CALIFORNIA ECONOMIC STRATEGY PANEL
REGIONS

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California
Economic Strategy Panel Regions

CALIFORNIA ECONOMIC REGIONS BY COUNTY

Northern California
Del Norte
Humboldt
Lake
Lassen
Mendocino
Modoc
Nevada
Plumas
Sierra
Siskiyou
Trinity

Northern Sacramento Valley
Butte
Colusa
Glenn
Shasta
Tehama

Greater Sacramento
El Dorado
Placer
Sacramento
Sutter
Yolo
Yuba

Bay Area
Alameda
Contra Costa
Marin
Napa
San Benito
San Francisco
San Mateo
Santa Clara
Santa Cruz
Solano
Sonoma

San Joaquin Valley
Fresno
Kern
Kings
Madera
Merced
San Joaquin
Stanislaus
Tulare

Central Coast
Monterey
San Luis Obispo
Santa Barbara

Central Sierra
Alpine
Amador
Calaveras
Inyo
Mariposa
Mono
Tuolumne

Southern California
Los Angeles
Orange
Riverside
San Bernardino
Ventura

Southern Border
Imperial
San Diego

DETERMINING THE ECONOMIC STRATEGY PANEL REGIONS

California has one of the largest and most diverse economies in the world. To create an effective statewide strategy for continued economic growth, it is necessary to identify the different economic regions of the state. Once those regions are identified, policies and strategic initiatives can be developed that focus on each region's strengths and weaknesses.

In response to a directive from the California Economic Strategy Panel, the staff worked with the Employment Development Department to identify factors that determine regional characteristics. This information was used to identify nine economic regions. The remainder of this document discusses the general issues and specific factors that were considered in determining the boundaries for the economic regions.

General Issues

Defining economic regions within California is not a clear-cut process. Frequently, economic activity is determined more by site-location factors than by political or jurisdictional boundaries. However, most economic data are not collected at a more local level than the county. This situation necessitates defining economic regions as aggregations of counties, even when county boundaries do not precisely define an economic area. An ideal situation would be to use sub-county data, but such data tends to be scarce, dated and unreliable.

In general, a well-defined economic region will be fairly uniform within its boundaries, contain economic activities that are interrelated, and have logical jurisdictional boundaries for working with local economic development organizations. The following nine regions possess these characteristics.

Factors Used to Identify Nine Economic Strategy Panel Regions

Numerous factors were reviewed, reflecting the economic, demographic and geographic characteristics of each county in the state. In general, the degree of similarity in characteristics among adjacent counties was the basis for establishing regional boundaries. The following are brief discussions of each factor reviewed, and how it was used to define the nine economic regions.

- Metropolitan Areas – The US Office of Management & Budget defines Metropolitan Areas (MAs) using population and commute pattern criteria and county boundaries. MAs combine a core area containing a large population nucleus, with adjacent communities having a high degree of economic and social integration with that core. The term "metropolitan area" includes Metropolitan Statistical Areas (MSAs), Primary MSAs, and Consolidated MSAs. Consolidated MSAs identify existing federally designated regions, and were used to help determine the nine economic regions.

- Population Centers – Population centers, and their contiguous areas of growth, are a basic factor distinguishing areas of the state. A population density map was used to identify population centers around major metropolitan areas and along transportation corridors.

- Commute Patterns – Commute pattern data from the Census Transportation Planning Package show the movement of workers from their residence to their workplace. The data were used to identify the flow of labor between counties. A strong flow of commuters from one county into another is an indication of the economic interdependence of the two areas.

- Land Ownership – Land ownership can significantly affect the economic development potential of an area. Counties with a high percentage of publicly owned land tend top have fewer development opportunities than counties that are predominantly privately owned. Public land ownership in each county was examined to identify similarities among counties.

- Industrial Composition – The industrial composition of a county is primarily based upon industry employment patterns. The county factors used in determining economic regions wee jobs by industry and share of total employment by industry.

- Location Quotients – Location quotients were also calculated for major industries in each county. LQs are ratios computed by dividing a county's percentage of employment in a particular industry by the state's percentage of employment in a particular industry by the state's percentage for the same industry. The economic base of a county was defined by those industries in which the county has a higher proportion of employment than the state as a whole. Adjacent counties with similar economic bases are strong candidates for placement in the same economic region.

- Labor Force Conditions – County labor force employment and unemployment data provide a measure of labor availability throughout the state. Adjacent counties with similar labor force characteristics, such as unemployment rates, often have similar economic planning needs.

- Geographic Boundaries – Geographic features, such as mountain ranges, can facilitate or hinder the movement of people and commerce between areas. Geography was primarily used in defining boundary counties in the valley, coastal, and Sierra regions.

The Nine California Economic Strategy Panel Regions

Northern California –
The Northern California region consists of 11 counties along the north coast, Oregon border, and northeastern Sierra Nevada. These counties are heavily dependent on natural resources, with the majority of the land consisting of public and privately owned forest and grazing lands. The region as a whole is sparsely populated and underdeveloped.

Northern Sacramento Valley –
This region consists of the Counties of Shasta, Tehama, Glenn, Butte, and Colusa. These counties are primarily agriculture-based, with forestry and farm-related manufacturing

centered in Shasta County. This region differs significantly from its neighbor regions in land ownership and industrial composition.

Greater Sacramento –
This region consists of six counties that are becoming increasingly interdependent: Sacramento, Yolo, Placer, El Dorado, Sutter, and Yuba. Although eastern Placer and El Dorado Counties are currently more closely aligned with Lake Tahoe, most of the new growth in those counties is occurring in the western areas. As a result, the economic base is increasingly shifting towards the Sacramento area. Parts of Sutter and Yuba Counties are currently more closely aligned with the Northern Sacramento Valley agricultural areas, but much of the new growth is occurring along Highways 65, 70, and 99, in the direction of the Sacramento area.

Bay Area –
Traditionally, the ten counties that border the San Francisco Bay have comprised the Bay Area region. However, San Benito and Santa Cruz Counties have now become more dependent upon that region than on the Central Coast region.

San Joaquin Valley –
The San Joaquin Valley region is composed of eight counties that line the southern Central Valley and have economies based upon agriculture and related industries. Sixty percent of the region consists of privately-owned farmland.

Central Sierra –
The seven southeastern counties of the Sierra Nevada represent a distinct geographic and economic region. The region is largely government-owned and sparely populated and composes a small share of state economic activity. As a result, the region requires a different economic development strategy than neighboring regions.

Central Coast –
Agriculture, personal services, and government dominate the economic base of the Central Coast counties. In contrast, the Bay Area and Southern California regions are more dependent upon manufacturing and high-wage business services such as finance, software, and movie production.

Southern California –
The counties of Los Angeles, Ventura, Orange, San Bernardino and Riverside comprise an economic interdependent region. Orange County is different from its northern and eastern neighbors, but not to the extent that a separate region is required. The economic linkages between Orange County and its neighbors, and particularly Los Angeles County, are fairly strong.

Southern Border –
This two-county region is the smallest, but most diverse economic region in the state. Imperial County is vastly different from San Diego County, except that the two counties border Mexico. However, that similarity is important for state strategic planning and therefore, necessitates putting both counties in the same region.