS) performance standards under background conditions. Under background plus project conditions, City, County, and/or Caltrans LOS thresholds were exceeded at 31 of 44 intersections evaluated,

several intersections on routes to and from the interchanges and at the interchanges themselves. Due to uncertainty about mitigation feasibility for a number of improvements, many impacts were found to be potentially significant and unavoidable.

City and Caltrans funding capacity to make improvements to roadways, intersections, and/or interchanges that would improve access for industrial business has and continues to be limited, though the City and Caltrans are currently cooperating on a project to improve intersection control at the Airport Boulevard interchange. Routes to and from and the interchange ramps are largely developed on both sides; the physical capacity to make improvements is limited.

Several sector stakeholders also noted the poor pavement conditions on several roadways in and around the industrial core as indicative of a decline in the quality of the transportation system.

Current and Future Land Use Patterns

Potential Relocation Dynamics Within Salinas

Industrial Land Supply Options/Constraints

Key stakeholders in the City's agricultural industrial business community have identified a lack of industrial land supply available for business expansion/development where development costs are feasible. The 257-acre Salinas Agricultural Industrial Center site is the "ripest" site for agricultural industrial business development due primary to its advanced entitlement status. The rate at which development absorption will occur is unknown at this time. Regardless, it is prudent for the City to be planning for longer-term agricultural industrial development capacity as such is important for longer term growth and for managing industrial land costs through adequate competition.

This section includes a high-level overview of existing industrial land supply available to meet needs of agricultural industrial related cluster companies going forward with reference to the Salinas Ag Center. The primary purpose is to identify related macro-scale land planning considerations as inputs to the City's current general plan update process.

Land Use

A recommended land use strategy is to go with a two-phased approach to developing the Salinas Ag Center.

A portion of the Ag Center site could be prioritized to address the identified short-term needs, such as replacing and consolidating aging cooling facilities and industrial support facilities in Salinas, while also addressing potential needs for other business expansion and attraction related to the agricultural cluster sectors. Another portion of the Ag Center site would be set aside for second phase of

development that would be implemented as the market needs are fulfilled by the initial building development phases.

Other than the Salinas Ag Center, the City has a limited supply of vacant, greenfield industrial land in locations likely to attract agricultural industrial business growth, particularly for businesses with significant land demand needs.

Other than the Ag Center, existing greenfield industrial land of substantial size within the City limits is limited to the areas north and south of the airport (known as Economic Opportunity Areas (EOA) D and G in the Economic Development Element EIR). Both have constraints related to their physical resource, potential infrastructure, and access. As importantly, neither are well connected to the locus of existing agricultural industrial cluster development in the Abbott Street area, functional and economic efficiencies of being collocated with or adjacent to this area would not be realized.

Target Area B, as identified in the EDE EIR, includes 147 acres that are designated for industrial use in the general plan per adoption of the EDE. Its location near the Abbott Street industrial area makes it more attractive as an industrial development destination, as does ease of access to southbound Highway 101. However, it is constrained by Williamson Act zoning and an agricultural conservation easement. If and when these constraints might be relieved is currently unknown.

A land use contingency would focus new agricultural industrial development adjacent to the Salinas Agricultural Industrial Center.

The City and agricultural industrial economic cluster businesses would benefit from focusing on new greenfield agricultural industrial development where synergies with existing similar uses are possible, the costs of extending/expanding infrastructure to serve that development can be minimized, heavy truck trip access to Highway 101 can be concentrated to minimize impacts on the operations of the broader City and County road networks, and where other externalities from such uses (e.g., noise) can be localized to reduce potential environmental and public safety impacts. For these reasons, expanding agricultural industrial development opportunities adjacent to the Salinas Agricultural Industrial Center is recommended as a priority land use strategy. This strategy should be viewed as a contingency if the land assets in the Ag Center are exhausted faster than anticipated.

This approach is complicated by constraints poised to extending infrastructure other than wastewater conveyance mains beyond the southwestern and southeastern boundaries of the Ag Center. The project includes agricultural buffer easements along these boundaries that would prevent such extensions. The buffer easement agreement that stipulates this constraint has not been executed.

Removing the buffers from the specific plan would require a specific plan amendment and CEQA review for its potential growth inducing/agricultural land conversion impacts. A proposed growth strategy for this area would be controversial, though the City may consider constraining growth in other locations (e.g., EOAs G or D) to off-set associated agricultural land conversion impacts.

Potential exists to stimulate revitalization of existing underutilized/vacant parcels in the Abbott Street Area or along West Market Street and/or parcels that could be vacated by agricultural industrial businesses that relocate to the Salinas Agricultural Industrial Center site.

The City should consider expanding land use flexibility within the Abbott Street industrial area and the West Market Street corridor to allow a much broader mix of use types. Opportunities exist to capitalize on the evolution of the agricultural sector towards technology innovation and to enable the development prototype/flexibility needs of such businesses. Further opportunities exist to consider workforce housing and other housing products types located close to employment centers provided environmental, health and safety, and equity considerations are addressed. With such flexibility, particularly along the West Market Street corridor, the City may have the opportunity to create innovative districts with identities that attract economic development.

Revitalization success will also be contingent on the City's ability to provide incentives. There are a variety of incentives that could be implemented by the City to plan for and encourage construction of ag-related industry development. Examples of incentives include proactively identifying sites in the city; securing direct funding through federal, State, and regional grants; donating or allowing deferred payment to purchase City-owned land to private developers to address feasibility challenges; expediting permit review; implementing fee reductions and waivers or offering fee deferrals; and other incentives identified by the City.

Existing Industrial Land Capacity Designated in the 2002 General Plan

The City of Salinas General Plan includes substantial areas of vacant land designated General Industrial that are located outside the southern/eastern city limits, on the north and south sides of the Salinas Municipal Airport, as shown in Figure 1, General Plan Land Use and Circulation Policy Map. Based on analysis conducted as background for the EDE, these two areas, referred to in the EDE EIR as EOA D—Airport West, and EOA G—Alisal/Airport East, are 343 acres and 396 acres, respectively. These are shown on Figure 2, Target Areas and Economic Development Reserve Areas. A 64-acre portion of area D was annexed and entitled for development as the Salinas Travel Center Specific Plan in 2018. About 30 acres of the site are within a Caltrans right-of-way and not available for development. Approximately 18 acres are available for industrial development, but partially constrained by physical resource conditions. It should be noted that the current General Plan update has carved out portions of area D as open space in order to address flood/water challenges and groundwater recharging.

A high-level constraints analysis for each of the EOAs was conducted as part of the EDE process (see EDE Volume II, Appendix A). EOA D constraints were noted as follows: (1) half the area is within a floodplain; (2) no known available infrastructure; (3) partially constrained by airport overlay zoning regulations; and (4) may require further U.S. Highway 101 improvements. Access to EOA D could be taken from the existing Airport Road/U.S. Highway 101 interchange, but not without improvements constructed to access the interchange and potentially to the interchange itself.

EOA G constraints were noted as follows: (1) limited access to adjacent infrastructure; and (2) limited capacity to detain stormwater onsite. Developing EOA G with industrial uses could potentially be most constrained by lack of efficient access to the regional transportation system. As described in the discussion of circulation infrastructure issues in Section 2, a future U.S. Highway 101/Harris Road interchange is identified in the general plan. It received interest from Caltrans in the early 2000s. That project is now no longer active or a TAMC/Caltrans priority. The eastside expressway, also identified in the general plan and EDE, which would have provided direct access from EOA G to this interchange, may no longer be a viable circulation improvement in the absence of the Harris Road interchange, at least over the foreseeable future.

In summary, EOAs D and G do provide opportunities. However, they are constrained by the factors noted, and importantly, not functionally connected to the locus of existing agricultural industrial development in the Abbott Street area. Consequently, synergies with existing uses that could be an advantage for agricultural industrial business efficiency would not occur. Further, potential impacts of operating agricultural industrial uses in these areas would be further distributed across parts of the City not currently affected by such operations.

Industrial Land Capacity Considered in the EDE Process and Added to the General Plan through EDE Adoption

As part of the EDE process, several EOAs located outside the 2002 general plan planning area were identified. Two of these were assigned General Industrial land use designations for purposes of analysis. The first, EOA F, is located to the east of the general plan planning area as illustrated in Figure 3, Refined Economic Opportunity Areas—Proposed General Plan Land Use. The northern half of EOA F was considered for potential industrial use. The second is shown in the same figure as EOA B.

Target Area B

As part of the EDE adoption process, the general plan was amended to include EOA B and the industrial development capacity identified for it (EOA B is identified in the EDE EIR as Target Area B). Consequently, Target Area B could currently be considered for annexation and industrial development. It could be a reasonable destination for some types of agricultural industrial cluster uses, though the

configuration/depth of the parcels may be a constraint to siting uses which require larger sites.

Development feasibility is currently partially constrained. Part of the area is included in a Williamson Act contract and part is encumbered by an agricultural conservation easement. There are two mitigation measures in the EDE EIR that identify these areas as non-buildable until the constraints are removed. Research is needed to determine if actions have been taken by the property owner(s) to initiate the termination process for the Williamson Act contract(s) and/or whether efforts have been made to date to address the easement constraint.

Adding New Agricultural Industrial Land Capacity Adjacent to the Salinas Agricultural Industrial Center

From a land use planning perspective, it is a logical proposition to focus new greenfield agricultural industrial development in locations where synergies with existing similar uses are possible, where the costs of extending/expanding infrastructure to serve that development can be minimized, where heavy truck trips access to Highway 101 can be concentrated to minimize impacts on the operations of the broader City and County road networks, and where other externalities from such uses (e.g., noise) can be localized to reduce potential environmental and public safety impacts. For these reasons, expanding agricultural industrial development opportunities adjacent to the Ag Center is a potential contingency for future planning. However, agricultural easements included in the specific plan would prohibit growth in these directions.

The Ag Center includes a 70-foot-wide agricultural buffer easement along the southwest plan area boundary and a 20-foot-wide agricultural buffer easement along the southeast plan area boundary as shown on Figure 4, Landscape and Agricultural Buffer Easements, which is taken from the Salinas Agricultural Industrial Center EIR.

The easements were included to reduce land use conflicts between the Salinas Agricultural Industrial Center and adjacent agricultural uses and to create additional conditions that would protect the adjacent agricultural lands from conversion to urban use. “Adjacent agricultural lands" are defined as the agricultural land between the southwestern easement within the specific plan boundary and the Salinas River and the agricultural land between the southeastern easement and the former Firestone Plant. The southeastern buffer easement includes the proposed 20-foot buffer easement and the Harris Road right-of-way, thus making the effective buffer much wider. An Agricultural Buffer Easement Deed is to be recorded over these buffers prior or concurrent with filing of the first Parcel Map. The Grantor is Uni-Kool Partners and the Grantees are the Ag Land Trust and the County of Monterey. Draft buffer easement language is contained in Appendix F of the specific plan. Appendix F is attached.

The draft Agricultural Buffer Easement agreement limits potential for the City to annex any of the agricultural land to the southwest and southeast of the specific plan boundary. Section 1 of the agreement identifies the provisions for the use of the buffer easements. Section 1.c., Municipal Uses, stipulates conditions on municipal uses of the buffer easements:

1. Any easement or construction necessary for connections to the City of Salinas Wastewater Treatment facility shall be allowed.

2. No services, municipal or otherwise, shall be extended to serve the property that is in agricultural use as of the date of this Buffer Easement that is located to the southeast and/or to the southwest of the Buffer Easement Property by the City of Salinas beyond or through the Buffer Easement Property for as long as this Agricultural Buffer Easement is in effect, with the exception of the property identified as Monterey County Assessors numbers 177-132-034, 177-132-035, 177-132-036 and 177-132-037 and legally described in Exhibit D.

Condition 1.c.1 is logical, as industrial wastewater conveyance infrastructure would be needed to be extended to the south towards the industrial wastewater treatment plant. Condition 1.c.2 appears to probit urban service extensions other than wastewater conveyance. Consequently, if the Agricultural Buffer Easement Agreement were to be executed, expanding urban infrastructure to the southwest and southeast to enable new industrial development adjacent to the Salinas Agricultural Industrial Center would appear to be prohibited. To date, the City has not received an application for a Parcel Map. Therefore, it is unlikely that the Agricultural Buffer Easement Agreement has been executed. Nevertheless, the agreement remains a component of the Salinas Agricultural Industrial Center entitlements.

The ability of Uni-Kool Partners and the City to modify/remove the agricultural buffer easements would be complicated by at least two variables. First, inclusion of the easements is the basis for determining in the Salinas Agricultural Industrial Center EIR that impacts from indirect conversion of agricultural land would be less than significant. Eliminating or modifying the easement to remove the constraint could trigger substantial controversy about the growth inducing/agricultural land conversion impacts that could result and may require supplemental CEQA documentation to assess related impacts resulting from the action. An action to modify the specific plan to eliminate the easements would require a specific plan amendment and that action would be subject to CEQA.

Section 9 of the agreement identifies conditions regarding its amendment. The section language is as follows:

This agricultural buffer easement shall not be rescinded, altered, amended, or abandoned in whole or in part as to the Buffer Easement Property or any portion thereof or as to any term, condition, restriction, or covenant of this buffer easement without the prior written consent of Grantees.

Though it appears the Agricultural Buffer Easement Agreement has not been executed, both Grantees could feel that their perceived control of the easements is being eliminated. This too could be a source of controversy, absent the City developing a compelling approach to trading off the benefit of the easements for preserving more, higher quality, and/or more strategically located agricultural land elsewhere.

Expanding the Ag Center boundaries to create new additional industrial land supply is a contingent land use planning goal that would proceed if the Ag Center development occurs at a rate that would exhaust other options for industrial development. Planning for and extending infrastructure to adjacent land would be efficient relative to other land designated for industrial use. It would also provide efficiency synergies for agricultural industrial businesses. To support this concept, the City could:

a. Relocate a portion of the City's existing industrial development capacity from other areas (e.g., EOA G) to this location as a tradeoff from a resource demand/impact (particularly agricultural land conversion) perspective.

b. Work with the owners of the Ag Center site to amendment the specific plan to eliminate the agricultural easements designed into it that would limit expanding the site. CEQA documentation may be required, as the easements are identified in the EIR as design feature that limits additional agricultural land conversion.

c. As part of the current Monterey County agricultural mitigation program development process, advocate for exempting key agricultural industries that add value to the regional agricultural economy from agricultural land conversion mitigation requirements.

Capturing Industrial Development Capacity Opportunities from Revitalizing Existing Underutilized/Future Vacated Industrial Sites

As has been discussed elsewhere in this report, several sites with the Abbott Street industrial area are either vacant or underutilized. As also described elsewhere, it is possible that existing agricultural industrial businesses located within the Abbott Street industrial area and/or along West Market Street could relocate to the Salinas Agricultural Industrial Center to relieve a range of constraints to business growth at their existing sites. Vacated sites would be

available for revitalization with industrial uses whose space, locational and functional needs are met at these sites.

It is also possible that these sites could be developed with other land use types such as commercial or housing. Revitalization in the Abbott Street area with less intensive industrial uses, e.g., innovative light industrial use prototypes mixed with commercial or residential, could be possible on site-by-site basis depending on physical and environmental constraints and questions of equity. The same could occur in the West Market Street area, also traditionally seen solely as an area limited to industrial development, where creating an eclectic new district type could be viable, particularly because of the lower concentration of existing, intensive industrial uses located there that might otherwise be a sources of land use incompatibilities.

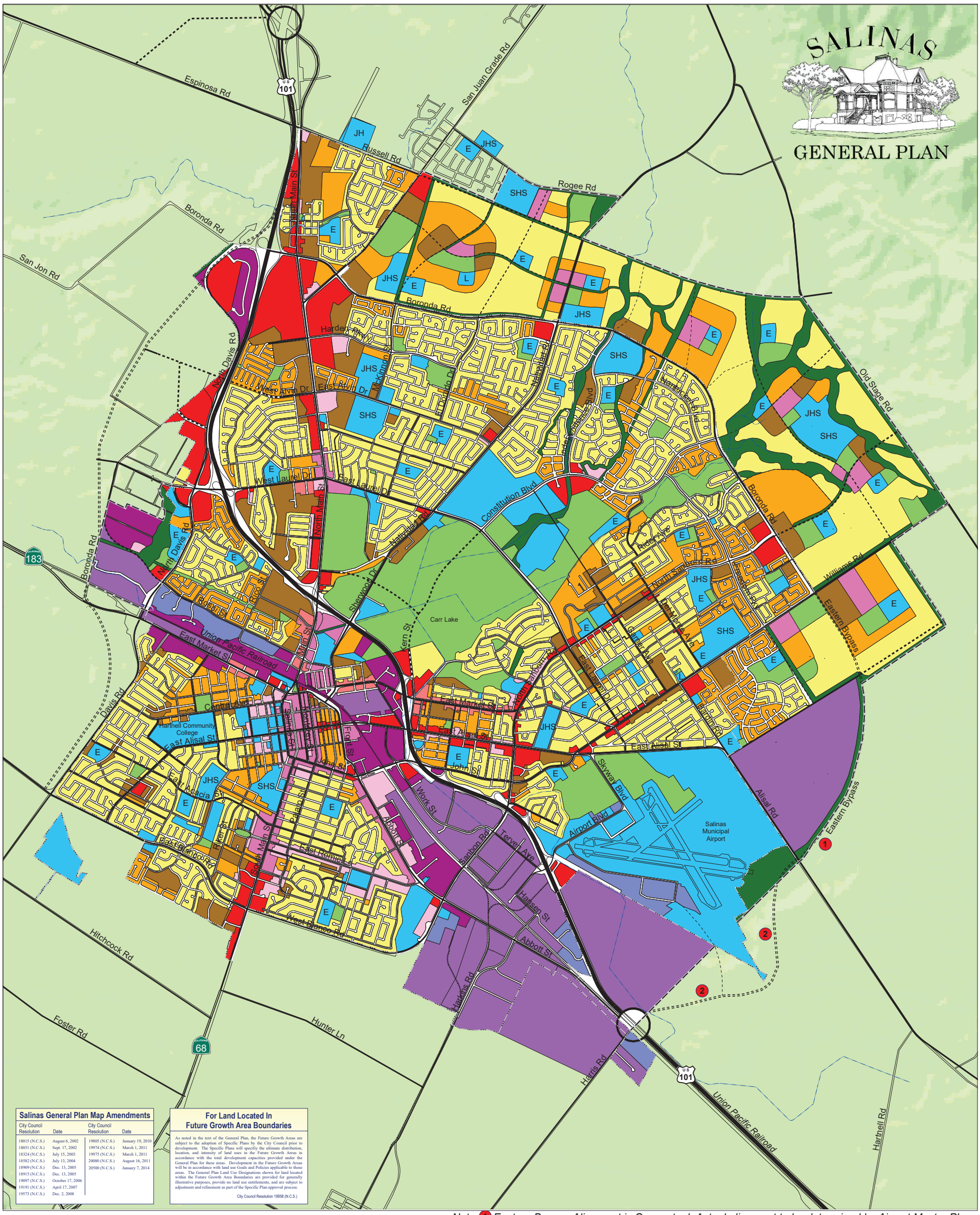
Existing underdeveloped and vacant land within the Abbott Street industrial area and on West Market Street, and sites that could be vacated by existing agricultural industrial cluster businesses that could move to the Ag Center (or elsewhere) represent development opportunities. To catalyze such opportunities, the City could:

d. Re-envision the West Market Street industrial corridor as a mixed use district that integrates non-industrial uses to promote vibrancy. Create land use flexibility to allow a mix of non-industrial/general commercial uses within the Abbott Street industrial area.

e. Develop a package of incentives to reduce the cost of redeveloping underutilized sites.

SALINAS

GENERAL PLAN



Salinas General Plan Map Amendments

City Council Resolution	Date	City Council Resolution	Date
18015 (N.C.S.)	August 6, 2002	19805 (N.C.S.)	January 19, 2010
18051 (N.C.S.)	Sept. 17, 2002	19974 (N.C.S.)	March 1, 2011
18324 (N.C.S.)	July 15, 2003	19975 (N.C.S.)	March 1, 2011
18582 (N.C.S.)	July 13, 2004	20080 (N.C.S.)	August 16, 2011
18909 (N.C.S.)	Dec. 13, 2005	20500 (N.C.S.)	January 7, 2014
18915 (N.C.S.)	Dec. 13, 2005		
19097 (N.C.S.)	October 17, 2006		
19191 (N.C.S.)	April 17, 2007		
19573 (N.C.S.)	Dec. 2, 2008		

For Land Located In Future Growth Area Boundaries

As noted in the text of the General Plan, the Future Growth Areas are subject to the adoption of Specific Plans by the City Council prior to development. The Specific Plans will specify the ultimate distribution, location, and intensity of land uses in the Future Growth Areas in accordance with the total development capacities provided under the General Plan for these areas. Development in the Future Growth Areas will be in accordance with land use Goals and Policies applicable to those areas. The General Plan Land Use Designations shown for land located within the Future Growth Area Boundaries are provided for generally illustrative purposes, provide no land use entitlements, and are subject to adjustment and refinement as part of the Specific Plan approval process.

City Council Resolution 19958 (N.C.S.)

Note: 1 Eastern Bypass Alignment is Conceptual. Actual alignment to be determined by Airport Master Plan.
2 No development is planned for areas inside the Eastern and Western Bypasses.

General Plan Land Use Designations

- Residential Low Density (1-8 units/net acre; average 6.5 units/gorss acres)
- Residential Medium Density (8-15 units/net acre; average 11.75 units/gorss acres)
- Residential High Density (15-24 units/net acre; average 16.75 units/gorss acres)
- Retail
- Arterial Frontage
- Office
- Mixed Use
- General Commercial/Light Industrial
- General Industrial
- Business Park
- Public/Semipublic
- Park
- Agricultural
- Open Space

Circulation System

- Freeway/New Interchange
- Highway
- Highway (Proposed)
- Major Arterial
- (Proposed)
- Minor Arterial
- (Proposed)
- Collector
- (Proposed)
- City Boundary
- Future Growth Area Boundary

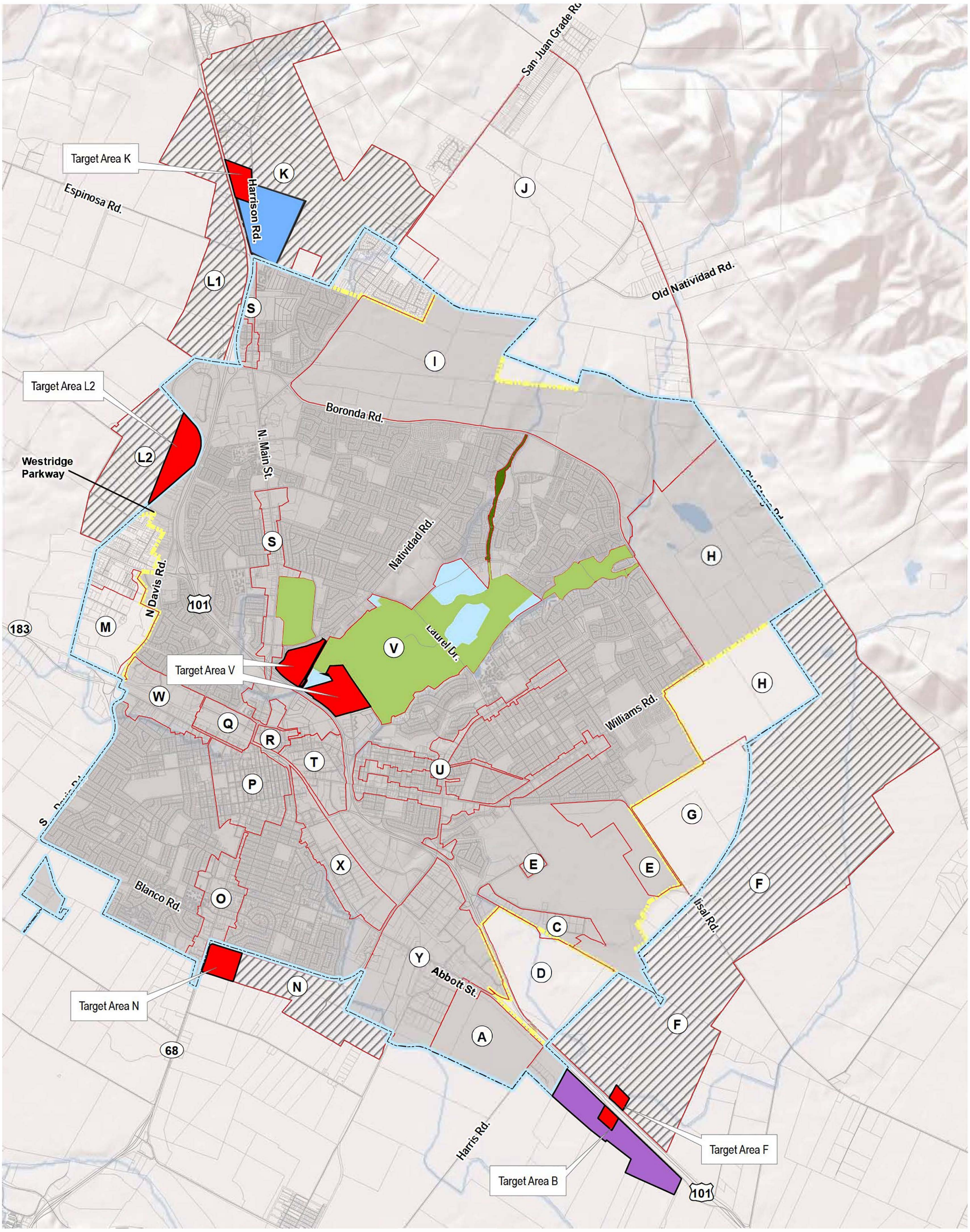
0 1 Mile

Source: City of Salinas 2006

Map 2

General Plan Land Use and Circulation Policy Map

E M C

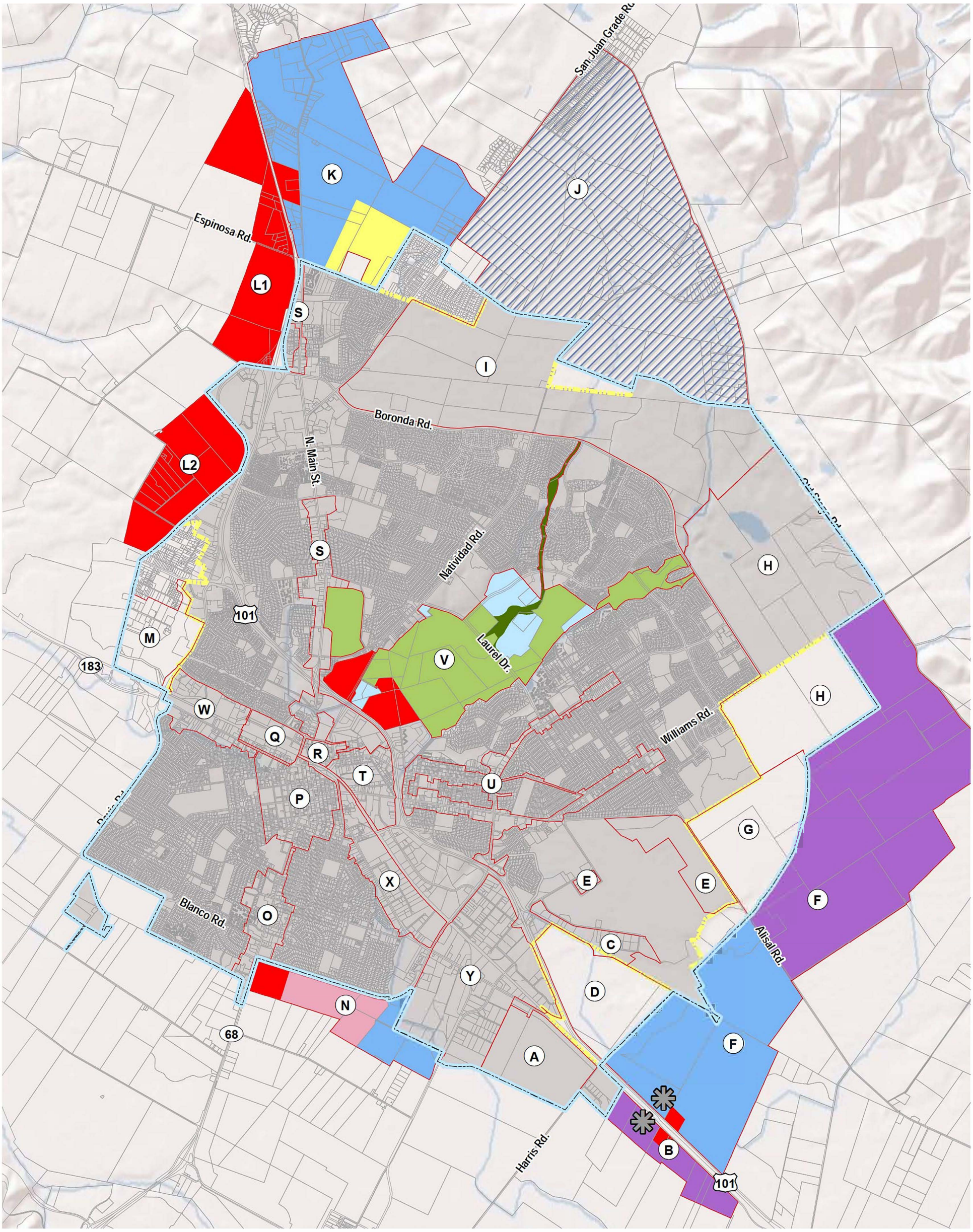


Source: City of Salinas 2014, Monterey County GIS Database 2010, Esri 2015

Map 3

Target Areas and Economic Development Reserve Areas

E M C



Source: City of Salinas 2014, Monterey County GIS Database 2010, Esri 2015

Map 4

Refined Economic Opportunity Areas – Proposed General Plan Land Use

E M C

Not to scale.

Source: EMC Planning Group Inc. 2009, Ruggeri Jensen Azar 2009

Map 5

Landscape and Agricultural Buffer Easements

E M C

Water Supply—Summary of Findings

Water supply should be viewed as a constraint to economic vitality of the agricultural industrial sector and is likely to become increasing so.

Cal Water extracts groundwater from the 100/400-foot aquifer to supply agricultural industry in Salinas. The aquifer is in overdraft condition. The *Salinas Valley Groundwater Basin 180/400-Foot Aquifer Subbasin 2022* (GSP), prepared by the Salinas Valley Groundwater Sustainability Agency identifies hundreds of millions of dollars of projects and management actions whose implementation in whole or part is needed to mitigate overdraft. Groundwater users, including farmers and agricultural industrial users, will be expected to fund their fair share of mitigation costs. The magnitude of such costs for individual users is currently unknown. The GSP water demand projections assume no new demand from industrial infill in the City. New demand from expanded operations on existing sites and/or revitalization of underutilized/vacant sites would worsen overdraft conditions; such demand could come under heightened scrutiny. Agricultural crop production could also be constrained if projects and management actions are insufficient to mitigate overdraft. One management action is pumping restrictions combined with agricultural land fallowing. Agricultural industry could be indirectly constrained by falling crop production capacity.

Cal Water's *2020 Urban Water Management Plan* concludes that its water supply is reliable. However, that conclusion was reached before the GSP was updated in 2022. Cal Water acknowledges that with future implementation of the Sustainable Groundwater Management Act, its water supply reliability assumption could change.

Water supply availability may not be a constraint to developing the Salinas Agricultural Industrial Center. That project replaces agricultural demand with urban demand, with the net outcome of no overdraft exacerbation (per the water supply assessment prepared for the project).

Farmers are already making decisions about moving agricultural production and associated processing and packaging operations to other locations and/or extending the duration of production in other locations in part due to concerns about water supply availability.

Water Supply Barriers

Water supply availability is a key concern for agricultural industrial sector stakeholders as it affects both the direct and indirect financial viability of their businesses. Sufficient supply to accommodate business expansion going forward and sufficient supply for continuing agricultural crop cultivation are cited as the two main potential constraints. Potential constraints stem primarily from the perceived threat of water supply being constrained to ensure sustainability of groundwater supply.

Groundwater Sustainability Planning

Agricultural industry stakeholders and the City understand the implications of groundwater sustainability plans (GSP) developed by the Salinas Valley Groundwater Sustainability Agency (GSA). The *Salinas Valley Groundwater Basin 180/400-Foot Aquifer Subbasin 2022* (GSP) is most relevant, as the City overlies this aquifer. The status of groundwater supply, both quantity and reliability, suggests that constraints on water supply availability are possible now and in the future. Key points are as follows:

- The subbasin has a historical overdraft of 13,400 acre-feet of water per year (AFY), which is the sum of seawater intrusion (12,600 AFY loss) and net storage loss due to groundwater level changes (800 AFY). Agriculture accounts for approximately 90 percent of the total demand for groundwater. Municipal demand, including agricultural industry, constitutes 10 percent.
- No new urban infill growth is assumed in the projections of future water demand. For all urban growth that occurs as infill rather than new expansion onto agricultural land, the GSP underestimates future subbasin overdraft. Expansion of existing agricultural industrial uses, revitalization of existing underutilized industrial sites, and/or development of vacant industrial sites that results in increased water demand would exacerbate overdraft. While speculative at this time, it is possible that Cal Water (whose role in groundwater management is summarized below) could be challenged in providing Will Serve letters to such development. Such demand increases could readily fact heightened scrutiny as part of the entitlement/project planning process and/or CEQA process. If urban growth occurs on land in agricultural crop production, the impact on overdraft may be minimal because the urban growth demand would replace existing agricultural demand.
- Overdraft can be mitigated by reducing pumping or recharging the subbasin, either through direct or in-lieu means. The GSP includes eight projects and three management actions designed to mitigate overdraft.

Two management actions management actions are of particular note for their potential to curtail water supply availability. Management action MA1 addresses demand planning. Demand planning could be implemented if other projects and management actions do not reach sustainability goals and mitigate overdraft. *This action would determine how groundwater extraction should be controlled through pumping allocations and controls.* Action MA:2 addresses actions to *reduce agricultural demand including rotational agricultural land fallowing, creating a fallow bank funded by growers with farmers volunteering to fallow able to draw against the bank to offset lost income, and agricultural land retirement*. This management action could work together with pumping allocations.

Depending on the success of various proposed projects and management actions, there may be some years when pumping must be held at a lower level to achieve necessary rises in groundwater elevation. The actual amount of allowable pumping is to be adjusted in the future based on the success of projects and management actions.

- The capital costs for implementing the projects and management actions appear to be over $800 million dollars as described in Appendix 9A of the GSP. This does not include annual operating and maintenance costs. While it may not be necessary to implement all of the projects and actions over time to mitigate overdraft, clearly the costs are extremely high. Several of the projects and actions would have benefit across all six subbasins for which the GSA has prepared GSPs. Such costs would be distributed over all benefiting groundwater end users, not only those who extract from the 100/400-foot aquifer.

There may be sufficient uncertainty on the part of agricultural industry and farmers regarding fair share costs to consider options to continuing to re-invest in the Salinas Valley and Salinas. This has potential to be a negative influence on agricultural productivity and on the economic health of the agricultural industrial sector.

Urban Water Supply—Relationship to Groundwater Management

Cal Water's *2020 Urban Water Management Plan* (UWMP) is the purveyor-level plan for providing water to areas of the City that are home to its existing agricultural industrial businesses and future businesses (e.g., Salinas Ag Industrial Center). The UWMP is now being implemented under the umbrella of groundwater supply management planning being conducted and implemented by the GSA. Highlights of the UWMP as they pertain to water supply availability and reliability, particularly for agricultural industrial users are as follows:

- Based on available information, including that developed by the GSA to 2020 for the original 100/400-Foot Aquifer GSP, Cal Water believes that with minor exceptions, groundwater supply for the Salinas District will fully meet future demands. *However, Cal Water also states that implementation of the Sustainable Groundwater Management Act may impact future supply reliability.*
- Table 4-2 in the UWMP contains demand projections within the Salinas District to 2045. Projected demand is based on historical growth rates, but also includes projected demand from the West Area Specific Plan and the Central Area Specific Plan. *Cal Water projected zero growth in industrial water demand between 2020 and 2045. Consequently, the statement in item #1 above about water supply sufficiency is not inherently applicable for new demand resulting from expansion of existing agricultural industrial businesses*

on existing sites, revitalization of existing underutilized sites, and/or developing businesses on vacant sites within the city limits.

- As stated previously, the Salinas Ag Industrial Center was projected to have no impact on groundwater overdraft because it would convert agricultural water demand to urban demand. *Consequently, Cal Water's assumption of no new projected industrial demand is currently not anticipated to be a constraint to water supply availability for the Salinas Agricultural Industrial Center*.
- The UWMP acknowledges the management action in the 100/400-Foot Aquifer GSP regarding temporary pumping reductions/pumping allowances as needed to ensure groundwater sustainability. *Cal Water states that the restrictions/costs "… may have significant impacts to the Salinas Valley Basin's water supply".* No further elaboration is provided. *Cal Water would be subject to pumping reductions/allowances should such be required by the GSA in the future*.

Industrial Wastewater Treatment—Summary of Findings

Industrial wastewater treatment capacity at the City's industrial wastewater treatment facility (IWTF) is limited.

Limited capacity is currently a constraint to agricultural industrial sector business growth, and as a result, also potential constraint to business retention. Concern about this constraint is universal to associated stakeholders. However, the City is now actively planning IWTF expansions for the short-term and for the medium- to long-term that should provide increased stakeholder confidence that the constraint can be resolved. IWTF expansion timing and funding could be complicated by extenuating circumstances related to Monterey One Water and recent IWTF flooding.

Capacity at the IWTF must be expanded to remove constraints to existing business growth and future business growth where such would increase demand for industrial wastewater treatment capacity. The City is actively working to design and plan a near-term 1.5 mgd expansion needed to accommodate a specific end user. The City will soon also complete an IWTF expansion master plan that will help facilitate timely implementation of future subsequent phased expansions. The latter may help catalyze development of the Salinas Agricultural Industrial Center by reducing uncertainty about the cost and timing of securing new industrial wastewater treatment capacity. The timing of and funding for near-term expansion could be delayed if the City must incur costs to better floodproof the facility and/or expand capacity if Monterey One Water does not continue to accept treated wastewater from the facility.

Treatment Capacity Barriers

The IWTF accepts wastewater flow from 23 different industrial facilities, primarily food processing, ice manufacturing, produce refrigeration, and corrugated box manufacturing business. Each business is permitted a proportion of the ITWF treatment capacity based on the industrial waste discharge permit each business must obtain. The IWTF is operating at or near its permitted capacity of 4.0 million gallons per day (mgd).

Limited capacity at the IWTF is a barrier to existing businesses who may wish to expand operations at their existing locations, businesses who may wish to locate on existing vacant and/or underutilized infill industrial parcels, and to new businesses that could located within the Salinas Agricultural Industrial Center. Agricultural industrial business stakeholders were near universally concerned about this issue.

The IWTF must be expanded to accommodate any new source(s) of treatment demand. Further, the City has an agreement with Monterey One Water (M1W) to pipe 1.0 mgd of wastewater to the M1W regional plant for recycling. M1W has recently stated that it can no longer take the wastewater because it doesn't meet M1W standards. If this continues to be the case, the effective capacity of the IWTP would be reduced by this amount, or the City would need to expand to the plant by this amount to maintain existing service capacity. To further complicate existing operational conditions, the IWTP overtopped during recent storms. **Industrial wastewater mixed with flow in the Salinas River. The Regional Water Quality Control Board has indicated that the City must invest improvements to better flood proof the facility—a significant cost that had not been anticipated by the City.**[33]

Discussion of short- and long-term infrastructure recommendations

What must City and the industry do to confront the need for massive public investment in short- and long-term infrastructure and extremely cost sensitive industry conditions?

Circulation—Practical Implications and Solutions

Existing circulation constraints have and will continue to be a disincentive for existing agricultural businesses in the southwest portion of the City. While not explicitly expressed by focus group participants as a likely sole rationale for curtaining new investment in Salinas, circulation challenges were universally identified and noted as a potentially important variable in Mann Packing's decision to relocate to Gonzales.

[33] David Jacobs, City of Salinas Public Works Director, March 15, 2023

As mentioned above, the City's ability to substantially improve existing access to the Sanborn Road and Airport Road interchanges is limited, as is Caltrans' ability to modify existing interchange ramps – this appears to be a relatively intractable problem. There are no circulation improvements currently being planned by the City that would facilitate better access. Further it is possible that a substantial percentage of the City's traffic impact fee balance may be used for improvements needed to facilitate developing the North of Boronda Future Growth Area (Andrew Easterling, City of Salinas Traffic Engineer, March 14, 2023).

Independent of potential City-driven solutions, or lack thereof, a current TAMC/Caltrans project may provide some relief, particularly for future end users in the Salinas Ag Center. TAMC is designing improvements to the U.S. Highway 101 corridor between Chular and Airport Boulevard as part of the U.S. Highway 101 South of Salians Corridor Study. The primary goal is to improve safety conditions by eliminating at-grade ingress and egress to the highway main line and to improve access for agricultural operations that transport products to markets around the country. The design includes converting the existing U.S. Highway 101/Abbott Street interchange to a full access interchange. Currently it only provides southbound access to the highway from Abbott Street and northbound access to Abbott Street. The full interchange would include a northbound ramp, thereby creating an alternative to Sanborn Road and Airport Boulevard to northbound U.S. Highway 101. While the interchange is approximately 1.5 miles south of the Ag Center site (the existing interchanges are within 0.75 miles) the improvement could provide some relief from access and delay challenges at the existing interchanges, particularly for future users within the agricultural center. The total project cost is approximately $150 million, of which TAMC has about $30-$40 million in Measure X funds. TAMC is working to secure the balance. Provided additional funds are secured, the project could be constructed within 10 years or so (Todd Muck, TAMC Executive Director, March 14, 2023).

Before the U.S. Highway 101 South of Salians Corridor Study, the City had identified the need to construct a new interchange at U.S. Highway 101/Harris Road. The interchange is identified as a major improvement required for the buildout of the Salinas General Plan as defined in the Salinas General Plan Circulation Element. The same concepts are reflected in the EDE.

The 2008 Regional Impact Fee Nexus Study Update prepared for TAMC identified the interchange and the eastside expressway as improvements that would be partially funded by the Regional Traffic Impact Fee which went into effect in 2008. Caltrans prepared the "Project Study Report—On Route 101 and Monterey County between Main Street Over-Crossing in Chular and Airport Boulevard Over-Crossing in Salinas" in 2003. This document included various possible locations for the interchange. No further progress on this interchange project is known to have occurred since 2008. This is also the case with the eastern expressway.

The interchange concept was addressed in the traffic impact assessment for the Ag Center, but not included as an improvement in the analysis of traffic impacts in the project EIR.

TAMC believes that the Harris Road interchange project has "fallen off the radar" in terms of importance or function, in lieu of the U.S. Highway 101 South of Salians Corridor Study, as the latter is designed to solve existing traffic safety hazards—a Caltrans priority (Todd Muck, TAMC Executive Director, March 14, 2023).

Water Supply—Practical Implications and Solutions

The City's ability to entitle agricultural industrial projects on infill parcels that require substantial new water demand (e.g., coolers) could be constrained over time. New sources of water supply may be needed for this purpose; the City should be proactive in pursuing new source opportunities, some of which could, but are not limited to:

e. Savings from changes in land use/end uses in the City that "free up" existing water supply.

f. Opportunities for reuse/recycling of process water from new infill cooler or other water intensive agricultural industrial uses for reuse on-site, as agricultural irrigation water, or other end use. Reuse/recycling facilities such as storage ponds may be land and space intensive and potentially infeasible in an urban infill context. Collaboration with owners of agricultural land adjacent to the city limits to locate and fund storage solutions may be possible, provided such facilities are found to be allowable uses in agriculturally zoned areas (discretionary action from Monterey County would likely be required).

g. Require reuse/recycling of process water for new agricultural processing or other water intensive uses that locate within the Salinas Ag Center. A cooperative facility that benefits multiple end users could be considered with the boundary of the center and/or for lands adjacent to the center as described above. This would have the co-benefit of potentially reducing capital costs of increasing industrial waste treatment capacity at the City's industrial wastewater treatment plant needed to accommodate new flow from the center.

Note that under "b" and "c" here, treatment and reuse of food waste process water is typically subject to waste discharge requirements of the State Water Quality Control Board.

h. If new process wastewater from development within the Ag Center is delivered to the industrial treatment facility, allocate the new flow for reuse/recharge if current agreements with Monterey One Water do not already commit these flows to Pure Water Monterey or other end uses.

Potential groundwater supply limitations are not expected to constrain developing the Salinas Ag Center. That development would convert agricultural land to urban use. The water supply assessment conducted for the project verified no increase in groundwater demand under buildout conditions. To avoid future supply issues, the City should track cumulative development within the center for its consistency with land use/development capacity assumptions in the associated specific plan to ensure that cumulative water demand does not exceed water supply assessment projections.

The City could consider incentivizing new water intensive agricultural industrial users to locate at the Ag Center site and/or incentivize existing intensive users to relocate to the center, with existing vacated/underutilized sites prioritized for low water demand agricultural industrial or other low water demand end uses.

Costs to mitigate groundwater overdraft could be extremely high. Mechanisms for generating the funding for mitigation project and management action costs are not in place but are identified as an implementation step to follow adoption of the GSP. The City should maintain a strong voice in the GSA process for selecting and implementing projects and actions to advocate for those which have the least impact on urban industrial users.

Wastewater Treatment—Practical Implications and Solutions

Short-Term Capacity Expansion

To partially relieve constraints to business development/expansion posed by limited treatment capacity, the City has planned a set of improvements to the IWTF to increase its effective capacity by 1.5 mgd to 5.5 mgd. This project is being driven primarily by a request from an existing agricultural industrial business that would like to relocate, at least over the short term, to Ag Center, while also retaining its existing treatment capacity allocation. The expansion project is designed and CEQA review is complete.

The City's timing for implementing this expansion may be contingent on the outcome of discussions with the Regional Water Quality Control Board regarding the facility floodproofing improvements it is requesting and potentially necessary for the City to maintain the facility waste discharge permit from the Regional Water Quality Control Board. If floodproofing improvements must be made before facility capacity expansion is permitted, the latter will be significantly delayed,

as a floodproofing project must be designed, approved by the Regional Water Quality Control Board, and funding identified and secured. This fact has substantial implications for both short- and mid-term agricultural industrial business retention and expansion.

Mid- to Longer-Term Capacity Expansion

As has been discussed, the Salinas Ag Center will likely be the primary destination for new, non-infill, agricultural industrial business growth. Recognizing that such growth is in part contingent on further expanding IWTF capacity, the City has embarked on an IWTF expansion master plan process that it expects to complete in summer/fall 2023. The master plan identifies expansion improvement requirements, associated costs, and a user fee structure to generate funding for the improvements. Expansion would be phased as needed. The City has met with key agricultural industrial business stakeholders for input on the plan, including the fee structure. It is assumed that the master plan includes a projection of total treatment demand that accounts for all future estimated demand from buildout of the Ag Center and considers potential added demand from expansion of existing businesses and from infill on vacant parcels and redevelopment of underutilized infill parcels.

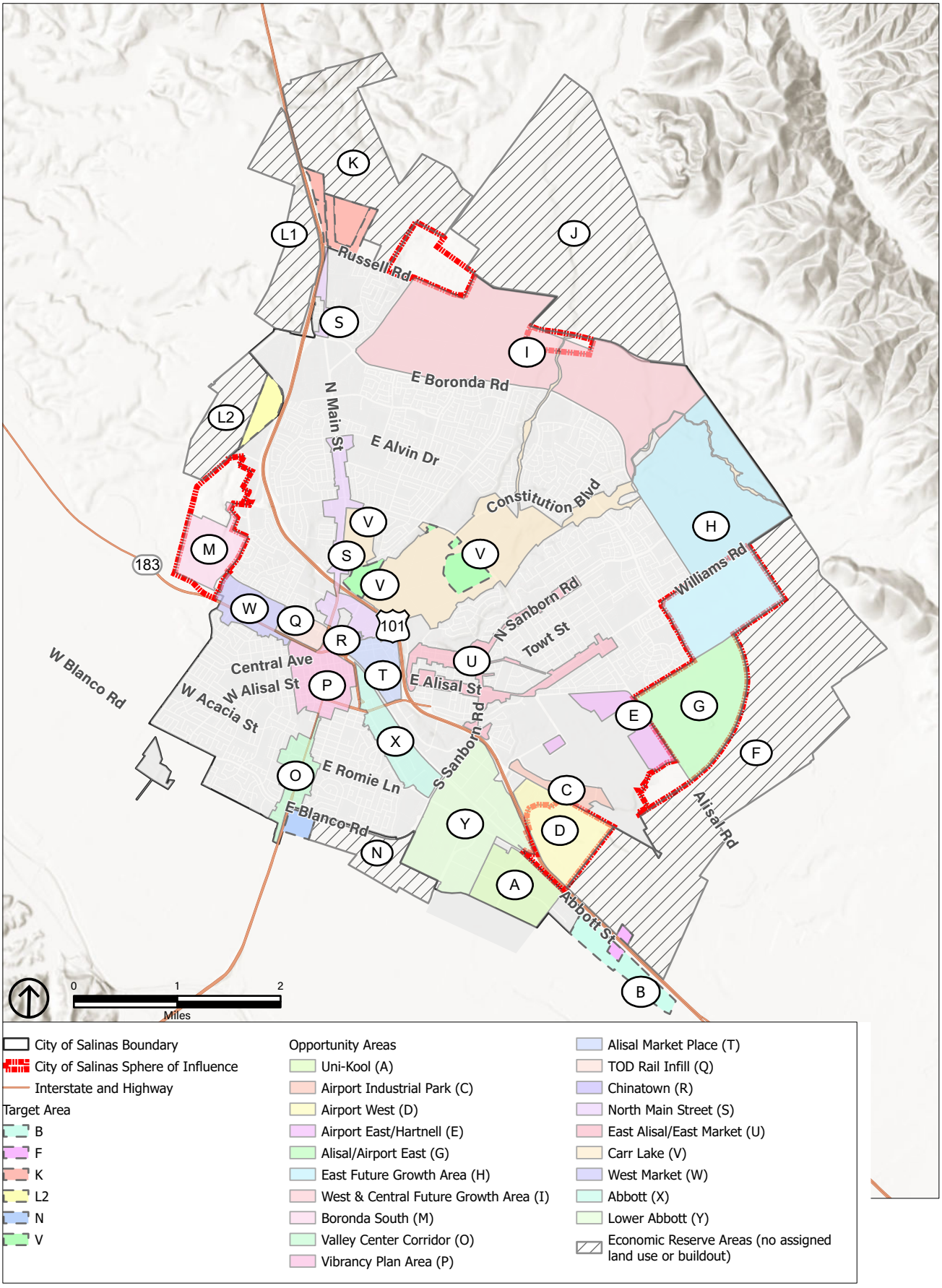
The timing for IWTF expansion beyond the 1.5 mgd project currently being planned by the City is uncertain. Nevertheless, the IWTF expansion master plan will facilitate more timely expansions as demand dictates by establishing expansion design requirements and funding mechanisms. The master plan is a pre-requisite solution to moderating business uncertainty about this business development constraint and to facilitating business retention and potential expansion.

Land Use—Practical Implications and Solutions

Physical resource and circulation constraints limit development opportunities for vacant land designated for industrial use in the general plan (Economic Opportunity Areas D and G, as identified in the EDE; see **Map 6**) and added to the City's land inventory through the EDE process. In addition, their locations do not afford opportunities for development synergy with agricultural industrial uses in the existing Abbott Street industrial area. While not all industrial agricultural cluster businesses require physical adjacency to the existing locus of such uses to thrive, that adjacency is considered a significant benefit from a land use perspective.

The Salinas Ag Center is the next locus of new/expanded agricultural industrial development. As described elsewhere in this report, while the development absorption rate for that site is unknown, having other options for industrial land supply provide additional flexibility to meet the City's agricultural industrial growth needs over the midterm to longer term.

Map 6: Economic Development Target, Opportunity, and Reserve Areas



Expanding the Ag Center boundaries to create new additional industrial land supply is a contingent land use planning goal that would proceed if the Ag Center development occurs at a rate that would exhaust other options for industrial development. Planning for and extending infrastructure to adjacent land would be efficient relative to other land designated for industrial use. It would also provide efficiency synergies for agricultural industrial businesses. To support this concept, the City could:

f. Relocate a portion of the City's existing industrial development capacity from other areas (e.g., EOA G) to this location as a tradeoff from a resource demand/impact (particularly agricultural land conversion) perspective.

g. Work with the owners of the Ag Center site to amendment the specific plan to eliminate the agricultural easements designed into it that would limit expanding the site. CEQA documentation may be required, as the easements are identified in the EIR as design feature that limits additional agricultural land conversion.

Appendix B: Salinas Agricultural Producers and Service Providers

Appendix B: Salinas Agriculture and Related Supplier Businesses

Company Name [1]	NAICS Code	NAICS Description
AG Rx	325	Chemical Manufacturing
American Farms LLC	424	Merchant Wholesalers, Nondurable Goods
Alvarado Street Brewing	312	Beverage and Tobacco Product Manufacturing
American Growers Cooling Co	311	Food Manufacturing
A D Cattle Co Inc	115	Support Activities for Agriculture and Forestry
Austin Harlow Winery	312	Beverage and Tobacco Product Manufacturing
Backstretch	115	Support Activities for Agriculture and Forestry
Boggiatto Produce Inc	424	Merchant Wholesalers, Nondurable Goods
Booth Machinery	423	Merchant Wholesalers, Durable Goods
Coastal Tractor	423	Merchant Wholesalers, Durable Goods
Camarillo Harvesting	115	Support Activities for Agriculture and Forestry
Chualar Canyon Winery	312	Beverage and Tobacco Product Manufacturing
Collier Feed and Pet Supply	424	Merchant Wholesalers, Nondurable Goods
Coca Cola Bottling Co Of Ca	312	Beverage and Tobacco Product Manufacturing
Coastline Family Farms	424	Merchant Wholesalers, Nondurable Goods
Custom Produce Sales	424	Merchant Wholesalers, Nondurable Goods
D'Arrigo Bros Co Of California	424	Merchant Wholesalers, Nondurable Goods
Dave's Haybarns	424	Merchant Wholesalers, Nondurable Goods
Dole Food Co Inc	311	Food Manufacturing
Duda Farm Fresh Foods	424	Merchant Wholesalers, Nondurable Goods
Crystal Creamery	311	Food Manufacturing
Enzaden Co	424	Merchant Wholesalers, Nondurable Goods
Easton Enterprises Inc Loading	424	Merchant Wholesalers, Nondurable Goods
Fanciful Co	115	Support Activities for Agriculture and Forestry
Fontes Farms Office	115	Support Activities for Agriculture and Forestry
Fanciful Co	115	Support Activities for Agriculture and Forestry
Green Gate Fresh	311	Food Manufacturing
General Farm Investment Co	424	Merchant Wholesalers, Nondurable Goods
Hilltown Packing Co Inc	115	Support Activities for Agriculture and Forestry
Grower Express	424	Merchant Wholesalers, Nondurable Goods
Incotec	311	Food Manufacturing
Keithly Williams Seeds	424	Merchant Wholesalers, Nondurable Goods
Latitude 36 Foods LLC	311	Food Manufacturing
Ippolito International	115	Support Activities for Agriculture and Forestry
Luis Scattini and Sons	424	Merchant Wholesalers, Nondurable Goods
Mann Packing Co Inc	424	Merchant Wholesalers, Nondurable Goods
Newstar Fresh Foods	424	Merchant Wholesalers, Nondurable Goods
Norcal Harvesting LLC	115	Support Activities for Agriculture and Forestry
Mc Cormick and Co Inc	311	Food Manufacturing
Nunes Co Inc	424	Merchant Wholesalers, Nondurable Goods
Pacific Sales Co	424	Merchant Wholesalers, Nondurable Goods
Pacific International Mktng	424	Merchant Wholesalers, Nondurable Goods

Company Name [1]	NAICS Code	NAICS Description
Odonata Winery and Tasting Room	312	Beverage and Tobacco Product Manufacturing
Muller Irrigation Salinas Vly	423	Merchant Wholesalers, Durable Goods
Pessagno Winery	312	Beverage and Tobacco Product Manufacturing
RC Farms LLC	424	Merchant Wholesalers, Nondurable Goods
Quinn Co	423	Merchant Wholesalers, Durable Goods
Red Blossom	424	Merchant Wholesalers, Nondurable Goods
Sakata Seed America Inc	424	Merchant Wholesalers, Nondurable Goods
Rijk Zwaan	424	Merchant Wholesalers, Nondurable Goods
River Fresh Farms	424	Merchant Wholesalers, Nondurable Goods
Salad Farm	424	Merchant Wholesalers, Nondurable Goods
Salad Savoy Corp	424	Merchant Wholesalers, Nondurable Goods
Scaroni Family Of Co	424	Merchant Wholesalers, Nondurable Goods
Seed Science Inc	424	Merchant Wholesalers, Nondurable Goods
Seed Dynamics	424	Merchant Wholesalers, Nondurable Goods
Semco Cooling	493	Warehousing and Storage
Shamrock Seed Co Inc	424	Merchant Wholesalers, Nondurable Goods
Scheid Vineyards Inc	312	Beverage and Tobacco Product Manufacturing
Simplot Grower Solutions	424	Merchant Wholesalers, Nondurable Goods
Snow Seed Co	424	Merchant Wholesalers, Nondurable Goods
Salinas Transplant Co	424	Merchant Wholesalers, Nondurable Goods
SMD Logistics Inc	115	Support Activities for Agriculture and Forestry
Syngenta Seeds Inc	424	Merchant Wholesalers, Nondurable Goods
Southwest Harvesting Inc	115	Support Activities for Agriculture and Forestry
Sutton AG	423	Merchant Wholesalers, Durable Goods
Taylor Farms Retail Shipping	115	Support Activities for Agriculture and Forestry
Tanimura and Antle	115	Support Activities for Agriculture and Forestry
TS and L Seed Co	424	Merchant Wholesalers, Nondurable Goods
Talbott Vineyards	312	Beverage and Tobacco Product Manufacturing
Taylor Farms	424	Merchant Wholesalers, Nondurable Goods
Valley Pride Inc	115	Support Activities for Agriculture and Forestry
Veda Farming Solutions	423	Merchant Wholesalers, Durable Goods
Uni KOOL Co	424	Merchant Wholesalers, Nondurable Goods
White Seed Co	424	Merchant Wholesalers, Nondurable Goods
Wilbur Ellis Co	424	Merchant Wholesalers, Nondurable Goods
Wilver Ellis	325	Chemical Manufacturing
Vangaurd Seed Corp	424	Merchant Wholesalers, Nondurable Goods
Wilbur Ellis Corporate	115	Support Activities for Agriculture and Forestry
Z and S Seed Svc Inc	424	Merchant Wholesalers, Nondurable Goods

Source: ESRI, DataAxle
[1] Table only includes businesses that were verified as currently operating.