



# COUNTY OF SANTA CRUZ

## PLANNING DEPARTMENT

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May 9, 2014

**AGENDA DATE: May 20, 2014**

Board of Supervisors  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

### **SUBJECT: OPEN PUBLIC REVIEW PERIOD FOR DRAFT ECONOMIC VITALITY STRATEGY**

Members of the Board:

On October 12, 2012 your Board approved a contract with BAE Urban Economics, for consulting services to prepare an Economic Vitality Strategy (EVS) for the County of Santa Cruz. The process of preparing the EVS involved consultant research for and preparation of an Economic Trends Report, which was presented to your Board in June 2013. The process also involved six interactive Focus Group workshops with representatives of key industry and employment clusters, as well as with our economic development partners in the cities and business groups. Possible approaches and strategies for addressing our community's economic opportunities and challenges were then presented at four Community Workshops held throughout the County as well as through "Open Town Hall" on the county's website. All of this public input and information was processed by County staff and the consultant, including input from stakeholders such as the Santa Cruz County Business Council and Santa Cruz Area Chamber of Commerce. A public review draft of the EVS is ready for release and further discussion.

The perspective of the EVS is to recognize countywide assets, opportunities and partnerships; and to highlight goals, strategies and actions that County governmental agencies could pursue to complement and strengthen the economic development efforts of key existing businesses, agencies and organizations. The EVS presents these goals, strategies, and actions to promote job growth, expand workforce development, strengthen public resources, and improve the quality of life for residents and businesses in Santa Cruz County. Although the EVS focuses on the unincorporated portions of the County, it is structured to provide an overall framework for economic vitality for the whole of the County. This approach has been taken so that a single document might reflect the work and initiatives of local partners in a coordinated framework, in a manner not intended to replace the strategies of other entities, but to reflect key aspects of the work and priorities of others involved in the work of enhancing economic vitality.

#### **Key Goals and Strategies**

The EVS presents information and strategies related to the following Goals:

- GOAL 1: Create a Shared Vision and Organize for Action
- GOAL 2: Support Sustainable Development and the Availability of Housing
- GOAL 3: Strengthen Key Economic Sectors: Agriculture, Health, Education, and Leisure and Hospitality

- GOAL 4: Enhance Growth Opportunities for Emerging Sectors of Technology/Innovation and the Arts, and Support Small Businesses
- GOAL 5: Expand Public Sector Capacity and Infrastructure
- GOAL 6: Revitalize and Strengthen Town Centers and Commercial Areas
- GOAL 7: Promote Santa Cruz County to Local, Regional, State, National and Global Markets

### **Stakeholder and Public Review of Draft Economic Vitality Strategy**

Staff is recommending that today your Board formally kick off a 45-day public review period. By taking this action, stakeholders and members of the public are invited to submit comments on the goals, strategies and actions proposed. Comments should be submitted to the Planning Director, either by postal service at 701 Ocean Street, 4<sup>th</sup> Floor, Santa Cruz CA 95060; or by e-mail to [PLN001@santacruzcounty.org](mailto:PLN001@santacruzcounty.org) by July 7, 2014.

A Final Draft will then be prepared and be presented for consideration and approval at your meeting of August 19, 2014. At that time your Board may wish to approve the EVS, or provide further direction to staff for revisions. The Strategy would then return for final consideration and approval at a meeting in September 2014.

During this public review and comment period, which will extend through July 7<sup>th</sup>, county economic vitality staff will undertake the following outreach efforts:

- Presentation to Santa Cruz County Business Council
- Presentations to Chambers of Commerce as requested
- Meetings with selected Focus Group Representatives
- Discussion with Economic Development Staff of cities
- Public Workshop with Planning Commission on June 25, 2014
- Public Review Draft EVS, which will be posted on County Economic Development Website, through an "Open Town Hall" public comment mechanism activated for this purpose

A more comprehensive summary of the findings and content of the proposed EVS will be presented when the item is scheduled for your Board's consideration and discussion in August 2014.

### **Nature of the Economic Vitality Strategy Document**

The Economic Vitality Strategy is not a regulatory document. The Strategy should be considered as an informational document that outlines activities that can be included in county departmental work plans, and efforts that can be undertaken through collaboration with other agencies and partners.

Pages 38 through 44 of the document contain a proposed Two Year Work Plan, for FY 2014-15 and 2015-16. The Work Plan lists priority strategies and actions under each Goal for the next two years. The Work Plan items include a designation of primary responsibility for oversight of the strategy or action, as well as identification of the "Lead Team / Partners" involved with implementation. Timeframes for the estimated completion of the priority actions and strategies are also presented.

It is therefore **RECOMMENDED** that your Board take the following actions:

- 1) Initiate a 45-day public review and comment period, with a request that public comments be submitted to the Planning Director by July 7, 2014;
- 2) Direct that staff carry out public outreach efforts as outlined in this report; and

Sustainability Manager Position for Climate Action and Sustainability Initiatives

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- 3) Direct that staff consider public comment and prepare a Final Draft Economic Vitality Strategy for consideration by the Board on or before August 19, 2014.

Sincerely,

*Kathy Previsich*

Kathy Molloy Previsich  
Planning Director

RECOMMENDED:

*Susan A. Mauriello*  
SUSAN A. MAURIELLO  
County Administrative Officer

Attachment: Economic Vitality Strategy May 2014 Public Review Draft



Santa Cruz County Economic Vitality Strategy  
PUBLIC REVIEW DRAFT - MAY 2014



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## Introduction

### Overview of the Economic Vitality Strategy

The Santa Cruz County Economic Vitality Strategy represents the results of an initiative led by the County of Santa Cruz to identify strategies that could work together to strengthen the local economy. The perspective of the Strategy is to recognize countywide assets, opportunities and partnerships; and to highlight goals, strategies and actions that County governmental agencies could pursue to complement and strengthen the economic development efforts of key existing businesses, agencies and organizations. Of foremost importance are the existing businesses and agencies that provide jobs, goods and services to county residents and businesses, and which create the shape of the existing Santa Cruz economy. There is potential for economic development efforts to increase support for small businesses, and also to help strengthen the potential for new and expanding economic sectors.

The County of Santa Cruz economic vitality resources will complement and be leveraged through partnerships with business organizations and other agencies involved with the local economy. These include but are not limited to the Santa Cruz County Workforce Investment Board (WIB), the Santa Cruz County Conference and Visitors Council (CVC), and economic vitality programs of the county's incorporated cities of Santa Cruz, Scotts Valley, Capitola, and Watsonville. Other key supporters of economic success include but are not limited to the Santa Cruz Business Council and chambers of commerce and associations representing the geographic areas of the Santa Cruz Area, Capitola-Soquel, Aptos, Pajaro Valley, San Lorenzo Valley and Pleasure Point.

This Economic Vitality Strategy (EVS) presents a series of goals, strategies, and actions to promote job growth, expand workforce development, strengthen public revenues, and improve the quality of life for residents and businesses in Santa Cruz County. Although the EVS focuses on unincorporated portions of the County in terms of strategies and actions, it is structured to provide an overall framework for economic vitality for the whole of the County; including incorporated and unincorporated areas. This approach has been taken so that a single Strategy document might reflect the work and initiatives of local partners in a coordinated framework. It does not replace or contain all of the strategies of other entities, but reflects key aspects of the work and priorities of others involved with economic vitality so that all activities might complement each other.

### Core Values: Sustainability and Community Investment

Because it has been well over twenty years since the last County economic development strategy was created, the process of developing this new EVS emphasized extensive outreach and stakeholder input. The process revealed important perspectives that are widely shared, as well as items that attract less attention but are also worthy of consideration. It is safe to conclude, however, that nearly all participants believe that there are strategies and actions that the County could pursue that would improve not only business climate and job growth in the County, but also community quality of life.

It is important to recognize, and indeed celebrate, certain core community values that exist in Santa Cruz County. Unlike many other regions in California, Santa Cruz County has worked for decades to balance growth and development with local values of sustainability. This Strategy was developed with this key core

value in mind, while also taking a 21<sup>st</sup> century forward-looking view. As a result, the process emphasized economic opportunities which can strengthen and preserve the County’s key assets including a high quality of life, an emphasis on environmental conservation and restoration, and a mindfulness of the importance of equity for all County residents.

One of the key values that emerged through the public input process conducted during Strategy formulation was the idea of renewed interest in “investment” in the future of Santa Cruz County. The Great Recession of 2008-2011 has taken a great toll on local residents and businesses, resulting in substantial job losses. This event, among other factors, has energized local stakeholders and elected officials to come together, revisit Santa Cruz County’s economic strengths and opportunities, and re-dedicate the region’s commitment to sustainable economic approaches which emphasized long-term, value-added investment.

### **Presentation of Key Goals**

This Economic Vitality Strategic Plan presents strategies and actions for seven key goals that have been identified through the process of preparing the Strategy:

- GOAL 1: CREATE SHARED VISION AND ORGANIZE FOR ACTION
- GOAL 2: SUPPORT SUSTAINABLE DEVELOPMENT
- GOAL 3: STRENGTHEN KEY ECONOMIC SECTORS: AGRICULTURE, HEALTH, EDUCATION, AND LEISURE & HOSPITALITY
- GOAL 4: ENHANCE GROWTH OPPORTUNITIES FOR EMERGING SECTORS OF TECHNOLOGY/ INNOVATION AND THE ARTS, AND SUPPORT SMALL BUSINESSES
- GOAL 5: EXPAND PUBLIC SECTOR CAPACITY AND INFRASTRUCTURE
- GOAL 6: REVITALIZE AND STRENGTHEN TOWN CENTERS AND COMMERCIAL AREAS
- GOAL 7: PROMOTE SANTA CRUZ COUNTY TO LOCAL, REGIONAL, STATE, NATIONAL & GLOBAL MARKETS

### **Organization of Strategy**

This Economic Vitality Strategy is organized into sections, with the first seven sections identifying and providing information about each goal, followed by an outline of strategies that could work together toward achievement of the goals. Certain priorities strategies are then selected for inclusion in an EVS “Two Year Work Plan” that is presented as the last section of the Strategy. The Two Year Work Plan is intended to guide work plans of the interdepartmental “Economic Development Team” during the first two years after acceptance of the Economic Vitality Strategy by the Board of Supervisors. A chart presented after that Work Plan presents a list of “On-going Supportive Policies and Intentions, and Mid- to Longer-Term Priorities” that can be pursued as resources allow.

Finally, various appendices to the EVS are included in order to provide important information and summaries of stakeholder and public input.

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## **Goal 1: Create Shared Vision and Organize for Action**

Santa Cruz County has a diverse regional economy dispersed over a large geographic area, with numerous active economic development organizations. These organizations include the Santa Cruz County Workforce Investment Board (WIB), Central Coast Small Business Development Center (SBDC), Santa Cruz County Conference & Visitors Council (CVC), Santa Cruz County Business Council, Santa Cruz County Farm Bureau, Santa Cruz Area Chamber of Commerce, Capitola Soquel Chamber of Commerce, Pajaro Valley Chamber of Commerce & Agriculture, San Lorenzo Valley Chamber of Commerce, Aptos Chamber of Commerce, Pleasure Point Business Association, and many others. In addition, each incorporated city in the County has an economic development staff function, including the cities of Santa Cruz, Capitola, Scotts Valley, and Watsonville.

Area schools, training programs, universities and colleges also play a key role in economic vitality, and constitute important partners. These include area school districts and the Santa Cruz County Office of Education, the Regional Occupation Program (ROP), the University of California at Santa Cruz, Cabrillo College, Cal State Monterey Bay (CSUMB), as well as colleges and training programs in Santa Clara and nearby counties. In addition to business and educational organizations, many non-profit agencies as well as groups formed around various special interests including arts, lodging, technology and recreation all contribute toward the economic vitality of Santa Cruz County.

However, many of these organizations focus on a specific geographic area, or on a single topic, requiring partnerships across organizations to broaden each entity's breadth and depth. One of the most important roles that the County of Santa Cruz can fill to enhance economic vitality will be to serve as a coordinator and facilitator of partnerships among existing organizations. Strategies to implement this goal including adopting this EVS, dedicating staff to the economic vitality coordinating role, establishing an inter-departmental Strategic Action Team to support key projects; promoting the County through a regular communications program; and facilitating partnerships countywide among partners including business, residents, and local economic developers.

As of 2014, the County of Santa Cruz does not have a business license requirement. The EVS envisions a very modest business license tax, which will also enable collection of basic information so that the County may analyze business growth, further target economic vitality efforts, and communicate with businesses. This initiative will focus on educating and supporting small businesses and expansion efforts.

The Communications Strategy should provide for easy access to economic data of the County, the Economic Vitality Strategy, economic tools, and information regarding the progress of the County and its businesses towards a sustainable business environment. The Communications Strategy will emphasize sharing the accomplishments the local business community has made, as well as promoting the County as a place where businesses are celebrated and embraced.

Establishing and tracking appropriate metrics will facilitate efforts to benchmark communities, and create measurements and reporting mechanisms to measure success of economic vitality efforts related to job creation, investment and local fiscal revenues.

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## STRATEGIES FOR CREATING SHARED VISION & ORGANIZING ACTION

### Strategy 1.1 Adopt Economic Vitality Strategy (EVS) and Two Year Work Plan

The process of adopting the EVS can be used to publicize and build consensus toward economic vitality goals. The initial Public Review Draft EVS will be distributed to business organizations and all of those who participated in the Stakeholder Focus Groups and Community Meetings. Comments on the Public Review Draft will be used to develop the Draft EVS to be considered by the Board of Supervisors for adoption. The Board will also consider the proposed EVS Two Year Plan in the initial Public Review Draft during the process of allocating resources through adoption of the FY 2014/15 County Budget.

### Strategy 1.2 Organize County Economic Vitality Staffing and Resources

Action 1.2.1: Dedicate appropriate staff, through an interdepartmental approach, and provide funding for targeted professional services, to implement the following activities:

- Business Retention and Expansion Program; Outreach and "Matchmaking"; with Technology/innovation business cluster as a special focus
- Permit Assistance and Ombudsman; Land Use/Regulatory Assistance
- Disposition of RDA Successor Agency Real Property Assets at 7<sup>th</sup>/Brommer & 17<sup>th</sup>/Capitola Road
- Data Analysis and Research
- Grant-writing, Funding, Contract and Grant Administration
- Marketing and Promotion of "world class" Santa Cruz County
- Strategic Collaboration with a wide range of private and public partners; including creation and implementation of Communications Strategy
- Workforce Investment, Education, Job Training, Community Services

Action 1.2.2: Designate a Point Person for Economic Vitality in each County Department

This action will ensure coordination among County departments, and facilitate communication about the value of sustainable economic vitality to all county employees. This action will also support active engagement of economic development staff, department heads and department point people with the business community and its associations.

Action 1.2.3: Direct the County Administrative Officer to Authorize the Planning Director to Lead an Inter-Departmental County Strategic Action Team (SAT) charged with overseeing Streamlining of Regulations and Permits, and Facilitation of Key Projects

This will create a Strategic Action Team, consisting of key department directors and agencies, to actively engage in an on-going review of permit processes, business development fees and regulations, with the objective of identifying to improvement areas and developing recommendations for consideration by the Board of Supervisors. This action will also establish a policy that development projects meeting one of the following criteria are eligible for preliminary project or pre-application review and meetings by the SAT to address requirements, potential barriers and proposed solutions to barriers; as well as to identify economic benefit, estimated fees, and process timing up front. Planning Director notifies County Administrative Officer (CAO) that such a project is upcoming, and convenes SAT Project Meeting.

*SAT Criteria (project meets one or more):*

- Project creates or retains more than 10 jobs
- Project will generate or retain significant sales or transient occupancy tax
- Project is initiated by a targeted industry, including manufacturing, recreation equipment design and manufacturing, food and food related processing, electronics, technology/innovation cluster, bio-sciences, marine sciences or marine-oriented businesses, health services fields, alternative energy.

### Strategy 1.3: Facilitate Regional Economic Vitality Partnerships & Support Systems

Action 1.3.1: Establish Ongoing Relationships with Economic Development Staff in Each Incorporated City in the County and provide for quarterly meetings to network and share information and business leads

Action 1.3.2: Participate with Chambers of Commerce; Industry Meet-Up Groups; Joint Venture Silicon Valley, Silicon Valley Leadership Group; other Economic Organizations

Action 1.3.3: Partner with Chambers and Business Council members for Retention and Expansion Support to Local Businesses

**Strategy 1.4: Consider a Business License Program for Businesses in the Unincorporated Areas**

This strategy envisions a modest license fee or tax, and collection of basic information to analyze business growth, further target economic vitality efforts, and communicate with businesses. This initiative will help with a focus on educating and supporting small businesses, and business expansion efforts.

**Strategy 1.5: Create Communications Strategy to Educate and Promote the Vision**

The Communications Strategy should provide easy access to economic data, the adopted Economic Vitality Strategy, economic tools, and information regarding the County’s progress toward measurable outcomes. It should also publicize and share the accomplishments of local businesses, and promote the County as a place where businesses are celebrated and embraced.

Action 1.5.1: Improve and prominently feature Economic Vitality on the County website including presence on the County Home Page

Action 1.5.2: Distribute County Economic Vitality press releases or blogs via E-News email blasts

Action 1.5.3: If adopted, work with the business license contact information to create a network of emails to enable targeted information distribution

**Strategy 1.6: Identify Appropriate Metrics to Track Economic Vitality**

Action 1.6.1: Set up systems to track annual statistics of economic development impacts. Metrics may include:

- Unemployment Rate & Participation in Labor Force, especially by those aged 18 to 35
- Building Permit Valuation
- Business Census Surveys
- Personal Property Assessments
- Local Industry Surveys
- Office and Retail Vacancy Rates
- Transient Occupancy Tax (TOT), Sales Tax and Property Tax revenues

## Goal 2: Support Sustainable Development and Availability of Housing

Santa Cruz has a long tradition and strong reputation for careful land use planning. Santa Cruz was at the forefront of “sustainability” before the term became a fundamental of land use planning in this 21<sup>st</sup> Century. Voters approved ‘Measure J’ in 1978, which established policies that remain in effect today to manage growth, preserve agricultural lands, encourage production of affordable housing, and preserve rural and open space areas through concentrating infrastructure within an urban limit line. The upcoming “Sustainable Santa Cruz County” Plan and anticipated Sustainability General Plan Amendments will remain consistent with those core Measure J principles.

Strong public participation in decisions about key community issues and projects reflects the deep degree of caring and respect that the Santa Cruz community has for the need to honor the assets and qualities of this unique place that is Santa Cruz County. However, many participants in the focus groups and community meetings held during the process of developing this Economic Vitality Strategy urged the community and decision-makers to not allow “perfection to be the enemy of the good”. A sustainable future for Santa Cruz County will involve change, and the community’s challenge is to manage that change wisely.

This EVS Goal 2 regarding “Sustainable Development and Availability of Housing” is key to laying the groundwork for a vital, thriving economy in Santa Cruz County. The County has an exceptionally high quality of life, countless scenic assets, a myriad of precious environmental resources, and a very special mix of city, town, rural, agricultural, coastal and mountain areas. Through decades of debate and periods of static growth, the County today has pockets of under-investment in its buildings, lands, and infrastructure. It also has a perceived set of barriers to new development and redevelopment. The overall effect of this situation in terms of land use, perceptions of business climate, and maintenance of a high quality of life, is uneven throughout the County.

Echoing trends throughout California, the County staff and elected officials have recognized that no change can lead to decline just as easily as too much change. Most communities in California, including Santa Cruz, have begun to embrace the concept of sustainability, which means making decisions and strategic investments to sustain the community over the long-term. One frequent way to describe this approach is to consider the three “E’s” of “Environment, Economy, and Equity” in important decisions. In the private sector, this is sometimes referred to as the “triple bottom line.” This approach can support the importance of investments in green buildings and infrastructure, interventions to reduce social problems such as low educational attainment and poverty, and careful management of environmental resources.

In addition to land use considerations, many communities include an optional Economic Development Element in their General Plan. Other communities do not create a stand-alone Element, but infuse economic vitality goals, policies and action items throughout the other elements of their general plans. Still other communities have created Sustainability Elements which reflect goals regarding climate change, energy use, and economic development in a consolidated manner.

In addition, one of the key concerns expressed in the focus groups and public meetings is the impact of some of the County’s land use regulations and permits on the business climate. It is recommended that for each targeted industry sector described in this Strategy, that additional review of all relevant codes and

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ordinances, and updating as necessary, be conducted by County staff. Changes to codes and ordinances require extensive analysis, public review, and adoption by the Board of Supervisors. While this requires a significant dedication of staff time, the effort is considered foundational to the success of any economic vitality program and should be completed within the initial years after adoption of the EVS. Most of the work will be the responsibility of the Planning Department, with other staff on the Economic Development Team advising on the objectives and providing comments on draft work products.

## **STRATEGIES TO SUPPORT SUSTAINABLE DEVELOPMENT**

### **Strategy 2.1: Support Adoption of Sustainable Santa Cruz County Planning Study**

The Sustainable Santa Cruz County Plan will present a community-based vision for a more sustainable way of life in the County, with a focus on the urbanized area of Live Oak, Soquel, and Aptos. The Plan will foster an integrated land use and transportation pattern, through policies oriented to land use diversity, stronger “20-minute” neighborhoods, protection of environmental resources, and support for job creation and economic growth. Taken together, these factors can increase access to opportunity for all County residents. The Plan will focus on developing recommendations regarding land use, new regulatory tools such as a new Mixed Use zoning district, and transportation options to increase connectivity.

### **Strategy 2.2: Update General Plan Elements; with Economic Vitality Goals/Policies**

Identify a set of proposed General Plan “Sustainability” Amendments to Land Use, Housing, Circulation, Public Safety/Climate Adaptation and Community Design Elements; prepare a Master Environmental Impact Report (EIR), and adopt amendments with an emphasis on planning for improved functionality, meeting housing and workplace needs, protecting the environment, and respecting community character.

### **Strategy 2.3: Modernize County Codes, Zoning, and Sign Ordinances**

Adopt Code Modernization Amendments to County Code Chapters 13.10 (Zoning and Signage Regulations ), Title 16 (Environmental and Resource Protection) and 18.10 (Permit Procedures), and Sign Ordinance to reflect current market demands, business needs, building practices and community values.

### **Strategy 2.4: Pursue “One-Stop Development Services Center” Model**

This model would consolidate all development project review, permit review, and related plan checks of agencies involved with permitting into a single service counter as “one stop.” Many cities and counties have found that this model expedites project review. Enhanced customer service training for all staff and agencies involved with permit processes should be provided, including on-going “refresher” trainings.

### **Strategy 2.5: Continue Removing Regulatory Obstacles/Streamlining Permit Process**

The County has worked to modernize its zoning codes, and has identified additional refinements to reduce regulatory barriers to high quality new development. In continuing the effort, the County will conduct a Key Industry Review to ensure that codes amendments address factors that impede business operations, job creation and business expansion. This strategy also assists applicants in obtaining permits within predictable timeframes and with reasonably predictable outcomes. The County needs to promote successes in order to improve reputation in development and business communities.

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### **Strategy 2.6: Create “New Tools” in Zoning Districts & Development Standards**

This strategy will seek to accommodate modern and efficient spaces for working and living, eg: Workflex General Plan and Zoning, Residential Flex General Plan and Zoning, Mixed Use District, Small Lot (detached) Single Family District, and Refined Parking and Streets Standards. Land use regulations need to allow for flexible uses of work spaces. During the process of creating the “new tools, meet with construction lenders, developers and others to ensure that the new development standards support the types of housing construction that is needed and can be financed. For example, mixed use projects will need to allow more than the current 50% level of project square footage to be housing space.

### **Strategy 2.7: Support a “Legalization Assistance Permit Program” (LAPP)**

This strategy will encourage owners to obtain permits to legalize unpermitted improvements as well as to reinvest and modernize properties in order to achieve greater utilization of investment for jobs, income and revenues. This program will improve public safety and assist with revitalizing the construction industry.

## **SUPPORT AVAILABILITY OF HOUSING**

For many communities like Santa Cruz, achieving economic vitality depends in part on having viable programs that support creation or availability of affordable and workforce housing. In addition to housing the existing workforce, and ensuring that new employees and/or new businesses have access to appropriate housing; it is important to recognize that available housing types that are matched to occupational income levels of the area is vital to the ability of households to spend on other goods and services. In other words, employees use part of their income to support other businesses through their purchases. If too much household income goes toward housing costs, less is available to buy other goods and services from area businesses, and less tax revenue is generated for public services.

As identified in the Economic Trends Report prepared for this EVS, the National Association of Home Builders (NAHB) found Santa Cruz County to be the least affordable metropolitan area in the US with less than 500,000 residents. According to the NAHB, the median price of homes sold in Q1 2013 was \$426,000, and only 37.1 percent of homes sold were affordable to households earning the area median income. Prices have increased since that time, and in February 2014 the NAHB reported that within small housing markets, the Santa Cruz-Watsonville housing market was at the very bottom of the affordability chart, where 18.6 percent of all new and existing homes sold were affordable to families earning the area’s median income of \$73,800. Also, prices for rental housing have been increasing, and a recent study indicated that a working resident of Santa Cruz County would need to earn \$28 per hour in order to pay the state defined “normal” 32% of household income to cover the average housing cost.

The County will be updating its Housing Element to cover the 2014 through 2023 timeframe, which will include policies and actions intended to ensure available land to meet housing needs. It will also establish priorities for expenditure of available funds to assist with affordable housing activities. Policies that would remove obstacles to creation of needed housing are also required to be addressed. Methods to develop new housing for all income levels will need to be included.

Assisting with affordable housing has become even more challenging for the public sector, with the demise of Redevelopment in California. Working with major employers, developers, and federal and state

agencies, the County should review its programs, explore potential new funding sources, identify land resources that may be underutilized, and promote demonstration projects providing housing to all income levels needing assistance, including middle income homebuyers.

The County currently undertakes affordable housing activities in coordination with many public and non-profit agencies, including the Housing Authority of Santa Cruz County, which operates the Section 8 Voucher rental assistance program. South County Housing received county funding and recently completed 19 units of ownership housing affordable to low and moderate income households. MidPen Housing recently completed the 40-unit Aptos Blue and 88-unit Schapiro Knolls rental housing projects, both of which are affordable to very low and low income households. A 40-unit St. Stephens affordable rental project for seniors was recently approved by the County.

As the Baby Boomer population ages, it will be important to review housing policies to ensure appropriate facilities for seniors. It is estimated that that by 2030, most communities will have twice as many seniors as they did in 2000. To accommodate this population, communities are re-assessing both physical infrastructure and land use, because many systems are not well-adapted to seniors, particularly as their senses (vision, hearing) and mobility decline. Experts recommend taking a close look at zoning regulations to ensure that seniors can “age in place” by living in smaller units, with easy access to groceries and medical care. New models of transit and service delivery may also be needed to reach people in their homes. In terms of physical infrastructure, it may be important to enlarge the print on road signs for easier legibility, and adapt new technologies that time crosswalk lights, assist the visually- and hearing-impaired, and provide access for those with mobility impairments.

## **STRATEGIES TO SUPPORT AVAILABILITY OF HOUSING**

### **Strategy 2.8: Review Affordable Housing Regulations & Programs for Efficacy**

Conduct a comprehensive review of the County affordable housing regulations and program, and adopt refinements that reflect the loss of Redevelopment and recent court decisions, as well as adjustments that ensure efficacy of programs.

### **Strategy 2.9: Update County Housing Element**

Update the County’s Housing Element of the General Plan by December 2015 in order to ensure certification by the State HCD, to meet “fair share” Regional Housing Needs and ensure eligibility for CDBG and affordable housing funding, and to ensure that land use policies and zoning accommodate housing types and available sites to meet identified housing needs. Singles, seniors and students typically require smaller, less expensive housing units, and a new zoning tool may be needed to incentivize creation of this smaller type of housing unit at higher densities than currently allowed.

### **Strategy 2.10 Program for Successor Agency Affordable Housing Reuse Funds**

In conjunction with the Housing Element Update, complete a strategy for expenditure of RDA Housing Successor affordable housing reuse funds, consistent with State law (SB 341). Focus on providing housing opportunities for extremely low income households, farm workers, chronically homeless persons, and others facing significant housing challenges.

**Strategy 2.11: Maintain Partnerships with Housing Authority & Housing Non-Profits**

Relationships and partnerships with the Santa Cruz County Housing Authority and with non-profit housing providers, including those who develop, acquire/rehab, and own or manage housing for low-income and special needs households, significantly enhance the County's affordable housing efforts.

**Strategy 2.12: Consider High Density Overlay Zone for Small Unit & Supportive Service Housing**

Consider adopting a "High Density Overlay District" (HD-O District) as it currently exists in the City of Santa Cruz zoning code, in order to accommodate needs for small units for single persons and those with special needs, especially in conjunction with supportive services. Re-zone site(s) only in response to specific development applications, through approval(s) by the Board of Supervisors.

**Strategy 2.13: Incentivize Second Units and Small Rental Units that are Affordable By Design**

Incentivize the creation of second units and small rental units that are "affordable by design", thereby serving the needs of workers, students, singles and seniors. Review fee structures applicable to small rental units, including for utility connections.

### Goal 3: Strengthen Key Economic Sectors – Agriculture, Health, Education and Leisure & Hospitality

There are four key economic sectors in the County: Agriculture, Health, Education, and Leisure & Hospitality (the last including “Tourism”). The following provides a description and information about each of these market sectors, and suggests strategies that could strengthen each sector:

#### Agriculture Sector

The Agricultural sector is one of the two largest employment sectors in the County, and the County has a high concentration compared to the State (more than 3 times as many jobs on a proportional basis). This finding indicates Agriculture’s importance to the County’s economic vitality and its competitive advantages. Moreover, the total value of crops produced in Santa Cruz County has been increasing over time. In 2011, Santa Cruz County ranked 20<sup>th</sup> among all 58 counties in the state in terms of the gross value of crops produced. The County ranked 4<sup>th</sup> among all California counties in the production of strawberries (9.2 percent of the state’s total production value), 3<sup>rd</sup> in flowers/foilage and apples, and 2<sup>nd</sup> in raspberries (36.4 percent). The County maintains a strong agricultural base with globally-known brands, including businesses such as Driscoll’s, Martinelli’s, Newman’s Own Organics, SunOpta, and Santa Cruz Nutritionals. The California Certified Organic Farmers (CCOF) organization is based in Santa Cruz. Wineries such as Ridge, David Bruce, Bargetto’s and Storr’s are widely known, as is the Santa Cruz Mountain’s viticultural appellation.

Stakeholder meetings with agricultural and food processing/distribution businesses suggested a variety of strategies to strengthen this sector.

In 2012, the state passed the California Homemade Food Act, which allows small purveyors of foods that do not require refrigeration temperatures, including homemade baked goods, jams, mustards, dried pasta, etc. to sell products directly to consumers and/or through local retailers. Small businesses in the County have already begun to capitalize on this trend, and the number of cottage food operators in Santa Cruz County has grown steadily in recent months. There is potential for further growth, as well as for “graduation” of businesses to commercial kitchen incubators and to larger facilities.

According to many stakeholders, current County agricultural regulations are too restrictive and constrain economic growth and business feasibility. Current limits on the days and hours of operations for winery tasting rooms, and restrictions on hosting special events, constrain key revenue streams that keep a business viable and in operation. Other stakeholders mentioned restrictions on fencing, signage, farm stands, and bed & breakfast lodging on agricultural lands. The County is currently involved with a comprehensive review of county regulations affecting agriculture, in order to modernize and streamline regulations, and to support wineries, farm-to-table and other forms of agri-tourism.

The County can also support agriculture by identifying sites for modern food processing and distribution. Some stakeholders were concerned that food processing facilities that used to operate in Watsonville have been re-purposed, or due to age are obsolete and no longer competitive. This leads to a concern that when businesses expand, they will move out of the county unless suitable facilities are available.



## Strategies to Strengthen the Agricultural Sector

### **Strategy 3.1: Consider Amendments to County Code to Support Agricultural-Related Enterprises**

These include provisions that support agri-tourism such as farmstands, farmstays, on-site winery tasting rooms, U-Pick; and housing for farmworkers. Also review code for support of agricultural operations such as parking and storage of farm equipment, appropriate signage and fencing, and ancillary retail operations. Consider policies and regulations that appropriately balance modern needs of farms and agricultural businesses, preservation of the most productive soils, and impacts on residential areas.

### **Strategy 3.2: Coordinate with Partners to Convene Ag Stakeholder Meetings**

Coordinate with the Farm Bureau and others to convene and attend meetings of Ag stakeholders in business, government, education, technology, organics, cottage foods, community-supported agriculture (CSA) programs, processing/distribution to keep abreast of new economic opportunities, create linkages and partnerships, and address barriers to vitality.

### **Strategy 3.3: Monitor Deliberations and Decisions About Water Supply That Affect Agriculture**

Monitor and participate in regional processes about water supply, including analyses and discussions about alternatives, and decision-making processes related to ensuring adequate water supply and preserving water quality for agriculture; particularly for South County and Pajaro Valley aquifers used to support farming.

### **Strategy 3.4: Support Workforce Training for Ag Sector Occupations**

Work with partners to ensure workforce training for the full range of occupations and careers available in agriculture, including soil chemistry, plant husbandry and hybridization, use of technology in and out of the fields, sourcing, accounting, distribution, and marketing and branding. Promote internships/apprenticeships for local youth, and support other efforts to help ensure a well-matched workforce for North Coast and South County/Pajaro Valley growers.

### **Strategy 3.5: Support Meeting Farmworker Housing Needs**

Coordinate with the Farm Bureau, the Housing Authority, non-profit housing developers, the County Housing Advisory Commission, large growers, and others in efforts to identify and meet the housing needs of agricultural workers. Recognize that agricultural work is becoming less seasonal and workers need permanent housing, which can attract and maintain a year-round workforce.

### **Strategy 3.6: Identify Sites for Modern Supply / Distribution Chain Facilities**

The County will update regulations and identify appropriate sites for modern food processing, agriculture technology businesses, and distribution. This will include review and refinement of "agricultural" and "commercial agricultural" zoning districts in the County Code, as well as work with the Farm Bureau and commercial realtors to identify land areas that would be appropriate for equipment storage, agricultural support buildings, agricultural technology enterprises, agricultural processing facilities, and agricultural distribution infrastructure.

### **Strategy 3.7: Support Branding Initiatives**

Work with the County's Farm Bureau and others to consider a program such as the State Department of Agriculture's "California Grown" to "brand" Santa Cruz County/Pajaro Valley agriculture to promote our reputation for quality, safety and pride in area agricultural products.

### **Strategy 3.8: Support Partnerships to Strengthen Local Sustainable Agriculture**

Recognize the importance and leadership of the UCSC Agro-ecology program, Hartnell College Agricultural Business & Technology Institute, Cabrillo College, Cal State Monterey Bay, Farm Bureau, Agri-Culture, California Certified Organic Farmers (CCOF), and local Farmer's Markets in promoting and supporting the success of organic farming and product development on the Central Coast

## **The Health Sector**

The Health Sector is expected to grow during the next decade. It is already a large employment sector, with a high density of employment in the medical corridor that extends along Soquel Drive from the Dominican Hospital campus, to the Sutter Surgery Center, to sites in the Research Park Drive area. The former Skyview Drive-In site, currently the Flea Market site, is planned for the future Sutter/PAMF medical campus. This sector traditionally offers a range of entry level and career-ladder job opportunities.

Many communities across the United States are expecting increased demand for health care services, as a result of increased participation due to implementation of the Affordable Care Act (ACA) as well as aging of the Baby Boomer generation. The ACA included funding for expanding the role of community health centers. In Santa Cruz County it will be increasingly important to ensure that health facilities are sited in convenient, transportation-accessible locations throughout the County. Staff should regularly meet with community health providers to learn of expansion plans and facility needs, identify sites/available buildings, coordinate with METRO for adequate bus services, and provide assistance with development.

The County will also need to work with Sutter/PAMF to coordinate on planning for its new campus on the existing Flea Market site, particularly given its challenges related to accessing the site. The County should review its land use development standards and permit requirements in order to ensure that they accommodate modern medical building designs that best serve clients and users of facilities.

Because the health sector is strong and growing, the County should collaborate with job trainers to ensure that education and training programs prepare local students and un- or underemployed adults with skills needed to obtain jobs in this sector.

## Strategies to Strengthen the Health Sector

### **Strategy 3.9: Work with Sutter/PAMF to Support Future Campus Development, and on Reuse Strategies for Existing Medical Buildings**

Work with Sutter/PAMF as they develop a campus master plan, in order to appropriately incorporate transportation access to and from the site, and to establish development parameters that reflect needs of specialized health-oriented uses, as well as needs of the community. Identify buildings that may be vacated as operations consolidate at Campus, and work with Sutter/PAMF and with property owners to re-purpose the buildings for industries and uses that create jobs.

### **Strategy 3.10: Work with Dominican/Dignity Health, Sutter/PAMF to Improve Transportation Access and Campus Mobility**

County transportation staff, as well as the Regional Transportation Commission (RTC) and METRO bus district, would work with the hospital organizations and nearby medical providers on mechanisms to address parking supply; and to identify improvements that would improve emergency vehicle, transit, auto, bike and pedestrian access to the medical corridor.

### **Strategy 3.11: Work with the Medical Corridor Property Owners to Attract Hotel**

Work with property owner(s) and hotel industry representatives to explore the feasibility of and encourage development of a hotel within the medical corridor oriented to serving visitors of patients, as well as business and vacation travelers.

### **Strategy 3.12: Support Expansion and Strengthening of Community Health Centers**

Ensure that County staff publicize the availability of grant funding opportunities that the County is involved with, such as the Community Development Block Grant (CDBG) Program, to community health centers such as Salud Para la Gente, the Women's/Family Health Center, and Dientes; which have an important role in delivery of health care in the age of the Affordable Care Act.

### **Strategy 3.13: Meet Housing Needs of Health Workers**

Identify needs of health sector employees for housing, and strive to facilitate creation of appropriate housing types near medical jobs, and along transit corridors.

### **Strategy 3.14: Encourage Expansion of Medical Education and Training Programs**

Encourage Cabrillo and other local education and training institutions to increase available seats in nursing, medical and dental assistants, and other high demand medical job training programs.

## The Education Sector

The Education sector plays a dual role in the economic vitality of Santa Cruz County; it is both a large employment sector, with over 11,300 jobs, and its key institutions (UCSC and Cabrillo College) are also key partners in supporting other economic sectors, through workforce training and technology transfer initiatives.

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Exploring opportunities for UCSC and Cabrillo College to increase offering of “off main campus” distance learning opportunities may be one way of improving workforce readiness. To be able to improve the low educational attainment rates in South County, which is a key workforce issue for the County’s economic vitality, strong partnerships with both UCSC and Cabrillo College should be supported. Moreover, Santa Cruz County is large and travel routes can be congested and difficult to traverse, meaning that it can be challenging to attend classes on-site at UCSC or Cabrillo. Thus, expanded distance learning options by both institutions should be encouraged by the County. It should be noted that with broadband access limited in certain parts of the County, a technology solution may also be needed. The University may have private broadband networks available to resolve this for distance learning along Highway 1, and the County could seek to help provide suitable gathering points in either leased or owned facilities made available to these institutions.

Although both UCSC and Cabrillo College have partnered with local government throughout the County for specific initiatives, these institutions have not had a clear mechanism to partner with the County and private business for broader economic strategies. The County can play a key role in bringing together UCSC, Cabrillo College, cities, school districts, the Santa Cruz County Office of Education, the Workforce Investment Board and private businesses and business organizations to discuss education and workforce training in these expanding sectors. For example, both two-year and four-year college courses are available in agri-science, but perhaps these could be expanded into bridge programs with at-risk high school youth working as apprentices. Programs tailored to education/health, agriculture, leisure/arts and technology industries would be well-suited for such efforts.

At various times, the concept of a public/private incubator facility has been considered in the County. With grant funding, potentially small amounts of County funding, and philanthropic support, a leased incubator facility targeting one or more key industry sector could help bring “start up” jobs and training to an affordable and accessible location. UCSC, Cabrillo and other educational institutions may be appropriate partners. If public sponsoring is not feasible, there may be other opportunities to foster addition of incubator facilities within the County (see other sections of this EVS).

## **Strategies to Strengthen the Education Sector**

### **Strategy 3.15: Support and Facilitate Workforce Training Programs at Area Educational Institutions**

Support positive relationships, collaboration and planning with UCSC, Cabrillo, Cal State Monterey Bay, San Jose State and other Santa Clara Valley educational institutions and partners; to support technology transfer, innovation, training and resources for entrepreneurs and business start-ups, to accommodate incubator workspaces, and to ensure available housing appropriate to income and lifestyle needs. Foster positive relationships with Cabrillo, the WIB, K-12 Regional Occupation Program (ROP), Adult Education programs, Goodwill/Shoreline and others to ensure we are training a competitive workforce.

### **Strategy 3.16: Support Increased and Improved Educator Training at All Levels.**

Support the efforts of UCSC, Cal State Monterey Bay, Cabrillo and Santa Cruz County school districts to undertake programs and actions that support the attraction and retention of quality educators to teach in our educational institutions, from pre-school through college and post-graduate studies.

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### **Strategy 3.17: Strengthen Youth Education and Training, and Improve Graduation Rates**

Undertake focused efforts to create linkages between the business sector, job training programs, and middle- and high schools; in order to promote the benefits of high school graduation, college education and/or job skill programs. Improve mentoring, education, and job opportunities for local youth, particularly for South County youth.

### **Strategy 3.18: Explore Creating Incubator Facilities**

Explore opportunities to create a public-private -sponsored incubator facility targeting key industry sectors, possibly in conjunction with development of housing.

## **The Leisure & Hospitality Sector**

The Leisure & Hospitality sector includes all tourism, hotels, arts, recreation, and entertainment economic activity. This sector of the Santa Cruz economy has competitive advantages when compared to other economies in California, and although employment lost ground during the recession, recent employment figures from 2012 indicate the sector has recovered to pre-recession 2007 levels, with 11,000 jobs within the County. Nonetheless, hotel occupancy levels suffer from declines during winter months. Also, many stakeholders and visitors feel that the County is under-served by quality lodging facilities, with many facilities that have not been updated or modernized to keep pace with demands of today's visitors.

The strategies under this Goal are intended to strengthen the Leisure/Hospitality/Arts Sector from a physical, financial, and coordination standpoint. Strategies related to increased promotional activities for the County's many destinations, arts, cultural events and festivals is covered under Goal 7.

The County has several locations which may be appropriate for small to medium-sized new hotel projects, including at the Upper Harbor 7<sup>th</sup>/Brommer site, within the Medical Corridor at sites visible from Highway 1, along the coast, at the Poor Clares site (now Foursquare Church), and in the San Lorenzo Valley. The County, as part of its Sustainable Santa Cruz County (SSCC) Plan and General Plan Sustainability Amendment process, should convene a workshop on eco-tourism and lodging opportunities, the benefits of overnight visitors to other sectors of the economy (with multiplier effects), and on communicating with stakeholders and the public about where to site new lodging facilities. To signal a change in approach, the County may want to consider sponsoring an eco-hotel design competition, or other promotional event, to attract the interest of high quality, environmentally sensitive hotel developers.

In response to noted under-performance of the restaurant sector, with market demand indicating growth opportunity, the County should consider sponsoring an informational/training program that could be offered to existing under-performing restaurants. The profitability of restaurants may improve by taking measures to improve the quality of menu offerings, carrying out marketing efforts to build stronger connections to local patrons in addition to tourists, and establishing good internal business controls.

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## **Strategies to Strengthen the Leisure and Hospitality Sector**

### **Strategy 3.19: Facilitate Development of Visitor Facilities at Santa Cruz Harbor**

Carry out RDA Successor Agency implementation of Long Range Property Management Plan (LRPMP) in a manner that maximizes opportunities for visitor accommodations, ecotourism, restaurant and recreation uses on the 7<sup>th</sup>/Brommer site at the Santa Cruz Harbor, in collaboration with the Santa Cruz Port District.

### **Strategy 3.20: Provide Technical Assistance to Restore Historic Lodging Facilities**

Provide technical assistance to owners of Brookdale Lodge, and other historic lodging facilities in the unincorporated areas to create economically viable businesses that provide jobs, contribute to the vitality of surrounding areas, and increase revenues to local government.

### **Strategy 3.21: Facilitate Development of Sustainable Visitor Facilities at Appropriate Locations**

Work with the property owner (Dignity Health/Dominican) and hotel industry representatives to explore the feasibility of and encourage development of a visitor accommodations facility on the Poor Clares/Foursquare site, and work with property owners at other appropriately zoned locations.

### **Strategy 3.22: Explore Feasibility of Hotel in Medical Corridor**

Work with property owner(s) and hotel industry representatives to explore the feasibility and encourage development of a hotel within the medical corridor, oriented toward visitors of patients as well as business and vacation travelers.

### **Strategy 3.23: Review Code for Bed and Breakfast Requirements**

Conduct a review of current County Code regulations related to Bed and Breakfast establishments, to ensure that standards accommodate feasible business models.

Action 3.23.1: The Treasurer's/County Auditor's office will continue efforts to monitor websites and identify locations advertising visitor accommodations that are not allowed, such as airbnb.com, in order to support the viability of legally permitted locations.

### **Strategy 3.24: Contract with Small Business Development Center (SBDC) to Provide Business Support to Visitor Serving Sector**

Contract with Small Business Development Center (SBDC) to provide training and support in association with local food, wine and restaurant groups. Help restaurant businesses improve menu options, service and sales to build a strong local base, in addition to attracting visitors, for greater success in the shoulder and off seasons.

### **Strategy 3.25: Partner with State to Enhance Recreational Opportunities on State Lands**

Explore opportunities to partner with the State Department of Parks and Recreation to enhance recreational opportunities on State lands, both to enhance recreational opportunities and to support businesses located in villages and commercial areas adjacent to State parks.

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**Strategy 3.26: Facilitate Establishment of Regional Youth Sports Facilities**

Work with sports organizations to explore the need and potential for establishing new regional sports complex facility that could accommodate “traveling teams” youth sports tournaments, which would increase overnight visitors and spending in the local economy.

**Strategy 3.27: Support Initiatives to Promote County Commercial and Community-Serving Sports Facilities**

Support efforts of the Santa Cruz Conference and Visitors Council (CVC) to promote Santa Cruz County as a venue for high-profile sports and athletic events, as well as community athletic events. Work with the CVC and sports organizations to identify measures to strengthen the sports market sector through sufficient permanent sports facilities and high quality short-term events.

## **Goal 4: Enhance Growth Opportunities for Emerging Sectors of Technology/Innovation and The Arts, and Support Small Businesses**

The Background Trends Report identified several emerging business clusters including innovation and technology, and arts and creative enterprises. Small businesses and home-based businesses play a major role in the Santa Cruz County economy. Goal 4 of this EVS relates to enhancing growth opportunities for emerging business clusters, and identifying strategies that can support small businesses.

### **Innovation and Technology, including Recreation/Lifestyle Products**

The University of California, Santa Cruz has launched a new Center for Entrepreneurship (C4E), which offers students across disciplines comprehensive, hands-on experience to bring innovations to market. "Teaching entrepreneurship is like teaching medicine," said Dan Heller, the center's executive director. "You can't just teach it in a classroom. You have to apply theories in a real-world environment so students can observe and understand the realities of today's marketplace." The center is working with various campus departments and programs—including computer science, economics, psychology, and digital arts and new media—to create courses that focus on entrepreneurship. These courses will give students the opportunity to work with experienced industry veterans to create pragmatic business models for simulated startup companies. In some cases, the business models may be based on intellectual property created by UCSC researchers or students.

The agricultural technology sector also holds a lot of potential for local job creation, and links to UCSC and Cabrillo should be made to explore partnerships in this area as well.

Santa Cruz is well located with regard to proximity to Silicon Valley/San Francisco, one of the strongest areas for technology and innovation. About 18,000 people commute to that employment area for their jobs. There is opportunity to create satellite centers, start-up businesses, and co-working spaces that accommodate flex-time workers who may not commute to their regular workplaces each day.

Given the proximity to UCSC, as well as other world-renowned universities in the Bay Area; as well as proximity to Silicon Valley/San Francisco, Santa Cruz is well-positioned to grow a technology cluster of jobs for the future. A characteristic of technology companies located in Santa Cruz is that once they get to a certain size, they relocate to Silicon Valley. Many of those that remain are smaller companies, who say that they remain due to decisions about quality of life here in Santa Cruz. The ability to foster start-ups, and to be the home of small- and mid-sized technology companies, should be viewed as an opportunity and strength for Santa Cruz. In order to better support that sector, stakeholders have voiced a need for affordable workforce housing for employees, as well as a social environment attractive to young people, which suggests a desire for a greater community population of young professionals.

Santa Cruz is well known for the outdoor recreation opportunities that exist here, but also within the recreational products design and manufacturing sector. Surfboards, skateboards, wetsuits, "surfer" and sportswear apparel, paddleboards, bicycles, electric motorcycles, helmets, parts, nutritionals, and more. Internationally known companies include O'Neill, Fox Racing Shox, NHS (Santa Cruz dot and Screaming Hand skateboards), Santa Cruz Bicycles, Zero Motorcycles, and many more. This sector is growing, and a



natural fit for Santa Cruz. This sector has already helped to establish the “brand” of Santa Cruz and there are opportunities to capitalize on that. The “Santa Cruz Attitude and Authentic Lifestyle” brand has wide recognition and appeal, and could apply to other facets of strong employment sectors in Santa Cruz. Promotion of opportunities for sports and recreation is related to the strength of this innovation/technology design and manufacturing sector.

## **Strategies to Strengthen the Technology and Innovation Sector**

### **Strategy 4.1: Recognize Role of UCSC in Fostering Innovation**

Recognize the role of UCSC in developing innovative technology and fostering scientific and technological partnerships with existing and start-up businesses in genomics, robotics, marine sciences, organic agriculture and new agriculture technologies, artificial intelligence and game and playable media.

Action 4.1.1: Participate, where needed, in the conversation regarding UCSC's leadership role in creating the next generation of technology, arts, bio-med, marine sciences, agri-science and other disciplines which will inspire new businesses and technologies in the future.

Action 4.1.2: Provide technical assistance, where warranted, to the UCSC Center for Entrepreneurship Program (C4E).

### **Strategy 4.2: Support UCSC's Human Genome Institute Initiative**

Support UCSC's efforts to raise \$50 million to create a Research Institute on campus for the Human Genome Project.

### **Strategy 4.3: Identify Locations and Encourage Adaptive Reuse for Innovation Sector Employment**

Identify geographic areas that offer opportunity sites for new workforce development spaces appropriate for innovative technologies, such as the Upper 41<sup>st</sup> Avenue area at Research Park and South Rodeo Gulch and along the Soquel Avenue frontage road. Explore co-working models for areas.

Action 4.3.1: Work with property owners in the upper 41<sup>st</sup> Avenue area around Research Park for the discussion to support the innovation sector including embracing broadband infrastructure into this area as a high priority.

### **Strategy 4.4: Seek to Retain and Attract Innovation and “Maker” Companies**

Focus retention and attraction programs on companies that develop, create, and produce or manufacture products for distribution and sale to broader markets.

Action 4.4.1: Provide ombudsman assistance to locate and attract innovation companies that make products for worldwide distribution. Understand the hurdles that these companies are challenged with and work towards to solutions to inspire success.

### **Strategy 4.5: Encourage Satellite Locations for Silicon Valley Tech Companies in Santa Cruz County**

Explore opportunities to create satellite center locations within the County for large technology companies such as Google, Apple, Facebook, Twitter, Ebay, etc. as well as for other prominent and emerging Silicon Valley/San Francisco technology companies, recognizing that we share a highly skilled workforce with these regions and that several of these companies are providing commuter busses for their employees that live in Santa Cruz, but work out of the County.

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**Strategy 4.6: Work with Par 3 Property Owners on Potential Re-Use Options**

Work with owners of the “Par 3” site in Aptos to explore opportunities to site an innovative business development that would provide high quality jobs, in combination with a developed recreational opportunity, for both the on-site employers as well as for community residents.

**Strategy 4.7: Facilltate Development of a Work/Live Technology Incubator**

Identify potential sites and funding to create a live-work Technology Incubator development that includes workspace and housing within a single development that is affordable for start-up entrepreneurs.

Action 4.7.1: Work with a property owner to explore the economic viability and sustainability to provide a “live-work tech” product taking into consideration potential development and infrastructure barriers.

**Strategy 4.8: Work with Property Owner and Stakeholders for Reuse of CEMEX Site to Foster Job Creation**

Work with property owner, educational institutions, North Coast land preservation organizations, and expanding industries in key Santa Cruz employment sectors to explore potential for appropriate job creation on the CEMEX site in Davenport. Maximize the opportunity to re-use the CEMEX site in a manner that recognizes the natural attributes of the area, is compatible with Davenport community character, accommodates creation of jobs, assists with availability of public services to the community at reasonable rates, accommodates visitors, and generates revenues to support public infrastructure and services.

**Strategy 4.9: Tap Skills and Leadership of Innovation Sector Residents to Support Sector and Local Economy through “Encore Careers”**

Work with Santa Cruz Service Corps of Responsible Executives (“SCORE”) and other groups to identify entrepreneurs who may desire local “encore careers” in technology and other fields, who use their talents both to create new jobs, and to inspire and support the next generation of technology businesses.

**Strategy 4.10: Encourage Retention and Expansion of Recreation / Lifestyle Product Designers and Manufacturers**

Recognize strength of recreational/lifestyle products sector in Santa Cruz, and ensure that business retention and expansion efforts focus on this sector.

Action 4.10.1: Partner with Economic Development counterparts in the incorporated cities to ensure that the companies which are currently manufacturing products in the recreation and lifestyle market niche are visited on an agreed-upon schedule with the intent to address challenges identified by the companies and further their success.

**Strategy 4.11: Develop Financing Incentive Program and Assistance Tools**

The County will develop a menu of financial incentives and assistance that would be deployed on a case-by-case basis to attract or retain a business development that met certain defined criteria.

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## Arts and Creative Enterprises

During stakeholder meetings, the abundance of artistic and cultural offerings in Santa Cruz County became very clear. Santa Cruz County was recently reported to have the 5<sup>th</sup> highest concentration of artists per capita in the US, after New York, Los Angeles, San Francisco, and Santa Fe. A key challenge cited by arts stakeholders is that many artists don't have a central, affordable space to show and sell their work, suggesting an opportunity for a permanent Artists Collaborative or Visual Arts Center. County staff could facilitate this discussion, and offer assistance to identify a space and/or models for collaborative arts facilities for marketing and sale of artworks.

During the focus group related to the arts industry cluster, it became evident that there is much potential to foster an on-line arts marketing collaborative. A small shipping center has already been opened in Scotts Valley by the Regional Arts Association, and a co-op website currently exists. The missing element is education, as well as creation of an easy platform for artists and artisans to be able to use to sell their creations. The county's Economic Development Coordinator has been working with the corporate office of Etsy to work with their platform, and that company has agreed to implement a two-pronged pilot program with the County of Santa Cruz and the Small Business Development Center (SBDC). The first approach is to provide training to sellers of the creations, art and products in the online Etsy marketplace. The second approach would be focused on South County, to provide training to low income residents who have arts and craft skills, to expand their craft and learn to sell and run a business. This effort has the potential to generate large returns, because all of the major components for a successful strategy are already in place and simply need some leadership, management and coordination.

Performance art is also an important component of the arts and leisure sector in Santa Cruz. The Santa Cruz Warriors Division IV team was an immediate success when it located in Santa Cruz two years ago. The Santa Cruz Symphony, Cabrillo Music Festival, Shakespeare Santa Cruz, Jewell Theater and other companies are widely respected. Many local venues host nationally known musicians and actors, and their performances contribute to and reflect Santa Cruz culture. The "American Idol" television reality show, which brought fame to local musician James Durbin, exposed people throughout the nation and world to the creative and non-conformist culture of Santa Cruz. It is important that appropriate performance art venues continue to exist.

Santa Cruz is also home to a number of specialized commercial craft producers. These include glass art businesses such as Annieglass, artisan production of guitars and other stringed instruments, and the production of other commercial craft and custom products, including bicycle frames and other specialty components.

## **Strategies to Strengthen the Arts and Creatives Sector**

### **Strategy 4.11: Support Arts Organizations**

Support efforts to retain healthy performance companies and appropriate venues for the arts.

Action 4.11.1: Participate, where feasible, with local arts organizations including but not limited to the Cultural Arts Council, Regional Artisans Association, Pajaro Valley Arts Council, the Museum of Arts and History, UCSC and Cabrillo College.

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#### **Strategy 4.12: Support Cross-Promotion Marketing Initiatives**

Support the Conference and Visitors Council (CVC) Tourism Marketing District efforts, to showcase the variety of assets/experiences available in the County, and encourage the CVC to provide additional training to owners, managers, and employees of tourism, lodging, entertainment and restaurant properties to enhance cross-promotion of attractions to visitors and broaden awareness of the variety of area attractions and businesses.

#### **Strategy 4.13: Support Film and Performance Arts Initiatives**

Support CVC efforts to encourage the film industry to use Santa Cruz as a venue, which can promote our natural and creative cultural assets. Promote the importance of performance art venues and take advantage of opportunities to market and support the venues.

Action 4.13.1: Provide in-kind resources to assist with creating a visual inventory of assets available to the film industry.

Action 4.13.2: Work with the performance arts venues to ensure economic viability and enhance efforts to market the performance arts to advance this market cluster.

#### **Strategy 4.14: Support Protection and Restoration of Natural Areas with Sustainable Visitor Recreation Improvements**

Ensure protection and health of Santa Cruz natural and open space areas, and promote appropriate visitor use of such areas for hiking, running, bicycle riding, rock climbing, birding and other activities and events based on resource values of our community.

#### **Strategy 4.15: Encourage and Facilitate Arts Support Services and Networking**

Discuss the feasibility of creating an "Arts Meet Up" group with the Cultural Council, and foster links to resources and to markets for business success and expansion. Foster on-line art sales approaches, as well as centralized support and shipping services for art, such as that in Scotts Valley opened by the Regional Artisans Association, who has also opened a Capitola Mall location. In particular, focus on South County/Pajaro Valley to support creation and expansion of art-related jobs and income.

Action 4.15.1: Facilitate an arts association "meet up" group to facilitate the exchange of information on items that impact the arts.

Action 4.15.2: Partner with the SBDC to facilitate a meet up group and education for artists selling their works or who would like to sell their works online, including Etsy sellers.

Action 4.15.3: Partner with the SBDC, Digital Nest, Pajaro Arts Council, Workforce Investment Board, City of Watsonville, Regional Artisans Association, and others to facilitate the Craft Entrepreneurship Program from Etsy.com that has been obtained by the County.

#### **Strategy 4.16: Identify Sites Appropriate for Artists Live/Work Projects**

Identify locations (perhaps at 17<sup>th</sup> Avenue/Railroad tracks "silo site") and funding opportunities for creation of an Arts Live-Work or incubator development that includes workspace and housing within a single development, that offers opportunities for shared use of facilities and equipment, and is affordable for those pursuing artistic and creative enterprises.

Action 4.16.1: Identify potential locations and meet with property owners to discuss the potential of artist live/work space or an incubator development which offers opportunities for shared equipment and facilities.

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**Strategy 4.17: Support “First Friday” and “Open Studios” Arts Programs**

Support “First Friday” arts program; and collaborate with arts organizations to identify and implement additional spaces for exhibition and sale of art.

Action 4.17.1: Find ways to support, enhance and promote the First Friday, Open Studios and other arts programs that encourage arts tourism in our county.

**Strategy 4.18: Engage with Existing Meet-Ups in Creative and Arts Industries**

Attend as feasible existing “Tech Meet Up” and other groups such as “Makers Factory,” to help facilitate the success of persons with creative and innovative ideas for producing products.

**Small Businesses**

The background Trends Report prepared as part of this EVS planning process identified that almost 82 percent of all jobs in Santa Cruz County (including within incorporated cities) are with companies of 10 employees or less. Clearly, small businesses are the backbone of the regional economy, and as such, require extensive support to ensure economic vitality throughout the County.

In addition, Santa Cruz County has a high concentration of home-based businesses, with 6.5% of its establishments based at home locations compared to 4.8 % statewide. Santa Cruz has a tradition of people operating small businesses out of their homes and garages. This hidden economic strength of the County offers opportunities for future expansion, including shifts into larger commercial quarters.

In 2007, BAE conducted a home-based business survey for the City of Santa Cruz, to identify support services that could help these small companies grow. Needs identified by these businesses included better broadband services, more flexible permitting procedures, access to small loans for start-up and working capital, and incubator space where businesses could share quality office staff and equipment. Since the time of this survey, the City of Santa Cruz has experienced substantial growth in a new form of private-provided incubator space known as co-working. NextSpace, founded in Santa Cruz, provides space to more than 200 small companies in its facilities, with services ranging from virtual (mailbox and meeting room time) to hourly and weekly desk rentals. In addition, Cruzio has also offered co-working facilities and has 100% occupancy in its facility in the former Santa Cruz County Sentinel building.

While these companies provide meet demand for shared office space, the role of a publicly-funded incubator is somewhat different; the structure of a publicly-funded facility is typically designed to reduce expenses through subsidized rent and shared equipment, as well as provide free or low-cost business planning and technical assistance. These services are particularly beneficial for businesses where start-up costs for equipment can be prohibitive. Examples include 3D printing, commercial-scale kitchens for food production/preparation, specialized arts equipment, etc.

## Strategies to Support Small Businesses

### **Strategy 4.19: Contract with Small Business Development Center (SBDC) to Support Small Businesses**

This strategy builds on and connects with the statewide system of Small Business Development Centers to provide education, technical assistance and financial counseling to small businesses; and to offer specialized training based on annual workplans, with initial trainings related to cottage food, arts, lodging and restaurant businesses.

Action 4.19.1: Enter into annual contracts with the Small Business Development Center to provide training and support for small businesses. Topics should be flexible to address the current market and may include online sales, business start up activities, financing, accounting, marketing, business plans, and many other topics.

### **Strategy 4.20: Pursue Programs to Train Businesses in E-Commerce**

This strategy envisions working with major online e-commerce companies such as Etsy (an e-commerce site for handmade and vintage goods), eBay (an e-commerce site where small entrepreneurs re-sell previously-owned items and new items), Kickstarter (an online crowd-funding site), and others to provide home-based and very small business an unprecedented sales channel for global sales of local products. This strategy involves the County working proactively with these site sponsors, or other intermediaries, to convene webinars or other training venues for local artisans and businesses, with the aim to increase sales, and in turn, capture sales tax revenues for local purposes.

Action 4.20.1: As the new retail landscape continues to evolve toward a model less dependent on storefronts, it will be imperative to train businesses on how to sell products online so they can compete in the new economic reality. Partnerships with Etsy.com and Ebay will continue to be pursued, as well as new partnerships with Kickstarter and other mechanisms that could support the technology/innovation sector.

### **Strategy 4.21: Support Expansion of Broadband Infrastructure Throughout County**

This strategy is key to enabling small and home-based businesses to fully utilize online e-commerce and other web-based support services. Improvement in access and high speed capacity is needed in a number of County locations to support business applications and web-based learning programs on an equitable basis.

Action 4.21.1: The County will continue a focus on expanding broadband infrastructure throughout the county to enable businesses to function in the digital era – including for those who periodically work from home and home-based businesses. The County will work with industry providers to develop a Broadband Master Plan in order to identify focus areas within the county that will be most suitable for gigabyte services, particularly as the Sunesys backbone line is constructed during 2014 and 2015. The County will work with service (last mile) providers to ensure that these focus areas are deemed a priority, in order to support streaming requirements, product development, job creation and online selling capability.

Action 4.21.2: In recognition of the thousands of home-based businesses located within the county, it will be imperative to educate the last mile providers that there is little differentiation between business and residential customers, and the speeds/capacity needed to perform viable business and home activities.

### **Strategy 4.22: Promote Export Assistance (Monterey) & Patents (San Jose) Offices**

This strategy will support small businesses seeking global markets, and entrepreneurs needing intellectual property protection through patents and licenses.

Action 4.22.1: Partner with the Export Assistance Office in Monterey and the Patents Office in San Jose to provide technical assistance to businesses seeking export assistance and intellectual property protection.

**Strategy 4.23: Create an “Over the Counter” Home Occupation Business Permit and Designate a Small Business Ombudsman in the Planning Department**

A home occupation business permit will recognize and ensure legitimacy of small businesses that operate from homes, and will be a simple “over the counter permit” for businesses that meet criteria for operating from residential homes. This strategy will also involve creation of a single point of contact in the Planning Department to serve as a designated “Small Business Ombudsman” to assist with regulatory compliance, permitting, and connections to technical assistance.

**Strategy 4.24: Collaborate with Local Economic Development Practitioners to Support Small Business**

This strategy will support collaboration with local Chambers of Commerce, SCORE, Educational Institutions, Private Sector Lenders, Real Estate Brokers and other organizations which mentor and assist the small business community.

Action 4.24.1: The County will collaborate with local economic development organizations such as the SBDC, SCORE, SCCBC, private sector lenders, Chambers of Commerce, downtown associations, real estate brokers and other organizations that assist the small business community.

Action 4.24.2: The County will facilitate a meeting twice a year, inviting local economic development organizations to exchange information on a regional basis.

Action 4.24.3: The County will facilitate a quarterly meeting with all incorporated city economic development professionals to exchange information and business leads.

**Strategy 4.25: Convene Annual Small Business Symposium**

This strategy will involve County economic vitality staff working with the cities and the Small Business Development Center to fund and hold an Annual Small Business Symposium. The Symposium is envisioned as a learning and networking event for all active economic development stakeholders including: Chambers, business groups, lending institutions, economic development agencies, workforce training programs, UCSC Center for Entrepreneurship (C4E), Silicon Valley business organizations, and non-profit agencies. The Symposium will offer workshops for business initiatives and success, and foster new connections and synergy to improve economic vitality.

Action 4.25.1: Partner with the Santa Cruz Area Chamber of Commerce, the Santa Cruz County Business Council and the Small Business Development Center to expand and create a small business symposium to educate and grow businesses within the entire county.

**Strategy 4.26: Study Soquel Corridor Auto and Service Businesses**

This strategy recognizes the need for and strong presence along the Soquel Drive Corridor of auto-service and repair businesses. Support continuation, while exploring opportunities to possible consolidate and ensure efficient use of land along the corridor for jobs and services.

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## GOAL 5: Expand Public Sector Capacity & Infrastructure

One of the key issues identified during the outreach process for this Strategy was the lack of adequate infrastructure throughout the unincorporated area. The term “infrastructure” in this context means not only traditional systems such as adequate street capacity and maintenance, and available water supply, but also telecommunications and broadband infrastructure. Public safety, parks and recreation, and other publicly-funded services were also identified as important to maintain and enhance, in order to ensure a safe community and good quality of life.

From an economic vitality perspective, investments in both physical and social supports will be critical to ensuring a vital economy in the coming decades. However, in order to make significant investment in public infrastructure, county government must have the financial capacity to do so. Currently, the mix of land uses that require services and those that deliver revenues is an unsustainable one. It is important to continue work to diversify and expand the County’s economic base, in order to create fiscal sustainability for local government, which is then able to provide quality facilities and services that are demanded by residents and businesses.

While since 2012 there are no longer redevelopment agencies in the State of California, there remain other tools that governments can use to promote economic development that generates public revenues. A remnant of redevelopment for Santa Cruz County jurisdictions is the disposal of real property assets that were unencumbered when redevelopment was dissolved by the State. Jurisdictions are allowed to use RDA Successor Agency funding to help dispose of those sites, and it is possible to do so in a manner that mimics redevelopment. There are two sites in the unincorporated area that will be “managed sales” and that have potential to contribute to economic vitality and public fiscal health: 7<sup>th</sup>/Brommer and 17<sup>th</sup>/Capitola Road.

Many communities are concerned about residential growth in their communities (heightened during periods of drought such as now being experienced) and more so if it occurs on lands that had been designated for commercial uses. The traditional understanding is that “residential doesn’t pay for itself”. This can certainly be true, especially in low density rural formats where it is expensive to provide public safety, roads, water and sewer lines, and other public services to a spread-out population. If commercial lands are converted to residential uses, then the sales taxes, property taxes, transient occupancy taxes and other revenues that might have been generated by the commercial use do not occur. These factors make it challenging to plan for accommodating residential growth.

Recent studies, however, are showing that for certain sites and areas a Mixed Use concept may not come with the negative fiscal impacts. A recent study for the City of Capitola showed that public fiscal revenues from a Mixed Use Development in 4-story format can equal or exceed that of a 1-story Commercial Development. Tax revenue continues from ground floor commercial uses, and the compact format of residential in the stories above means that public infrastructure and services can be provided in an efficient and cost-effective manner. Additionally, the people who live in the upper units have incomes, and their expenditures locally help to support other businesses in the community.

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## Strategies to Strengthen Public Sector Capacity & Infrastructure

### **Strategy 5.1: Support Expansion of High Speed Broadband Infrastructure throughout the County**

Support the expansion of high-speed Broadband Infrastructure throughout County to ensure equitable access for all income populations within both urban and rural communities, and to support business.

Action 5.1.1: The County will continue a focus on broadband infrastructure throughout the county to enable businesses to function in the digital era, and students and households to have high quality access to information and communication. The County will work with industry providers to develop a Broadband Master Plan in order to identify focus areas within the county that will be most suitable for gigabyte services, particularly as the Sunesys backbone line is constructed during 2014 and 2015. The County will work with service (last mile) providers to ensure that these focus areas are deemed a priority, in order to support streaming requirements, product development, job creation and online selling capability.

### **Strategy 5.2: Work with Regional Transportation Agencies to Achieve Balanced Funding for Improvements to All Modes**

Work with AMBAG and RTC to ensure a balanced approach to the funding of local and regional-serving transportation improvements, such as Highway 1 auxiliary lanes, maintenance and preservation of existing local roads, new local multi-modal crossings of Highway 1 as feasible, Monterey Bay Sanctuary Scenic Trail (coastal access and rail-trail), bus transit, bicycle facilities, pedestrian facilities, and connectivity improvements.

### **Strategy 5.3: Prepare and Implement a Development Impact Fee Study to Support Adequate Infrastructure**

Direct the preparation and implementation of a comprehensive Development Impact Fee Study, including expanding types of infrastructure subject to impact fees beyond transportation, roadside and parks.

### **Strategy 5.4: Maximize Grant Funding for Infrastructure Improvements**

Maximize opportunities to obtain grant funds, and creative loan programs, to finance infrastructure improvements.

### **Strategy 5.5: Encourage Land/Acreage-Based Uses to Locate Outside of Urban Services Line (USL)**

Promote efficient jobs and housing development within the Urban Services Line (USL), and provide zoning for uses that need land or acreage outside the USL, such as for equipment and material storage, landscaping and tree services, and other uses that require a lot of land but involve relatively few employees and do not require a high level of urban infrastructure and/or services.

### **Strategy 5.6: Promote Local Airports and Proximity to SJC and SFO Service**

Recognize and promote the capacity of and opportunities created by the presence of Watsonville Municipal Airport (WVI) and Monterey Regional Airport (MRY); and highlight Santa Cruz County's proximity to both San Jose International Airport (SJC) and San Francisco International Airport (SFO) in promotional materials.

### **Strategy 5.7: Prioritize Funding to Increase Access and Mobility of People, Goods, and Services throughout the County**

Prioritize and advocate for funding of public infrastructure improvements that will support business needs and that ensure the efficient movement of goods and services via roads, rail, air, internet, and package.

**Strategy 5.8: Prepare 2035 Infrastructure Master Plans**

Support the preparation of 2035 Infrastructure Master Plans, and help incorporate priority projects into annual Capital Improvement Programs (CIPs).

**Strategy 5.9: Encourage Lodging Development to Foster Visitor Services and Fiscal Revenues**

Generate potential for and assist with development of quality visitor accommodation properties. Key sites that are already designated for Visitor Accommodation include the 7<sup>th</sup>/Brommer (6.7 acres) and Poor Clares (12 acres) sites. Existing commercial sites in the medical corridor, with zoning that already allows hotel development, may also be appropriate, as well as sites visible and/or accessible from Highway 1.

**Strategy 5.10: Maximize Opportunities for New Retail and Service Businesses**

Maximize opportunity for new retail and services businesses; particularly to meet market demands identified in economic studies – for apparel, warehouse/clubs, home furnishings/household goods, general merchandise/variety stores, home improvement, new and used car sales, eating and drinking establishments, lifestyle and recreation goods.

**Strategy 5.11: Encourage Non-Retail Sales and Use Tax Generators (B2B Sales)**

In addition to retaining and attracting retail sales tax and transient occupancy tax (TOT) and property tax generators, the County can target attraction and expansion of non-retail industries based on Taxable Revenue Potential (TRP), as described below (source is an economic study conducted for Capitola):

"Types of companies offering the greatest potential include: computer and electronics manufacturing point-of-sale, wholesale trade/business-to-business distribution, rental/leasing of vehicles and machinery, professional/technical services involving taxable item sales (such as architects, designers or companies that acquire or install equipment; or sell software or communications packages), and construction contractors (through point-of-sale of materials, equipment, fixtures and other activities that involve purchases of high-value items that are taxable). Educational services, health care, financial services, real estate and insurance enterprises may also offer taxable sales potential.

**Strategy 5.12: Explore Business License Tax Commensurate with Firm Size to Recover Public Service Costs**

In order to be able to collect and disseminate information, education and assistance, the County will explore a business license requirement. In considering a Business License requirement, evaluate a business license tax format (rather than license fee) at a modest level, in order to ensure that the business sector contributes adequate funding for public safety, infrastructure, and public service levels that support the overall success of area businesses, and other general purposes.

**Strategy 5.13: Explore and Implement Funding Mechanisms to Stimulate Job Creation, Affordable Housing, and Economic Vitality**

Explore and implement public funding mechanisms such as impact fees, sales tax initiatives for specific public purposes, grants, low-interest infrastructure loans, affordable housing projects and programs, and possible economic development grants, loans and incentives for job- or revenue-creating businesses.

#### **Strategy 5.14: Work with Fire Districts to Obtain Funding for Response Time Improvements**

Work with Fire Districts to identify desirable road improvements and other features that would assist with faster fire and emergency response times, and and pursue creative funding approaches that would allow for implementation of improvements such as district financing and disaster preparation/readiness grants.

#### **Strategy 5.15: Consider New Zoning Tools to Accommodate Development Projects at Densities Which Achieve Fiscal Neutrality**

Consider creation of new zoning tools, to be available especially for identified under-utilized and infill sites along transportation corridors. For example, the Planned Unit Development (PUD) or other zoning approaches could allow consideration of well-designed buildings of 3 or 4 stories in appropriate locations, with appropriate mitigations. That development type would likely accommodate new mixed use and residential developments in a format that would not involve negative fiscal impacts.

### **Workforce Training**

The Santa Cruz County Workforce Investment Board (WIB), in conjunction with the Workforce Santa Cruz County program operated by the County's Human Services Department, are lead agencies for workforce training in Santa Cruz. In recent years, as needs have grown, particularly in South County where unemployment remains high and educational attainment remains low, these programs have faced declining budgets and increasing challenges. County economic vitality staff can promote expanded investment in workforce training funds and other financial mechanisms linked to training and hiring.

The State of California recently reformulated and expanded tax credits for hiring unemployed workers, as well as for sales tax and investment credits, as summarized below. The County can encourage use of these new State sales and hiring tax credits, and it may be possible to leverage these credits by incorporating County-based incentives, to further enhance financial incentives for businesses to hire and invest in the County's under-employed workforce, especially in South County.

- **Sales Tax Exemption.** The existing sales tax credit for businesses located in Enterprise Zones will be expanded to a statewide sales tax exemption on manufacturing equipment or research and development equipment purchases by companies engaged in manufacturing or biotechnology research and development. A business will be allowed to exclude the first \$200 million equipment purchases from the state share of sales tax (4.19%) beginning on 7/1/14. The sales tax exemption will be available statewide until 6/30/22.
- **Hiring Tax Credit.** The hiring credit is for businesses located in census tracts with the 25 percent highest share of both unemployment and poverty in the state. The hiring credit also applies to current Local Agency Military Base Recovery Areas (LAMBRA) and Enterprise Zone boundaries excluding wealthy areas. The hiring credit also reinstates the boundaries for two recently expired Enterprise Zones in Antelope Valley and Watsonville. The hiring credit will be available for the hiring of long-term unemployed workers, veterans within 12 months of separation from service, people receiving the Federal earned income tax credit, ex-offenders, and recipients of CalWorks or general assistance. The hiring credit will only be allowed to taxpayers who have a net increase in jobs. The hiring credit will be 35 percent of wages between 1.5 and 3.5 times the minimum wage for a period of five years. In five pilot areas designated by GO-Biz the credit will be calculated on wages starting at \$10 per hour. The hiring credit is available for employees hired between 1/1/14 and 1/1/21.

- **Investment Incentive - California Competes Credit.** This incentive will be created and administered by GO-Biz. Businesses will have the opportunity to compete for available tax credits. Criteria for competition include the number of jobs to be created or retained, the extent of poverty in a business development area, a minimum compensation limitation and a set job retention period. Approval of any proposed incentive will be made by a five-member committee comprised of representatives from the State Treasurer's Office, Department of Finance, GO-Biz, California Senate and California Assembly. Approved credits may be recaptured if a business fails to fulfill the terms and conditions of the contract. 25% of these credits will be designated for small businesses.

#### **Strategy 5.16: Support Workforce Investment Board Initiatives**

Support efforts of the Workforce Investment Board (WIB), including preparation of a Five-Year Comprehensive Economic Development Strategy (CEDS) in 2014/15, and annual CEDS Updates, in order to ensure eligibility for federal funding of economic development and infrastructure projects.

#### **Strategy 5.17: Forge Partnerships and Linkages to Workforce Education and Training Organizations**

Forge linkages through the Santa Cruz County Business Council and the broader business community, to the Santa Cruz County Office of Education, Cabrillo College, UCSC, Cal State Monterey Bay and other regional educational and workforce training institutions, to ensure a match between education, job training and future employment prospects and needs of the business community in the Santa Cruz region. Work with the business community through the Santa Cruz County Business Council to determine business workforce needs and gaps in a sufficiently trained workforce.

#### **Strategy 5.18: Promote Workforce Investment Board's Youth Program to Business Community**

Actively promote the WIB Summer Youth Program and other mentoring and employment opportunities for disadvantaged youth to the business community.

#### **Strategy 5.19: Collaborate with South County Youth Organizations to Foster Education and Job Training Programs**

Collaborate with the Community Foundation of Santa Cruz (CFSC) and other non-profit and educational organizations to design and offer targeted, cost-effective programs for South County youth, as well as for unemployed and underemployed adults.

#### **Strategy 5.20: Encourage Youth Mentorship and Apprenticeship Programs**

Encourage businesses and agencies to offer internships and mentorships to local youth, unemployed and underemployed in order to support life skills and job training. Work with the Chambers, the Business Council, the CFSC and others to communicate the importance of maintaining a high quality public school system to the success of retaining and attracting high quality job providers, through the availability of a high quality local workforce. Ensure on-going availability of English language competency programs, including through web-based models.

#### **Strategy 5.21: Promote Hiring Tax Credits and Other Incentives to Business for Job Creation**

Promote hiring tax credit programs and other initiatives and incentives to job providers to encourage job growth in the County.

## Goal 6: Revitalize and Strengthen Town Centers and Commercial Areas

The Economic Trends Report found that the retail sector has 11,300 jobs in Santa Cruz County, but lost some ground during the Great Recession. Recent trends indicate a recovery, with sales rising since 2009. There are relatively low vacancy rates for retail real estate, and there are good opportunities to capture sales in clothing, restaurants and bars, and general/household merchandise. There are also opportunities to tie retail offerings to strong arts and cultural events/organizations.

Other retail studies conducted over the last several years by other Santa Cruz County jurisdiction have revealed possible demand for the following types of goods and services:

- Clothing/Apparel
- Warehouse/Clubs
- Home furnishings/Household Goods
- General Merchandise/Variety Stores
- Home Improvement Materials
- New/Used Car Sales
- Eating/Drinking Establishments
- Lifestyle/Recreation goods

Since the time of those studies, certain new retailers have entered the market, including a new Target at the Capitola Mall, a new Marshalls that filled the vacant Circuit City building on Soquel Drive/Commercial Way, and various other new restaurants and smaller stores.

The locations and functions of existing retailing locations within the County are summarized below:

- Regional shopping and visitor-serving destinations that serve the broader Santa Cruz trade area as well as visitors include Pacific Avenue, the Capitola Mall/41<sup>st</sup> Avenue Corridor, Capitola Village, and Santa Cruz Beach Boardwalk/Wharf area
- Community/Town Retail and visitor-serving areas include the Soquel Drive Corridor, Aptos commercial areas, San Lorenzo Valley commercial districts, Mission Street corridor, and Downtown Watsonville
- Neighborhood/Local retail and visitor-serving areas include the Portola Drive/Lower 41<sup>st</sup> Avenue area, East Cliff Village shopping center, Seacliff, Rio del Mar/Seascape, Davenport

While it is true that there is “leakage” in terms of county residents making purchases outside of the County, the demographics of Santa Cruz (relatively low population in market area, high housing costs reducing level of disposable income, high unemployment and many low-wage jobs) make it difficult for many national or independent retailers to locate and succeed here. The fact that many regional shopping centers such as Valley Fair are located in close proximity to Santa Cruz will remain a challenge. The evolving nature of retailing, with more sales occurring on-line and in warehouse formats, further challenges traditional retailers and may dampen the market for additional retail stores in the unincorporated area.

The potential of the unincorporated area to accommodate more stores is somewhat limited by competing strong retail centers existing nearby in Capitola and Santa Cruz.

A key finding of the retail sector review is that there is a strong need for renovation and modernization of existing commercial buildings, particularly in the unincorporated area. While there may not be a large overall demand for additional retail square footage in the market, quality spaces may be able to generate locational shifts – from outdated and lower quality spaces, to modern and better-aligned spaces that respond to current customer demands for vibrant, clean, attractive and active spaces. A challenge related to the presence of outdated retail spaces is that some facilities reflect “legacy owners” who may not have debt associated with the property and whose priority is cash flow. Efforts should be made to review opportunities with such owners.

## **Commercial Strategies**

### **Strategy 6.1: Encourage Expansions and New Retail Development to Capture Sales**

Maximize opportunity for expansion of existing and for new retail/services businesses; particularly to meet unmet market demands for clothing and apparel, warehouse/clubs, home furnishings/household goods, general merchandise/variety stores, home improvement, new and used car sales, eating and drinking establishments, lifestyle and recreation goods.

Action 6.1.1: Invest in public infrastructure and provide technical assistance to developers of the Aptos Village Planned Unit Development (PUD) mixed use project, which allows up to 69 dwelling units and 75,000 square feet of new commercial space.

### **Strategy 6.2: Implement 17<sup>th</sup> Avenue/Capitola Road Plan for Retail/Community Hub**

Carry out RDA Successor Agency implementation of Long Range Property Management Plan for the 17<sup>th</sup> Avenue/Capitola Road site in a manner that maximizes opportunity for a Live Oak commercial center and community gathering place.

### **Strategy 6.3: Support Revitalization of Privately-Owned Shopping Centers**

Support private renovation and revitalization of community shopping centers such as the East Cliff Village and Portola Drive shopping centers in Live Oak, and the Rancho del Mar shopping center in Aptos, in order to modernize, diversify and “activate” land uses in recognition of their new role in the spectrum of commercial places. Provide technical assistance to owners as requested. Allow addition of rental housing as appropriate.

### **Strategy 6.4: Encourage New Office and Workspace Development in Mid-County to Meet Market Demands**

Work with property owners, commercial lenders and the commercial brokerage community to create modernized and/or new office spaces in Mid County, recognizing market demand evidenced by low vacancy rates and pent-up demand.

### **Strategy 6.5: Modify Land Use Regulations to Allow for Flexible Work Space Uses**

Modify General Plan and zoning regulations to establish zoning districts and standards that accommodate modern workplace formats, with flexibility that accommodates a variety of common workplace functions including offices, light assembly, shipping/distribution. Also allow support retail, food and support services in or within walking distance of employment districts.

### **Strategy 6.6: Support Implementation of "Heart of Soquel" Project**

Assist with implementation of the "Heart of Soquel" project in Soquel Village, to provide space for parking and events. In recognition of the antique store cluster, consider periodic outdoor antique fairs in the space to help support the growth of this market sector.

### **Strategy 6.7: Encourage Revitalization of Obsolete Retail to Attract Contemporary Design and Tenant Mix**

Work with property owners and provide technical assistance to encourage renovation and/or replacement of functionally obsolete or deteriorated commercial buildings in order to create formats and retail environments that are more attractive, including outdoor gathering, eating and meeting places. Publicize new Nonconforming Uses and Structures ordinance which is more accommodating of existing buildings and uses, along with decreased parking requirements for office and retail uses, in order to encourage investment. Consider financing strategies to assist as feasible.

### **Strategy 6.8: Identify Opportunities for Small Specialty Retail and Eating Places within Neighborhoods**

Identify opportunities for greater land use diversity in neighborhoods by supporting integration of small retailers into neighborhoods, to improve local resident access to convenience goods and services and to foster neighborhood gathering opportunities at coffee shops, cafes and restaurants. Create zoning tools to accommodate and support such land uses within walking distance of neighborhoods.

### **Strategy 6.11: Engage in Main Street Approach to Revitalize Town Centers**

This strategy emphasizes a comprehensive approach to improving town centers in the unincorporated area by focusing on organization, design, promotion and economic restructuring to improve business climate and linkages with the residents they serve, especially in towns with a high percentage of workforce that out-commutes. Consider creation of Property Based Improvement Districts (PBIDs) to provide modest levels of funding to assist with implementation.

Action 6.11.1: Work with the State of California, Seacliff businesses and residents, and the District 2 County Supervisor to increase access to State-owned parking areas in Seacliff during evening and off-season hours to support viability of businesses, and enhance the positive experience of visitors.

Action 6.11.2: Work with CalTrans to manage Highway 9 in a manner that contributes to the economic success of Felton, Boulder Creek, Ben Lomond and Brookdale businesses.

## Goal 7: Promote Santa Cruz County to Local, Regional, State, National & Global Markets

Santa Cruz County has numerous natural and built attractions, including the ocean and beaches, great weather and scenery, numerous parks and beaches, quality golf courses, extensive active recreation opportunities, and a thriving arts culture. The Boardwalk attracts both day and overnight visitors, with visitation at a record high of three million per year at present. The new Santa Cruz Warriors Stadium in downtown Santa Cruz attracts basketball fans from throughout the region to follow this Division IV team.

One of the major issues identified during stakeholder meetings is that the off-peak and shoulder season decline in tourism impacts overall vitality and business success, indicating the need for more strategies to offset this seasonal decline. Addition of conference facilities has the potential to attract off-season business travel, as there currently is not a critical mass of sufficient capacity and quality to attract the meetings market to meet its full potential.

A key component of Santa Cruz tourism is its many festivals and sports events, including live music, theater and plays, artist tours, food-based festivals, mountain biking, road cycling, and running events. These are the current focus of local strategies to increase tourism in off-peak periods. The rising farm-to-table movement, along with organic food production and local wine production, are contributing to the growing strength of agri-tourism.

Marketing and promotion of the wide array of tourism opportunities in Santa Cruz offers expansion opportunities. The Convention and Visitor Council (CVC), which focuses mainly on increasing overnight and destination tourism in the County, recently launched a branding message of "Santa Cruz - Let's Cruz." The CVC has also recently expanded its website to include more robust offerings than when the county's Economic Vitality planning process started. Thus, while some stakeholders for this process commented on the need to further expand promotion and marketing to emphasize day visitor opportunities (arts and cultural events, fine dining, wine tasting, sports and recreation, and parks/natural features), the updated CVC website has now incorporated these items, and visitor-serving businesses and the Santa Cruz economy have benefited from implementation of the Tourism Marketing District (TMD) funding of the CVC.

However, more work needs to be done. The goal of promotion should be to raise the profile of Santa Cruz County as a destination akin to Sonoma Wine County, Napa Valley, or the Monterey Bay, especially targeting visitors concentrated in the Bay Area to the north, or Monterey Bay to the south. The County can play a role in connecting and strengthening partnerships between the CVC and the myriad of arts, cultural, wine, and related organizations. The strategy process should include collecting data on visitation by sub-region of the County, including current spending patterns, origin/destination information, and itineraries. Goals of this strategy should be to create a firm understanding of strengths and weaknesses in the tourism industry, to explore international promotion and marketing (and materials in other languages), and to foster a regular forum for arts and cultural groups to interact directly with the CVC.

Many stakeholders noted that in the short-run, simple cross-promotion at various locations around the County should be enhanced. Hotels and major facilities should have information readily available (e.g. brochures and web apps) for tourists and visitors to answer the questions of "Where else should I go in the County?" and "What else is there to do?" or "Where should I eat?".



Promotion of Santa Cruz County as a place that is “open for business” must also be a goal. Examples of success in helping business will be communicated so that this statement reflects actual and expected experiences for businesses locating and expanding in Santa Cruz County.

**Strategy 7.1: Support Marketing Initiatives by Conference and Visitors Council**

Support efforts of and collaborate with the Santa Cruz County Conference and Visitors Council (CVC) and Tourism Marketing District (TMD) to promote County attractions, businesses, events, and activities.

**Strategy 7.2: Assist Chambers of Commerce and Other Organizations to “Tell Success Stories”**

Collaborate with Chambers and Commerce, the Santa Cruz Business Council and other organizations to identify and “Tell the Success Stories” through a variety of media, newsletters and other channels in order to promote the County as a place for business.

Action 7.2.1: Work with the Chambers of Commerce, Business Associations, Economic Organizations and others to promote a cohesive, unified voice to “tell the story” of the successes of the business community through a variety of media – newsletters, press releases, and social – to promote the County as a place that is “open for business”.

**Strategy 7.3: Consider Joint Marketing with Incorporated Cities**

Consider working with other Santa Cruz County cities to create a strategy for sharing and maximizing impact of available resources for marketing and promotion efforts.

**Strategy 7.4: Attend Industry Events and Conferences to Promote Santa Cruz County**

Attend industry, local, regional and statewide events and conferences such as CALED, ICSC, California Main Street, Silicon Valley events, and Community Leadership Visits – to promote Santa Cruz strengths and opportunities, share successes, and network and learn from peers.

**Strategy 7.5: Support Events Celebrating County Assets and Culture**

Support current and future events that celebrate County assets and culture. Create streamlined event permitting processes, potentially consolidating one system handling permitting for all county jurisdictions, and collaborate on scheduling to maximize direct and indirect benefits to local economies, especially during the shoulder season.

**Strategy 7.6: With Partner Organizations, Create Branding Campaigns for Agricultural and Other Santa Cruz County Products and Events**

Collaborate with all sectors to identify, name, and market a “Santa Cruz Brand” that worldwide markets will recognize. Consider a “Santa Cruz County Grown” label for agricultural products; and possibly a “Santa Cruz Authentic” brand for businesses, products, arts, recreation, wineries, events, and other products and activities that are made or that are available in Santa Cruz.

## TWO YEAR WORK PLAN (2014/15 and 2015/16)

This last section of the County of Santa Cruz Economic Vitality Strategy presents a Two Year Work Plan. It includes selected priority strategies and actions that can be undertaken within the next two years. Staff and resources will be dedicated within various County departments to form an "Economic Vitality Team" to undertake annual work plans consistent with this EVS Two Year Work Plan.

After the chart of Two Year Work Plan items, a second chart is presented which summarizes strategies that relate more to "on-going supportive policies and intentions" rather than work plan action items. That chart also lists future work plan items that are considered mid- to longer-term priorities, which will be undertaken as resources allow in the future.

Overall management is the responsibility of the County Administrative Officer, while day-to-day management of work plan efforts is the responsibility of the department directors involved with each of the activities, with key staffing and partners as identified in the Work Plan.

It is anticipated that by May of 2016, an updated EVS Work Plan would be presented for consideration of the Board of Supervisors, which would outline priority strategies for the following two to three years. In this way, the Board will continue to monitor and oversee economic vitality efforts, with the opportunity to provide direction and resources as appropriate over time, as the EVS is implemented.

**TWO YEAR WORK PLAN  
-- STRATEGIES & ACTIONS --**

<b>GOAL #1 CREATE SHARED VISION &amp; ORGANIZE FOR ACTION</b>	<b>PRIMARY RESPONSIBILITY</b>	<b>LEAD TEAM / PARTNERS</b>	<b>ESTIMATED COMPLETE</b>
Adopt Santa Cruz County Economic Vitality Strategy (EVS)	Board of Supervisors	Community & Stakeholders	August 2014
Designate a Point Person for Economic Vitality in each Department	CAO	Department Heads	August 2014
Monitor Deliberations and Decisions About Water Supply That Affect Economic Development and Economic Vitality	CAO	EHS Water Manager; CAO Analysts, Dept. Directors	2014 and Ongoing
CAO Authorize PI Director to Lead Inter-Departmental County Strategic Action Team (ED-SAT) to assist Key ED Projects	CAO Planning Director	CAO Principal Admin Analyst, Economic Dev't Coordinator	August 2014
Data Analysis and Research, including -- Prepare 5-Year CEDS Update for Eligibility for Federal ED grants -- Identify Appropriate Metrics and Track Economic Vitality Efforts	CAO Principal Admin Analyst	WIB Director, ED Coordinator	April 2015
Consider a Business License Program for Businesses in the Unincorporated Areas - to create list of businesses by type & size	Board of Supervisors  CAO	CAO Principal Admin Analyst, Economic Dev't Coordinator	2015/16
Establish Ongoing Collaboration with Economic Development Staff in Each City in the County -- Provide for Quarterly Meetings to network and share information and business leads	Planning Director, Economic Dev't Coordinator	CAO Principal Admin Analyst, PI Dept Dev Rev Managers	2014/15 and Ongoing
Create Communications Strategy to Educate and Promote the Vision: -- Improve and Prominently Feature Economic Vitality on the County Website -- Distribute County Economic Vitality press releases or blogs via E-News email blasts -- If adopted, use Business License contacts for analytical purposes, and for targeted information distribution	CAO Planning Director	CAO Principal Admin Analyst, Economic Dev't Coordinator	2014/15 and Ongoing
Collaborate with local economic development organizations such as the SBDC, SCORE, SCCBC, private sector lenders, Chambers of Commerce, downtown associations, real estate brokers and other organizations – Meet twice a year as broad group	CAO Planning Director	CAO Principal Admin Analyst, Economic Dev't Coordinator	2014/15 and Ongoing

<b>GOAL #2 SUPPORT SUSTAINABLE DEVELOPMENT AND AVAILABILITY OF HOUSING</b>	<b>PRIMARY RESPONSIBILITY</b>	<b>LEAD TEAM / PARTNERS</b>	<b>ESTIMATED COMPLETE</b>
Adopt Sustainable Santa Cruz County Planning Study	Board of Supervisors	Planning Department	September 2014
Pursue "One-Stop Development Services Center" Model – And Provide Customer Service Training to all Permit Processing Staff in Planning, Public Works, Environmental Health, Fire, Other Agencies	CAO Lead, with Planning Director	Ass't PL Director, Permit Center Manager, Dept Directors	August 2014 through June 2015
Permit Assistance and "Ombudsman" Permit Center Management -- Land Use/Regulatory Assistance for Businesses seeking permits	Ass't PL Director, PL Permit Center Manager	Permit Review Agencies – ALL ED Coordinator	Ongoing
Support a "Legalization Assistance Permit Program" (LAPP)	Board of Supervisors, Planning Director	Planning Department, Agency Staff & Directors	Initiate July 2014
Adopt Modernized County Codes, Zoning, and Sign Ordinances	Board of Supervisors, Planning Director	Planning Department	2014/15 2015/16
Review and Adopt Updates to County Affordable Housing Regulations and Programs to Ensure Efficacy	Board of Supervisors, Planning Director	Housing Coordinator, Planning Department	June 2014 through Dec 2015
Adopt Updated County Housing Element	Board of Supervisors, Planning Director	Housing Coordinator, Planning Department	By Dec 2015
Program for Successor Agency Affordable Housing Reuse Funds	Board of Supervisors, CAO, Planning Director	Housing Coordinator, Planning Dept	Ongoing Budgets
Prepare and Adopt "Sustainability" General Plan Update to Land Use, Circulation, Community Design, and Safety Elements, and Incorporate Economic Vitality Goals and Policies -- Prepare and Certify Master EIR on proposed GP Sustainability Update and "New Tools"	Board of Supervisors, CAO, Planning Director	Planning Department	2015/16 through 2016/17
Create "New Tools" for County Zoning Districts and Development Standards: e.g. WorkFlex, Mixed Use, Small Lot SF, ResFlex	Board of Supervisors, Planning Director	Planning Department	2015/16 through 2016/17
Incentivize Second Units and Small Rental Units that are Affordable By Design	Board of Supervisors, Planning Director	Planning Department	2015/16 through 2016/17
Consider High Density Overlay District for Small Unit & Supportive Service Housing	Board of Supervisors, Planning Director	Planning Department	2015/16 through 2016/17
Maintain Partnerships with Housing Authority & Housing Non-Profits	BOS, CAO, PI Director, Housing Coordinator	Planning Department, Other Agencies	Ongoing Budgets
Support Meeting Farmworker Housing Needs	BOS, CAO, PI Director, Housing Coordinator	Housing Non-Profits, Farm Bureau, Others	2015/16 through 2016/17

<b>GOAL #3 STRENGTHEN KEY ECONOMIC SECTORS: AGRICULTURE, HEALTH, EDUCATION AND LEISURE &amp; HOSPITALITY</b>	<b>PRIMARY RESPONSIBILITY</b>	<b>LEAD TEAM / PARTNERS</b>	<b>ESTIMATED COMPLETE</b>
Business Retention & Expansion Program - Outreach & Matchmaking -- Minimum of Twelve Site Visit Retention Interviews Each Year	Economic Dev't Coordinator – PL CAO Principal Admin Analyst	Business Council, Area Chambers	Ongoing
Monitor Deliberations and Decisions About Water Supply/Quality That Affect Agriculture	CAO	EHS Water Manager, Planning Dept	2014/15 and Ongoing
Consider Amendments to County Code to Support Agricultural- Related Enterprises -- Coordinate with Partners to Convene Ag Stakeholder Meetings	Planning Department; Board of Supervisors to consider/adopt	Planning staff, Ag Extension & Commissioner Farm Bureau	2014/15 and 2015/16
Identify Sites for Modern Ag Supply/Distribution Chain Facilities	ED Coordinator	Planning staff, Ag Extension & Commissioner Farm Bureau	2014/15 and Ongoing
Work with Sutter/PAMF to Support Future Campus Development, and on Reuse Strategies for Existing Medical Buildings	CAO Planning Director	Planning, DPW, RTC, Metro	2014/15 and Ongoing
Work with Dominican/Dignity Health, Sutter/PAMF to Improve Transportation Access and Campus Mobility	CAO Planning Director	Planning, DPW, RTC, Metro	2014/15 and Ongoing
Work with the Medical Corridor Property Owners to Attract Hotel	Planning Director, Economic Dev't Coordinator	CAO Analysts, DPW & Dept. Directors	2014/15 and Ongoing
Facilitate Development of Visitor Facilities at Santa Cruz Harbor	Planning Director, Economic Dev't Coordinator	DPW Real Property & Dept Directors	2014/15 and Ongoing
Provide Technical Assistance to Restore Historic Lodging Facilities – Starting with Brookdale Lodge	Economic Dev't Coordinator	Planning Department	2014/15
Contract with Small Business Development Center (SBDC) to Provide Business Support to Visitor Serving Sector	Board of Supervisors	Economic Dev't Coordinator	2014/15 and Ongoing
Review Code for Bed and Breakfast Requirements	Board of Supervisors	Planning Department	2014/15 and 2015/16

<b>GOAL #4 ENHANCE GROWTH OPPORTUNITIES FOR EMERGING SECTORS OF TECHNOLOGY/INNOVATION AND THE ARTS; AND SUPPORT SMALL BUSINESS</b>	<b>PRIMARY RESPONSIBILITY</b>	<b>LEAD TEAM / PARTNERS</b>	<b>ESTIMATED COMPLETE</b>
Support Expansion of Broadband Infrastructure Throughout County	Board of Supervisors, CAO	Planning, ISD, ED Coordinator	2014/15 & Ongoing
Identify Locations and Encourage Adaptive Reuse for Innovation Sector Employment -- Work with property owners in the upper 41 <sup>st</sup> Avenue area around Research Park	Planning Department	Planning Staff, ED Coordinator	2014/15 & Ongoing
Encourage Satellite Locations for Silicon Valley Tech Companies in Santa Cruz County	CAO Planning Director	ED Coordinator, Planning Staff	2015/16
Develop Financing Incentive Program and Assistance Tools	CAO Planning Director	CAO Analysts, ED Coordinator	2015/16
Work with Par 3 Property Owners on Potential Re-Use Options	Planning Director	ED Coordinator, Planning Staff	2014/15 & Ongoing
Facilitate Development of a Work/Live Technology Incubator -- Work with a property owner to explore the economic viability and sustainability to provide a "live-work tech" product taking into consideration potential development and infrastructure barriers	Planning Director, ED Coordinator	Housing Manager, CAO Analysts, DPW & Dept. Directors	2015/16 & Ongoing
Work with Property Owner and Stakeholders for Reuse of CEMEX Site to Foster Job Creation	Planning Director, ED Coordinator	Planning Staff, CAO Analysts, DPW & Dept. Directors	2014/15 & Ongoing
Partner with the SBDC to facilitate a meet-up group and education for artists selling their works or who would like to sell their works online, including Etsy sellers	BOS/CAO Fund SBDC	ED Coordinator	2014/15
Enter into annual contracts with the Small Business Development Center (SBDC) to provide training and support for small businesses	Board of Supervisors	SBDC ED Coordinator	2014/15 & Ongoing
Pursue Programs to Train Businesses in E-Commerce	Board of Supervisors	ED Coordinator	Within FY Budgets
Create an "Over the Counter" Home Occupation Business Permit and Designate a Small Business Ombudsman in the Planning Department	Board of Supervisors, Planning Director	Planning Staff, ED Coordinator	2015/16
Partner with the Santa Cruz Area Chamber of Commerce, the Santa Cruz County Business Council and the Small Business Development Center to expand and create an annual or semi-annual small business symposium to educate and grow businesses within County	CAO, Planning	CAO Principal Admin Analyst, Economic Dev't Coordinator	2015/16 and Ongoing
Study Soquel Corridor Auto and Service Businesses	Planning Department	ED Coordinator	2015/16

<b>GOAL #5 EXPAND PUBLIC SECTOR CAPACITY AND INFRASTRUCTURE</b>	<b>PRIMARY RESPONSIBILITY</b>	<b>LEAD TEAM / PARTNERS</b>	<b>ESTIMATED COMPLETE</b>
Support Expansion of High Speed Broadband Infrastructure throughout the County	Board of Supervisors, CAO	ISD, DPW, ED Coordinator	2014/15 & Ongoing
Consider a Business License Program for Businesses in the Unincorporated Areas -- Explore Modest Business License Tax Commensurate with Firm Size to Recover Public Service Costs	Board of Supervisors, CAO	CAO Principal Admin Analyst, Economic Dev'mt Coordinator	2014/15 through 2015/16
Managed Disposition of RDA Successor Agency Properties at 7 <sup>th</sup> /Brommer and 17 <sup>th</sup> /Capitola Road	Successor Agency, CAO, Planning Director	DPW Ass't Dir, Chief Real Prop, CAO Principal Admin Analyst, ED Coordinator	2014/15 through 2015/16
Encourage Lodging Development to Foster Visitor Services and Fiscal Revenues	Board of Supervisors, CAO	Planning, DPW, ED Coordinator, Other Agencies	2014/15 & Ongoing
Maximize Opportunities for New Retail and Service Businesses	Board of Supervisors, CAO	Planning, DPW, ED Coordinator, Other Agencies	2014/15 & Ongoing
Prepare 2035 Infrastructure Master Plans	CAO, DPW	DPW Staff & Planning Dept	2015/16 - 2016/17
Prepare and Implement a Development Impact Fee Study to Support Adequate Infrastructure	CAO, DPW	CAO Analysts, DPW Staff & Dept. Directors	2015/16 through 2016/17
Consider and Adopt New Zoning Tools to Accommodate Development Projects at Densities Which Achieve Fiscal Neutrality	Board of Supervisors	Planning Department	2015/16 through 2016/17
Support Workforce Investment Board Initiatives	Board of Supervisors, CAO	Human Services Dept, WIB, Others	2014/15 & Ongoing
Promote Hiring Tax Credits and Other Incentives to Business for Job Creation -- Educate new and existing businesses regarding tax credits and other incentives for job creation through the Small Business Development Center, the WIB, Shoreline Workforce Development, business contacts through economic development and traditional methods of newsletters and media	Board of Supervisors, CAO, SBDC, WIB, Shoreline, Others	CAO Analysts, ED Coordinator, Business Council, Chambers	2014/15 & Ongoing

<b>GOAL #6 REVITALIZE AND STRENGTHEN TOWN CENTERS AND COMMERCIAL AREAS</b>	<b>PRIMARY RESPONSIBILITY</b>	<b>LEAD TEAM / PARTNERS</b>	<b>ESTIMATED COMPLETE</b>
Invest in public infrastructure and provide technical assistance to developers of the Aptos Village Planned Unit Development (PUD) mixed use project (allows up to 69 dwelling units and 75,000 square feet of new commercial space)	Board of Supervisors, CAO	DPW, Planning Department, ED Coordinator	2014/15 through 2015/16
Implement RDA Successor Agency 17 <sup>th</sup> Avenue/Capitola Road "Managed Disposition" for Retail/Community Hub	Successor Agency, CAO, Planning Director	DPW Ass't Dir, Chief Real Prop, CAO Principal Admin Analyst, ED Coordinator	2014/15 through 2015/16
Support Revitalization of Privately-Owned Shopping Centers: -- e.g. Rancho del Mar Shopping Center	Board of Supervisors, CAO	ED Coordinator, DPW, Planning Department	2014/15 through 2015/16
Encourage New Office and Workspace Development in Mid-County to Meet Market Demands	Planning Director, Economic Dev't Coordinator	Planning Staff, DPW & Agency Directors	2014/15 & Ongoing
Modify Land Use Regulations to Allow for Flexible Work Space Uses	Board of Supervisors, CAO, Planning Director	Planning Department	2015/16 through 2016/17
Support Implementation of "Heart of Soquel" Project	Board of Supervisors, CAO	DPW, Soquel Prop Owners & Businesses	2014/15 & Ongoing
Encourage Revitalization of Obsolete Retail to Attract Contemporary Design and Tenant Mix -- e.g. East Cliff Village Shopping Center	Planning Director, Economic Dev't Coordinator	Planning Staff, DPW & Agency Directors	2014/15 & Ongoing
Engage in Main Street Approach to Revitalize Town Centers	Board of Supervisors, CAO Economic Dev't Coordinator	Prop Owners, CVC, DPW, CalTrans, SLV Businesses	2015/16 & Ongoing
Work with the State of California, Seacliff businesses and residents, and the District 2 County Supervisor to increase access to State-owned parking areas in Seacliff during evening and off-season hours to support viability of businesses, and enhance the positive experience of visitors	Board of Supervisors, Economic Dev't Coordinator	DPW, CVC, CalTrans, Seacliff Businesses	2014/15 & Ongoing
Work with CalTrans to manage Highway 9 in a manner that contributes to the economic success of Felton, Boulder Creek, Ben Lomond and Brookdale businesses	Board of Supervisors, Economic Dev't Coordinator	DPW, CalTrans, SLV Businesses	2014/15 & Ongoing



<b>GOAL #7 PROMOTE SANTA CRUZ COUNTY TO LOCAL, REGIONAL, STATE, NATIONAL AND GLOBAL MARKETS</b>	<b>PRIMARY RESPONSIBILITY</b>	<b>LEAD TEAM / PARTNERS</b>	<b>ESTIMATED COMPLETE</b>
Support Cross-Promotion Marketing Initiatives -- May Require Funding Commitment	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2015/16 & Ongoing
Support Marketing Initiatives by Conference and Visitors Council	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2014/15 & Ongoing
Consider Joint Marketing with Incorporated Cities -- May Require Funding Commitment	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2015/16 & Ongoing
Work with Chambers of Commerce and Other Organizations to "Tell Success Stories"	CVC, CAO Analysts, ED Coordinator	Agency Directors & Business Groups	2014/15 & Ongoing
Attend Industry Events and Conferences to Promote Santa Cruz County	CVC, CAO Analysts, ED Coordinator	Agency Directors & Business Groups	2014/15 & Ongoing
With Partner Organizations, Create Branding Campaigns for Agricultural and Other Santa Cruz County Products and Events	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2015/16 & Ongoing

**ON-GOING SUPPORTIVE POLICIES & INTENTIONS,  
AND MID- TO LONGER-TERM PRIORITIES  
AS RESOURCES ALLOW**

<b>ON-GOING SUPPORTIVE POLICIES &amp; INTENTIONS; AND MID- TO LONGER-TERM PRIORITIES AS RESOURCES ALLOW</b>
Participate with Chambers of Commerce; Industry Meet-Up Groups; Joint Venture Silicon Valley, Silicon Valley Leadership Group; other Economic Organizations
Support Partnerships to Strengthen Local Sustainable Agriculture
Support Ag Branding Initiatives
Support Expansion and Strengthening of Community Health Centers
Prepare and Adopt Update to General Plan Open Space and Conservation Elements, to reflect updated information, policies and strategies for preservation and enhancement of natural resources and open spaces; which are key components of the Santa Cruz economy for Eco-Tourism
Encourage Land-/Acreage-Based Uses to Locate Outside of Urban Services Line (USL)
Continue Efforts to Identify and Address Regulatory Obstacles; so that the County Code keeps pace with modern practices
Encourage Expansion of Medical Education and Training Programs
Support Workforce Training for Ag Sector Occupations
Support and Facilitate Workforce Training Programs at Area Educational Institutions
Support Increased and Improved Educator Training at All Levels
Strengthen Youth Education & Training -- Improve Graduation Rates
Explore Creating Incubator Facilities
Facilitate Development of Sustainable Visitor Facilities at Appropriate Locations
Continue effort to monitor websites and identify locations advertising visitor accommodations that are not allowed, such as airbnb.com, in order to support the viability of legally permitted locations
Partner with State to Enhance Recreational Opportunities on State Lands

<p>Facilitate Establishment of Regional Youth Sports Facilities</p> <ul style="list-style-type: none"> <li>-- Support Initiatives to Promote County Commercial and Community-Serving Sports Facilities</li> </ul>
<p>Recognize Role of UCSC in Fostering Innovation:</p> <ul style="list-style-type: none"> <li>-- Participate, where needed, in the conversation regarding UCSC's leadership role in creating the next generation of technology, arts, bio-med, marine sciences, agri-science and other disciplines which will inspire new businesses and technologies in the future</li> <li>-- Provide technical assistance, where warranted, to the UCSC Center for Entrepreneurship Program (C4E)</li> <li>-- Support UCSC's Human Genome Institute Initiative</li> </ul>
<p>Seek to Retain and Attract Innovation and "Maker" Companies</p>
<p>Provide ombudsman assistance to locate and attract innovation companies that make products for worldwide distribution</p>
<p>Support Arts Organizations</p> <ul style="list-style-type: none"> <li>-- Support "First Friday" and "Open Studios" Arts Programs</li> <li>-- Engage with Existing Meet-Ups in Creative and Arts Industries</li> <li>-- Encourage and Facilitate Arts Support Services and Networking</li> <li>-- Facilitate an arts association "meet up" group to facilitate the exchange of information on items that impact the arts</li> <li>-- Identify Sites Appropriate for Artists Live/Work Projects</li> </ul>
<p>Tap Skills and Leadership of Innovation Sector Residents to Support Sector and Local Economy through "Encore Careers"</p>
<p>Partner with Economic Development counterparts in the incorporated cities to ensure that the companies which are currently manufacturing products in the recreation and lifestyle market niche are visited on an agreed-upon schedule with the intent to address challenges identified by the companies and further their success.</p>
<p>Encourage Retention and Expansion of Recreation / Lifestyle Product Designers and Manufacturers</p>
<p>Support Film and Performance Arts Initiatives</p> <ul style="list-style-type: none"> <li>-- Provide in-kind resources to assist with creating a visual inventory of assets available to the film industry.</li> <li>-- Work with the performance arts venues to ensure economic viability and enhance efforts to market the performance arts</li> </ul>
<p>Support Protection and Restoration of Natural Areas with Sustainable Visitor Recreation Improvements</p>
<p>Partner with the Export Assistance Office in Monterey and the Patents Office in San Jose to provide technical assistance to businesses seeking export assistance and intellectual property protection</p>
<p>Work with Regional Transportation Agencies to Achieve Balanced Funding for Improvements to All Modes</p>
<p>Promote Local Airports and Proximity to SJC and SFO Service</p>
<p>Maximize Grant Funding for Infrastructure Improvements</p>
<p>Encourage Non-Retail Sales and Use Tax Generators (B2B Sales)</p>
<p>Explore and Implement Funding Mechanisms to Stimulate Job Creation, Affordable Housing, and Economic Vitality</p>
<p>Work with Fire Districts to Obtain Funding for Response Time Improvements</p>
<p>Forge Partnerships and Linkages to Workforce Education and Training Organizations</p> <ul style="list-style-type: none"> <li>-- Promote Workforce Investment Board's Youth Program to Business Community</li> <li>-- Collaborate with South County Youth Organizations to Foster Education and Job Training Programs</li> <li>-- Encourage Youth Mentorship and Apprenticeship Programs</li> </ul>
<p>Identify Opportunities for Small Specialty Retail and Eating Places within Neighborhoods</p>
<p>Support Events Celebrating County Assets and Culture</p>

## APPENDICES

The following appendices to the EVS are included in order to provide important information and summaries of stakeholder and public input.

- Appendix A: The Strategic Plan Process
- Appendix B: Summary of EVS Focus Group and Public Comment;  
and CFSC Summaries of Community Conversations
- Appendix C: Economic Context, Trends and Projections
- Appendix D: City and Subregional Information
- Appendix E: Overview of Hotel Product Types
- Appendix F: Economic Trends Report

## Appendix A: The Strategic Plan Process

The Economic Vitality Strategy planning process included the following steps:

- 1. Evaluate Economic Trends and Opportunities** through data analysis and stakeholder focus groups. The results of this first step were summarized in the Santa Cruz County Economic Trends Report available on the County's website under Economic Development. A total of nine stakeholder focus group and community meetings were held during early 2013, to hold a structured dialogue with representatives from area businesses, trade organizations, educational institutions, all geographic areas of the County, and economic development staff from cities in the County. A summary of the public input received at these meetings is included as Appendix D of this Economic Vitality Strategy.
- 2. Identify Economic Opportunities** for increased vitality. These opportunities are described in each chapter of this Strategy.
- 3. Incorporate Public Input** through four at-large public meetings. The meetings were held in each sub-region of the County during September and early October 2013, to garner comments and ideas for refining the economic opportunities.
- 4. Formulate the Strategy and Action Plan** including goals, strategies, and implementation actions, as contained in this document.
- 5. Release of Public Review Draft Economic Vitality Strategy for Review and Comment.** In May 2014 the Public Review Draft EVS is presented to the Board of Supervisors, posted on the County website, and distributed to stakeholder groups and the public, with a request for public comments to be submitted during a 45-day review period.
- 6. Prepare Final Draft of Economic Vitality Strategy for Consideration by the Board of Supervisors.** During July, a revised draft will be prepared to incorporate revisions as appropriate based on public and stakeholder comments. The Revised Draft will be presented to the Board of Supervisors for discussion and direction in August 2014. Based upon direction, further refinements will be made to prepare the Final EVS.
- 7. Approval of Santa Cruz County Economic Vitality Strategy.** It is expected that a Final Economic Vitality Strategy will be considered by the Board of Supervisors for approval in August or September of 2014.

## Appendix B: Summary of Focus Group and Public Comment; and CFSC Summaries

### Finance, Developers, Real Estate

#### Comments

- Restaurant leakage: there are no anchor restaurants. Mostly mom and pops that people aren't familiar with.
- Can't seem to approve hotels or conference facilities that would generate traffic for restaurants
- The Seascope Golf Course has a club house but can't fit 200. The Chaminade is very expensive. Seacliff is a better location.
- The entitlement process is painful. Aptos Village was a 9-year process, and we spent \$2.5 million on entitlements. It took 6 years to procure water, which cost \$700K + \$1M penalties. Very painful. At this point, we're still trying to get a road crossing and 2 left turn lanes. Barriers to entry are huge. That's why it's so expensive to live here. Easement, land assemblage, etc. are very difficult. Developers need a lot of staying power and capital to work through this.
- The number of tourists staying at the beaches in Aptos and in the vicinity is increasing (especially at Campgrounds). Cabrillo expanded its campus, and the number of students is on the rise. But don't see there's recognition of this, in terms of getting projects get approved. We're behind the 8 ball, especially in Aptos because we didn't have redevelopment money. The infrastructure is antiquated and we need ways to overcome this, or there's never going to be economic vitality brought to that area.
- The cost of living is a major challenge here. There will become a time, when Santa Cruz County may be an affordable alternative, to Silicon Valley and San Francisco. But we don't even have internet capabilities (fiber and speed) for a Google satellite campus. If you're tearing up Aptos Village, it would be wonderful to lay the fiber at that time. Cruzio brought fiber downtown. UCSC has fiber. Slow coming to the rest of the county.
- There's a difference between Santa Cruz City and Santa Cruz County. The City has done a great job, with incubators on the west side that's made it easier for development. We always add \$15-20 per square foot for county development because it's more expensive in terms of time. At the City, there's a lot of progress and movement, but still more work to be done. The lack of land is both a strength and a weakness. There's strong demand; at the same time, entitling scarce land is hard. And what you do with it is important.
- With respect to the incubator space in west Santa Cruz, in the 1970s, there was a big push for R&D in parts of Santa Cruz, and in some places in Soquel. Do we need to go back and develop more of that space, especially in parts of South County? Also we need to look at zoning. Multi-residential should have its own zoning, rather than R-1.5. What we have is not considered high density in any other community. There's lots of talk about mixed use, which is tricky, because you need sufficient density.
- Geography is both a strength and weakness. South County is geographically isolated because of the Arroyos, but now we've bridged over that. Need rezoning along transportation corridor, so we can do mixed-use and multi-family housing. We need to look carefully at those corridors. Right now, it's a nightmare getting across town. It's not just the large industry we need to cater to. It's building a whole system from the inside out and give people room to grow while they're incubating their businesses.
- You lose affordability when it takes that long to build.
- It's not necessarily the fault of the staff. It's a historic and cultural choice to make development difficult and make infrastructure difficult. The upside was to limit population growth. Downside is job losses, underperformance in job sectors. For any project that comes along, there's huge neighborhood

opposition, which is particularly difficult for County Supervisors. They each have their districts, and if neighbors are angry, they have to respond if they want to get elected. For our high educational attainment, people don't understand market and real estate economics. They think, for example, a developer will spend 10 years messing around a project, and it won't make any difference. Or there's always a better project that will come along. There's some sense that there's a huge demand to build new projects, but that's not necessarily the case. We have a habit about how we think about projects. It's politics, not the county staff. County has a deep-seated attitude that doesn't really prioritize economic vitality.

- If you are Supervisor, you have your own area and may not know the others well. In Santa Cruz City, everyone is walking around the same area. Our county system is flawed, and it's one of the limitations that we should recognize. To enhance economic opportunities, look at traffic impact fees, which are onerous and range from \$200K-\$800K.
- I came out of UCSC and worked for a high tech company. During those times, we wanted to keep Santa Cruz the way it was, so businesses went over the hill because of the high cost of living and zoning issues. We're discouraging high wage earners by making it hard for businesses to get their foothold here. Don't even bother with the county. We have to go around the county.
- On top of that, we don't have large swaths of land to develop. It's assembling 9 parcels, like what Jesse is doing. Then you can't get the businesses in there because it's so expensive.
- Dirt costs \$50/sf. Hard construction \$200/sf. Soft costs are \$90/sf. Rent needs to be \$3.20/sf with \$0.65 NNN (b/c need to pay for private roads). You can't get the debt ratios to work, and tenants say they can't pay that rent.
- There are positives. To enhance opportunities, let's think about single person, two-person, small home businesses and figure out how to provide services to those entrepreneurs to grow their company.
- NextSpace! Cruzio!
- For the longest time, we wanted to keep Santa Cruz weird. I know people who don't want to go downtown because of the transients.
- Downtown is really vibrant now.
- What is your impression of Santa Cruz when you hit Ocean Street? If all you see are cheap budget hotels, giant traffic jams on Ocean Street, by the time you hit the Beach Boardwalk, you just want to turn around and go home. We want them to go to other parts of the county. We're losing people because they do a surgical strike, in and out of the Boardwalk. The corridors aren't bringing them to other businesses in the county.
- We've missed a huge opportunity with our river.
- Yes, we need to think about the San Lorenzo River in a different way.
- Look at the rebirth at lower 41<sup>st</sup>. Whole Foods, whole east side and parts of the west side. We do have areas we could assemble in Santa Cruz. What we have at Aptos and Rancho del Mar - I think we're close, especially with some help from public entities in eliminating obstacles.
- People used to talk about not wanting tourists. I think we need to find a way to do something about conference space. This is still the single biggest untapped resource. Start a conference center.
- Don't forget about UCSC. Santa Cruz encouraged R&D on the west side. We're scaring people away from Santa Cruz, while others are luring them in. Let's create zones that encourage that. We want to keep university students here.
- I've heard that the Hotel Paradox figures aren't that great. We need to acknowledge the seasonality of this market. Winter months are slow around here. How do we increase off-season tourism?
- There are bike races. How do we keep them to stay longer? Stickability.

- It'll take a marketing effort that somebody needs to coordinate. County or chamber.
- We're doing something like that with Team Santa Cruz. If there was a concentrated area where all these businesses could locate. Now everything is so spread out.
- But we don't have the room to put this all in the same place.
- This came up with the Poor Clares site. It was zoned for hotel, but some economic study said we couldn't support a 5-acre hotel. But now we're hearing there's a big need for a conference-sized hotel, which is probably more than the 5 acres that's been discussed. Has there been a change in hotel demand in the last 5 years?
- The community at large will tolerate tourism from Memorial Day to Labor Day. Shoulder season is tough, and the community doesn't want to support more tourists. Locals get on Mission, not Ocean. There's not much tolerance for tourists, and this topic generates a huge firestorm politically from community.
- But the study for the Poor Clares hotel site was based on economic factors
- We haven't hit on the topic of affordable housing yet. If we're going to get workers and talent here, we have to house them. Design standards and regulations around building multi-family housing only allow 2 stories now. We need intensification of our urban areas in order to preserve open space. We have suburban type development standards in our urban areas. The prices are high because there's not enough housing.
- Yes, there are beautiful urban developments, like in parts of Denver. Our regs prohibit that.
- We have a champion in the county, and we need to support that. Retain businesses rather than chase new businesses. Reach out to businesses and make sure they have all the support they need to grow here.
- Everyone here is interested in moving forward. People in development would love to move more product. We've talked about regulations that restrict that. I want to commend the county on some changes to streamline the permit process and development application process. It recently reduced parking requirements for new commercial developments. But there are still some restrictions that prevent things from moving forward. I have 10-12K sf user for an athletic facility, but the county doesn't have a parking designation that covers this, so I need to look at the code and guess.
- Is there a way we can share in a pool? If Swenson does a study, can another developer tack onto that? It would help make things more cost effective.
- Do a better job of not being so Balkanized. If there's really a way to get more collaboration from all the Chambers, so they're not duplicating services, we can get more out.
- And it's expensive being a member in all of them. Each Chamber has its own events. Supporting nonprofits that bring people together might be a good idea.
- Zoning has been an impairment on the Poor Clares site. There's been interest from multiple parties in developing that, but they can't meet the affordable housing requirement.

## Local Economic Developers

### Comments

- One of the main County challenges is transportation. We're strangled, and this affects our economy, retail, and quality of life.
- Stormwater regulations are insane. They can add up to 40% to the cost of construction. We're missing access to telecommunications infrastructure. We don't have a single point of presence in our region



(Watsonville). Cruzio is good. But after that, there's no way to get the network outside. Our urban cores need to have the same kind of access as Scotts Valley and Santa Cruz City.

- It's beautiful here, and we're desperately trying to communicate how great it is to live here. We need a unified voice on how to communicate this message. There's nothing I could easily communicate when trying to tell a business to relocate and stay.
- On my business walk last week with Scotts Valley businesses, people kept saying how much they love being here.
- UCSC is a strength we love to hate. There are some amazing things going on there, like the genome project, which started with UCSC students.
- At the city, we've been trying for years to engage the university. Yes, it's an untapped potential for the city, but it's bringing the university from the campus into the city, and engaging the whole region economically. It's one thing to have an initial conversation, and another to get the partnerships started. There are examples out there to draw from, but it remains a challenge. They're removed and up the hill. Silicon Valley is a great opportunity and another challenge. If UCSC has a direct relationship with Silicon Valley, they're going to bypass us.
- It's not just UCSC and Cabrillo. There are other institutions, including the Monterey Institute, the Naval Post Graduate School, CSUMB. These are untapped resources.
- Tourism and hospitality are important to the San Lorenzo Valley. There are lots of people coming into the San Lorenzo Valley, including Big Basin State Park, etc. For our community, that's a lot of people. What we see happening, people are going to the parks, but they're not stopping along the way and staying. Town plans in the San Lorenzo Valley - that's a good step. We need to find a way to keep them in our local community, and with that, you'll see more job opportunities, but they may not be high paying jobs for people to live here. To make that possible, we need to make it attractive for small businesses to open, but it's a difficult situation. A lot of the properties and businesses in San Lorenzo Valley are owned by a few people who've had these for a long time. There's no incentive to make a big change. We don't have a lodging facility to capture the visitors. If you add all the visitors coming to Felton, etc. there's a lot coming through. Businesses are all trying to make it off the tourism dollars. That's what we're dealing with in San Lorenzo Valley.
- I noticed the clothing leakage. They're going to Valley Fair and Santana Row.
- We're losing a lot to the internet too.
- The CVC has a great marketing plan to market us here for tourism. There are some grassroots efforts, but more can be done. Representing the Soquel area, we have a lot of money to market our area too, and we target certain magazines. Coming up with an additional marketing plan that represents all areas of Santa Cruz County would help too. In terms of retail, Capitola Mall is an example. There's a B/C class Macy's because everyone will still go over the hill to shop. How do we attract an A+ Macy's? Attracting a bigger business will help local businesses.
- We are talking about the great higher ed institutions, but there's a disconnect between higher ed and basic education. Our school districts are suffering. This is an area of improvement. In Watsonville, we have a loyal and hardworking workforce. For the youth, we're not providing the basic education they need to access the great higher education institutions.
- One weakness is constrained resources. Water is the number one constraint. As development increases, there's competition for these resources. Retail: I've talked to the larger retail folks, and they're interested in areas where there's growth. Because of our constrained growth, Santa Cruz County is not a county known for growth, which will keep the larger retail folks away. Not sure if that's something we want to change, but that might change the way we look at retail.
- What can we as leaders do? Share our ideas. One of the hallmarks of Santa Cruz County is that we're willing to work across boundaries and recognize that there are skills and resources. In Santa Cruz City,

they allowed exceptions to parking requirements on the west side. Problem is that we don't have financial resources being invested into businesses as in Silicon Valley or San Francisco. Land trust raised \$13.5 million to protect land. We're willing to invest in some things, but we haven't made the shift to investing in business development.

- We need access to debt capital. The county doesn't have a micro loan fund. We've lost our enterprise zones and redevelopment. It would be great to leverage a loan fund for projects like Carmen's shared commercial kitchens.
- I'm one of the first cottage food holders in the county. Recently, there's been a huge influx of interest in the cottage food industry. We have something really special here. People have been talking about ways to promote this industry. It's also what we can offer from the environment.
- We have constraints. The question is whether they're ordained or self-imposed. I believe a lot of our constraints as a region are self-imposed. The results of a lot of things over time have influenced the trajectory of this economy. People probably go back over the hill and don't stay here. With a blessed environment for tourism, we end up with such heavy visitation that the community locks up. We feel like we're really constrained and can't do anything. Part of it is that the visitation doesn't pay its own way. We haven't prioritized infrastructure. We have to deal with water and transportation, and we're playing catch up. Carmel and Monterey Peninsula were geographically isolated. They capture so much more of the wealth of the visitation.
- There aren't enough hotels here in Santa Cruz, and we have to send them to Monterey. I wish the CVC were here as well, so we can have a discussion about county-wide branding. Highway 1 is backed up, and that's a problem. If there was political will to push that forward, county-wide, we'd all benefit. County-wide the issues we need to support are broadband access, Highway 1 expansion, hospitality branding, eco tourism, and water.
- I have an inn and am part of a bed and breakfast association. Some B&B operators have been inn keepers for 25+ years. Hotels are a different type of business than B&Bs, and are privately-owned establishments. We weren't supported well by the CVC, who supported the big hotels and drive businesses to Santa Cruz City. We pulled our money out of the CVC and started our own grassroots marketing campaign. The tourists are driven to the larger hotels or just drive home. How do we support the entire tourism industry, including the small businesses? The County is very restrictive on B&Bs. We're only allowed to have four rooms. The numbers don't pencil. You need a lot more rooms than that. People probably do it because they love it while others do it to maintain their areas as vibrant places. Word of mouth is how people know I exist. The smaller businesses aren't being served well.
- The visitor information center on Pacific Avenue provides an understanding of the tourists who come downtown. It's made us understand the assets we have, zip lines, etc. There's a huge disconnect in the hotel/lodging industry, and we'd like to work more at bridging these connections. We've gone through this issue of identity. 90% of what is a strength is also a weakness. SC's identity is hard to articulate because it's so diverse. If you talk to the surfers, it's the surfing culture. There's the Hawaiian culture. Next week it's the championship basketball team. The struggle is to find a brand to express that. We've tried to do that with Santa Cruz City, but it's important to manage the county identity, even if it's impossible to articulate. It's a challenge that I look forward to working on.
- A lot of what we're talking about is money. The CVC is funded by Santa Cruz County. There should be more talk about the regional economy.
- The Monterey Bay Heritage Association was leading an effort to brand our entire area, Monterey, Santa Cruz, and San Benito counties. They wanted to get us registered as a national heritage area. Bill Camp of Monterey was leading this effort. They were trying to figure out what each area brought to the table, and how to market that, and found it was very difficult to put this large area into a box.
- Another group is working on regional branding too, the Joint Venture Monterey Bay. It's hard to keep track of everyone working on this. But I think people generally think that Santa Cruz is very different from Monterey.

- We're not pulling from enough. Our workforce goes over to Silicon Valley. There needs to be some help from UCSC and the county. Let our workforce stay in our community. Go to NextSpace, expand that, so entrepreneurs can come and open up.
- Culturally we're really good at stopping things but we're not really good at starting anything. I've been in local government for 30+ years, in both Santa Cruz and Monterey. In Santa Cruz, we have better weather, are closer to the airport, and were supposed to get the aquarium until we ran them out. We are really good at stopping things. We have no visitor convention center that brings in high paying tourist \$ mid-week. Until we can culturally change our attitude, and I don't know if we can. It seems to me that Monterey was dying on the vine when the sardines left and they had Cannery Row. We wouldn't go there in the 1970s. Now, they have so much money for tourism that they have special funds for what the neighbors want, and it's because they have the convention center. Restaurants, retail, and Cannery Row was redeveloped. We have not been culturally prepared to do that. We have an opportunity right now with leadership in the community looking at things differently. We've had 30 years of anti-development. An important issue is water. If we do not solve the water supply problems, the water district will need to issue a 35% mandatory rationing in order to recover the water storage levels for 20 years, which would mean a moratorium on new development, which will kill our economy. We've got to look at water. If this doesn't happen within the next 2 years, all bets are off.

## Agriculture, Food, Wineries

### Comments

- The primary agriculture issue that is typically brought up is regulation/red tape. Other important issues are water, land availability, price of land, and workforce.
- The County has been an obstacle in keeping working agriculture. Historically, the county would rather see small housing developments in Bonny Doon than working agriculture. Newer wineries are highly regulated with visitor hours, if they're allowed at all. The County is a huge obstacle. The wine industry in Santa Cruz goes back to the 1850s, and there's a huge revenue impact.
- It's stifling that we have to close down shop and are limited by hours of operation. People in Mendocino County were open to increasing tourist flow into agriculture. We're so regulated in terms of hours of operations. We are a small wine industry. 3 counties, 68 wineries 5,000+ cases. Our challenge is to get people here. Direct to consumer is our primary business model, not really retail sales.
- If we have businesses that were able to draw tourists from other counties or internationally, as destination businesses, those are the types that the county should be fostering, and not restrict our hours of operation.
- If we look at the restraints, how are we supposed to grow our businesses, if there are County roadblocks? The economy is not stopping us. We've got great people in this room. Wine industry is agro-tourism. At every step, the county says we don't want this or that. We don't want signs on the road. We don't want deer fences to protect your crops. The County won't allow us to put up fences, but food safety say we need fences!
- A lot of counties over the last 5 years have updated their winery ordinances to allow more events, based on reasonable things like acreage. I have wording from a lot of ordinances from different jurisdictions, if the county is interested.
- We have a lot of people doing great things. We need to turn this into more of a yes culture!
- On the retail side, our challenge is mostly the number of people who commute out of the county. Most retail businesses depend on discretionary dollars. If they work elsewhere, they'll spend money where they work. The strength here is the relative affluence. Our business thrives when the entire economy thrives.

- There are many creative and intelligent people in the cottage food industry. I've been trying to set up relationships with farms and use the seasonal produce from Santa Cruz. Some may need a commercial kitchen, to aid in developing a brand, and putting their products inside local stores. Partnerships with farms. If we can create this brand – and know what that means – more people will come here, and that means more opportunity.
- Branding is important – with everyone feeling a part of that cohesiveness.
- We have businesses that have been here a long time. There's always talk about bringing in new people and new businesses. Look around and see what we have. Martinelli's Cider. Driscoll's strawberries, biggest in the world. Granite Construction. Granite Rock, the largest quarry west of the Mississippi. We can do this amongst ourselves. Kathy with Farm House Culture. She can't find a place to build her business. Help the ones here grow.
- We have some great wineries and incredible things to promote, but the restrictions on events are very difficult. Bringing non-summer activities is important, and special events can play a role in that. The majority of our businesses are small businesses. These regulations are particularly strangling for small businesses, particularly onerous paperwork. That's an important message for the county to hear.
- I came to Santa Cruz 40 years ago, and it's been an uphill battle with the planning department. I congratulate county government today for changing their attitude and the legacy of Gary Patton. Finally in the last 5-10 years, I've had more reasonable dealings with local businesses. Jon Leopold understands the agriculture needs of this county. This change in attitude towards business that's taking place, I can't tell you how important it is. We have to keep this change going in the right direction. It was a 10 to 15 year battle to open up a tasting room. It cost more money to comply with the regulations than to keep the tasting room open, but at the end, did it because wanted the winery open. The hours are limited, to only one day out of the week. There's a lot of talent in this county. And if the industry was not as restricted, there could be a lot of improvement. County will benefit fiscally if we generate more money.
- Yes there's a lot of talent in this room, but there's another part: that the county doesn't appreciate the value of agriculture. There has to be a concerted effort to help the entire county understand agriculture. For the industry that drives the economy in this county, help the public understand their value. Signage has been brought up before. Electric boxes in Santa Cruz have been painted beautiful designs. Why is ag prevented from putting up signs, but electric boxes can be painted in creative ways? Why can't we do that?
- We tried for years to get signs for wineries, tasteful signs to put up wine trails. We've been trying and trying. Since 2008, we've been trying to get signs off Mission Street, where there are 12 wineries you can walk to and restaurants on the west side.
- A famous winery in that area just closed up shop because he couldn't attract the traffic there.
- The State of Pennsylvania launched an important campaign promoting agriculture. Wish we could do something similar in Santa Cruz County to show how important ag is.
- The farmers take gigantic risks (lots of agreement in room). People don't understand how that works. SC is an epicenter for sustainability and organically grown food. For every 5 applicants qualified to get into the agriculture program at UCSC, they only accept one applicant. That's a problem, turning down 4 out of 5 applicants. There are also glaring problems in Watsonville, based on the social indicators. If we need commercial kitchen that requires a relatively low cost set of laborers to manage things. Margins matter. Processing plants could work here. When you get bigger, a lot of times you leave because bigger facilities aren't available here.
- In looking at the fiscal vitality data, it looks like Santa Cruz County's charges for services are 50% higher than the average CA county. Does that include permits? Maybe that explains why permits are so expensive here.

- To help educate people about Santa Cruz County, the wines here are as good as anywhere else in the country. The problem is that we don't produce enough of it to have a large following. We're such small producers.
- Many boomers have money and would love to start a winery. But they take one look at the regulations and find that they're too onerous. In the 1850s, Santa Cruz had 3,000 acres of wine grapes. All of Bonny Doon used to be vines. We've been an ag county, and now we're facing not in my backyard business.
- Anita runs a program that brings in 5,000 kids a year, from Merced, etc. and they get pie. She says that's 5,000 families that could be my customers.
- Timber harvest used to be a significant part of county economy. Redwoods grow really quickly, and we pioneered sustainable agriculture here, and this model has been exported. Yet, there are enormous barriers to timber harvest in the county. Continual efforts to reclaim jurisdictional harvest at the county level has made it difficult for this industry to persist.
- We're starting to see specialty cupcakes, organic ice cream, etc. People are saying that there are some things that are part of our heritage that we can build on, especially the beauty of this area, like agriculture, and restaurants that feature local foods. There are some things we want to encourage, and maybe there are some things we don't want: like Walmart. And if we don't make those choices, we'll never be successful at building what we want. We've never made a commitment to go one direction. It's either nothing or indecision.
- Do we allow farm stays, B&Bs on agriculture land? Commercial land is really restrictive, which is ironic. It comes from coastal laws. Yet, there needs to be diversification. Want to do more hospitality. For wineries, we want to be able to put them up close by, but getting permits is hard.
- The county doesn't treat small and large ag differently. What about some gal up in Boulder Creek who wants to have a farm stay?
- Nobody on our ranch that makes minimum wage. I know retail, fast-food places that may minimum wage. Edgar, who works for me, started as a radish picker, and because he did so well, was promoted to foreman. He takes pride in his work, has a family in Pajaro Valley, and is proud to be a part of the community. The trend is away from seasonal workers. That's all changed. People live in the community.
- What percent are seasonal workers versus permanent year-round workers?
- Strawberry pickers are more seasonal (3-4 months).
- Farmers can't find laborers. Make sure workers are able to stay on year round.
- We understand agriculture is a main industry in this county. Focus on the organic and sustainable food movement, which may have started here. I've heard that 30% of food sales in Santa Cruz County are organic.
- The local farmer needs margins to grow organic. Restaurants also need margins to buy from local organic producers. I can count the number of farm stands in the county on one hand because the county won't let you have a farm stand on your own farm. Every little farm should have a farm stand, for people who are driving by on a wine tour, etc. In order to make money, we have to do something else besides competing on wholesale. It's hard to get into farmers markets, and going to a farmer's market isn't always feasible. Need someone selling the produce, pay fees, and wages for staffing.
- To defend the Farmer's markets, they've done a good job with attracting different vendors at different price levels, for a diverse selection. A farmers market almost every day of the week.
- There's a parallel law going on at the state. We should take a look at that.

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- Driscoll's, even though it's a big name, is made up of many smaller farms. Someone asked how much of what we grow goes out of town, and how much stays here? Laura: nationally it's 2% stays. If we're growing it all here, then it should be staying here.
- We can't replace this ground anywhere else in this world. We've certainly never torn anything down to accommodate farm land.
- When it does happen and it works, it's an authentic experience. We just went through a branding exercise for the county.
- Tourists want to go to a local restaurant that serves local wines and meet the winemaker.
- The trend is that farmers want to do more retail on their farms, where tourists can go and visit. It's a natural place for the tourism business, if farms could put on events. If people aren't allowed to come visit your CSA, that's a roadblock on a perfect marketing connection for agro-tourism.

## Health Care, NGO, Non-Profits

### Comments

- Consider comparing Watsonville to other agriculture based economies of similar size. Suggestions included Yuma, AZ, Salinas, CA, Ventura, CA
- Only 10% of incoming students are ready for college level work, and 77% finish in 6 years. The link between education and incomes is not just about getting a degree. What you study also affects your income. The Santa Cruz County Commitment is working with K-12 and UCSC to improve outcomes. Helping students focus on career objectives and preparing them for the workforce is essential.
- California's disinvestment and budget cuts have had profound effects on this county. While graduation rates are somewhat picking up, dropout rates are still in the double digits in Pajaro. There are initiatives we can implement. Some counties are talking about Pre-K education. There's summer education for disadvantaged youth, so they don't lose two months every year. Funding for adult training and education is shrinking, and the pathway for getting adults back into the workforce is challenging. Cabrillo is trying, but adult education has taken a big hit here and in the state. The beginning teacher's salary in Santa Cruz County is \$10K-\$15K less than Santa Clara County. The governor's new proposed formula for public education funding will change the landscape. Cabrillo, WIB, and SC County can all work to embed a culture of going to college by 4th grade.
- Networks are important. Health care is a burgeoning industry with potential. There are changes in how care is being delivered, and people who are tech savvy, can think critically, and are systems oriented will be positioned well. There's a need for bilingual and bicultural staff that can perform these functions. The demographics of our community are changing, and there will be a greater need, especially with more people coming online for coverage.
- Even though we expect an increase demand for health care, in the last few years, there's been a bit of an oversupply. We also see a need for bilingual and bicultural staff. With the high dropout rates in Watsonville, there's a need to re-engage adults to improve basic skills so they can access jobs. The folks who are struggling with basic skills (numbers, grammar) are having difficult time. There's also an ongoing frustration with housing costs, and salaries are never as competitive, especially in light of the high cost of housing.
- We have training for medical assistants, dental, etc. Cabrillo convenes a consortium of colleges in the Greater Bay Area, and we've been working with Kaiser and Sutter to craft a regional strategy for Santa Cruz that lines up with the Affordable Care Act.
- Help those accessing the labor market with a better sense of the skills they'll need to enter that market. Cabrillo has been tracking outcomes of students who graduate. We started this during the

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recession, and as a result, have been making dramatic changes to our programs. Among medical assistants surveyed, for example, only 30% were getting employed in their field of study. We had to have difficult discussions with employers, and then we revamped our programs.

- Cabrillo College is not in Watsonville. Students have to come to our Aptos campus for these problems. It would be hard to scale a satellite campus in Watsonville.
- I see 3 distinct issues for the county: education capacity, transportation, and land use. In terms of educational capacity, we serve 12,000 people in our catchment area, and if you look at the number of seats at Cabrillo or UCSC, it's very difficult to get someone that we serve access to these institutions. There's more online capacity – some folks are taking courses from Boston College or University of Florida, and Goodwill runs a career center. A small fraction graduate from high school and attend a four-year institution, and even less are college ready. Among the students that finish college, many don't come back once they're done because there aren't a ton of jobs. For transportation, we have 435 employees in South County, some of whom live in different parts of the county. During the recession, there were fewer vehicles, but now we're seeing more cars and the roads are congested. In terms of land use, because of water scarcity, developers are encouraged to build big houses, and this low supply leads to an increase in housing costs. We need development now with density.
- Acquire the rail line and use that for transportation, but there's a contingent of people who don't want to put rail back. For adult schools, we need more active internship programs. It would be great to see internship opportunities for green energy programs.
- We need to take the long view, otherwise we will review this again and again in the future. In Pajaro, we have some of the lowest performing schools, and at the same time, we have a lot of Head Start slots, with high-quality programs. We need a comprehensive plan for babies to access Pre-K education. This is an investment that will pay off in the long term. We also see people who are eligible for food stamps and earned income credits who don't enroll, either due to language barriers or documentation issues. With the backlash on immigration, we're also seeing a lack of an agriculture workforce too.
- Middle class families are being squeezed out, especially the lower middle class, who can't access Head Start slots and don't have enough money to pay for private schools.
- We have to look at housing and land use, and build up infrastructure
- Some of our clients spend over 50% of their income on housing. We're still living the Gary Patton legacy. We could build on COPA and broaden the base beyond COPA, which would go a long way , especially if we went through a community visioning process.
- Is the county pursuing an accessory dwelling unit (ADU) policy?
- Discussion that ADUs are exempt from cap, and no need to be low-income to qualify. But the water district may require a full water connection.
- Wages over the hill are 7% higher in Santa Clara County and we have fought being a bedroom community to Silicon Valley forever. But it may be worth taking a look again. If we can't grow and get mass here, perhaps we should think of ourselves as part of the Santa Clara jobs market. Scotts Valley looks more east to SV than it looks south, and people who live in the Summit go to Los Gatos.
- Encourage infill and incentives, especially since we no longer have enterprise zones or redevelopment. High speed internet and fiber is not evenly distributed in the county. Watsonville has no high speed fiber access. There has been a regional effort, but qualifying for federal funds is hard and there are terrain issues.
- San Luis Obispo faced the same issue. If they could only get fiber to Paso Robles, that would expand jobs. If we're looking down the road, the sooner we can do that, the sooner we can allow kids to think beyond what their parents do. There was a rumor that the County refused to let AT&T bring in high speed cable.

- Another area we can promote in Santa Cruz are dinners in the field, celebrating food, Michael Pollan, beautiful eating and farmers markets
- That would help with us. 1 out of 11 people in this county work in the tourism sector. If we promote tourism, there are benefits from occupancy taxes that we can funnel back into the local economy. A conference facility is another opportunity to pursue.
- I take my conferences to Monterey because there's nothing in Santa Cruz. We've really haven't capitalized on agritourism. We should have a package for eco-tourism: stay green, eat green, and enjoy outdoor learning experiences, but this just hasn't been packaged! But the farms have to do the heavy lifting themselves because they don't get that support from the CVC.
- I don't think the CVC would agree that they don't lend any support. I think the impediment is the lack of hotel options. 80% of tourism comes from two counties, and most are day trippers. So much of our rail line abuts scenic areas, and we can attract a different set of visitors than those who just come for the beach.
- 75% of people who attend farm dinners in the fields come from over the hill
- Most hotels in Santa Cruz are mom and pop hotels, and there's not a lot of incentive to improve their properties.
- In Santa Cruz City, if you upgrade your hotel and attain a certain standard, the city will refund a portion of the TOT.
- Could something like the Chaminade be built today?
- Have governments facilitated the expansion of Airbnb.com, especially in light of this discussion about needing higher quality places to stay.
- In 1999, we completed a cluster analysis and had both Gary Patton and Reagan in the room at the same time. There was a momentary consensus when we agreed that the 3E's were important: equity, education, and economic development. Perhaps there's no opportunity to create this again.
- Let's talk about the senior population. Before, we used to serve 3,200 seniors, and now we're at 4,200. We see a higher interest in South County, and the need everywhere is substantial. Seniors are often on fixed incomes, and food is essential, and we've been buying a lot more food, and leveraging money where we can. We got a state grant that allowed us to buy food from local farmers and providers, so that was one way to keep money circulating in the community. As seniors age, it's harder for them to get a job. The demand for senior services is high, and people are visibly in need. There's a level of desperation we haven't seen.
- We see a similar issue in the population we serve. The median age used to be in the mid 30s, and that's risen now to the mid-40s. It's so much harder to find work. There's both a youth employment problem and an older worker problem. We have a small program for seniors. Having broadband access is important for the cottage industry folks, who could sell goods on Etsy, etc.
- The time it took for someone aged 52-65 to get a job was 7 times longer than other age cohorts.
- What about the reprocessing industry. Rather than shipping our waste to China, we can take over a processing facility and reprocess materials to make them into useable goods?
- There's one in Stockton that does that.
- Goodwill and Ecology Action should collaborate. Also need to ensure we have a good flea market.
- Another thing we can do is to empower the community to figure out what they can do. Among the seniors we work with, many are socially isolated, and that impacts their mental health. The idea of creating neighborhoods that engage people is attractive.



- How do we build a culture of philanthropy? We don't have a lot of financial advisers. We find that people often give where they work. Getting people to embrace giving locally is important. There's a ton of money in this county, and we're not seeing it because people are distracted. It's easy to not give, and easy to hide. How do we engage them?
- I just want to commend the county's efforts on economic development and encourage the continual funding of this. Others agree.

## Tech, Innovation, and Creatives

### Comments

- We need to compete with jobs over the hill in Silicon Valley. Retail jobs don't earn enough money to be able to afford the high cost of living here. We haven't had a lot of public/private collaboration with the county and city. As an internet service provider, we have a lot of strong competition from national firms, and luckily, people in this county are willing to go with alternatives, like local companies. We've been able to stay alive by shifting our focus. Many tech companies that started in the 1985-1995 period were small start-ups, and many are gone because it's a competitive industry. We recently made a big infrastructure investment, adding 5-10 good jobs, but it's been a struggle. We hire across the spectrum, and often compete with Silicon Valley. Often we hire UCSC grads, and other works as well, including people in Watsonville. Bilingual skills are a plus. All of our employees live in the county.
- We've increased our fiber infrastructure in Monterey County, and have done so in parts of Watsonville. Lately, our efforts have slowed tremendously because we're not allowed to build out infrastructure in unincorporated parts of the county. This was at no cost to the city or county. Infrastructure creates jobs. Our technicians need at least high school equivalency + some community college, and starting salaries are \$45-50K. As beautiful as it is to live here, there's a lot of opposition, but then people in Boulder Creek ask why there's no service. We have plans for 38 new builds in Santa Cruz County (wireless cell towers), which is an opportunity to support jobs. But when we try to build a tower, we get a lot of community backlash, and the county pulled back. There needs to be a whole different mindset in government that the world is changing, and we need infrastructure to match. Wireless is the future, and we need to educate people that times are changing. In the summit, it's very expensive to run fiber. We entered into a partnership with satellite companies, but that's also a choice that people make to live in remote areas.
- It's the same scenario for us. We focus on fiber, and one of our biggest barriers is the government allowing us to burrow the holes we need to deliver service. Times are much longer in Santa Cruz County, and we do a lot of work in San Francisco, where there are barriers too. Permitting in Santa Cruz takes a long time too. We have a company college that offers training to help our employees succeed, and there's a lot of opportunity for growth internally.
- Deregulation has made it so that public utilities are no longer available for use. Suddenly, everything was privately owned. It would be great if we would work with the bigger companies. Rural communities are starved because the larger telecom companies go for the low hanging fruit. It's not just that the regulatory process is difficult in Santa Cruz. We're also a small community, and it's expensive to build over the hill.
- Yes, we need to pick it up. We're relying on our current infrastructure now.
- There's a lot that local governments can do. Look at the Central Coast Broadband Consortium. There a lot of simple things we can do, like coordinate street openings so if one provider opens it up, others can jump in if they need to improve. There's one building in downtown Santa Cruz that's wired, and the rents are higher, and the vacancy rates are low.
- Downtown Santa Cruz has high capacity, but the problem is delivery. Because of deregulation, service is spotty within the county. We're spreading as fast as we can, and looking at the option of laying fiber

in South County. AT&T Uverse serves Watsonville now. We need to link North and South County together. Capacity is high in downtown Santa Cruz. Problem is delivery. Because of deregulation, service is spotty within the county. We're spreading as fast as we can. We're studying laying fiber optic to South County. We're in our second big effort to get that done. Will still continue to work.

- AT&T has fiber down Highway 1, and wants to extend fiber to businesses and households. We need the permits.
- We're in the food service distribution business, and work mainly with the hospitality industry. Most our customers are in this county. In the next year and a half, we'll need to build a new warehousing facility and would like to stay in this county. We're looking at a facility of 150,000-250,000 square feet, 5-acres. Our corporate headquarters is based in Richmond, VA, and our focus is more on independent restaurants rather than big franchises. When looking at locations for our new facility, it'll come down to crunching numbers, especially if corporate is involved.
- Doing business in this county is difficult. Highway 1 is a nightmare, especially in South County. Even fire trucks have difficulty getting down there, and it's awful that the Highway hasn't been expanded down there. It took us 11 months to get a permit to match fencing. The process needs to be more efficient.
- The Salinas Valley is known as the "salad bowl", and there's tremendous growth there. We buy mostly from the Salinas Valley, although we source most of our mushrooms here in Santa Cruz. All of our precut produce is also from here (strawberries, etc.).
- The UC system should be expanding, but due to the fiscal issues at the state level, we're not seeing much growth. UCSC has taken a 33% budget cut since 2008. Although there's opportunity for growth, we also face resistance from the community (housing, traffic and water). At the School of Engineering, there's a niche in gaming, with connections with high tech in Silicon Valley. The School is trying to foster connections with NASA AAMES. I do research on sensors and how to use technology to capture solar radiation traveling through a window. In the physics department, there are efforts to spinoff research, especially with companies over the hill. There's so much infrastructure support already over the hill. Not just telecom, but more places where you manufacture and press board.
- Co-working is a great way to foster spinoffs. We'd love to work with an incubator, support technology coming from the university, and encourage young businesses to grow here.
- Makers Factory started in a co-working space, and there are lots of teenagers who come in for classes.
- Agriculture tracking technology is on the rise.
- Many incubators started in Santa Clara County. By fostering more incubators, businesses might stay.
- Our business started with a mission dedicated to better civic participation, and we developed a software product to achieve that. The reason why we exist is that we've been able to take advantage of the university. Santa Cruz still has affordable student housing. We've taken interns from UCSC with mixed success. UCSC doesn't have an entrepreneurial culture yet like schools over the hill. Juniors and seniors haven't dedicated their education to relevant tech skills, and often, students come in for one term, and they're done.
- Two of my engineers commute to Santa Cruz on Tuesday and Wednesday from San Francisco.
- Why are we competing with San Francisco? Why aren't they living in Santa Cruz?
- Because they want colleagues their own age. UCSC students leave after they're done, because we don't have cornerstone tech employers in Santa Cruz. There are Google, Apple, and Twitter buses - can we convince them to have a local branch? Even if they allowed their employees to work locally a couple days per week, that would really help. We're not going to be able to be the new start-up force in the tech community, but we can leverage our assets, and the lifestyle here.
- It doesn't help that Ray Tech, Seagate left.

- It would be helpful to start regular tech meet-ups and fundraising events, perhaps through an independent 501(c)3, with a formalized process for tech transfer. We could use this to leverage a formal network of advisors. We have the ingredients here.
- NextSpace has a coworking space with 200+ people that essentially functions as an incubator space. Cruzio has a 100+ person coworking space. I don't think we can attract a large tech company or a medium sized one, but we can attract their employees. There's no reason why they have to drive to Mountain View if they can work from home, stay local, and spend locally. Some would even take a pay cut if they could work from home.
- Don't discount Santa Cruz's ability to grow a tech company. If we involve the university, we could do something similar to Fort Collins, where researchers move from the university to the labs close by.
- There's a lot of talent and money from older tech folks here who are tired of going over the hill.
- There's a bias towards North County, which controls Highway 1. South County is hurting, where there's poverty, lack of education, lots of immigrants, and hard-working people. They're not going to work for these tech companies. Many from Watsonville barely have a 9th grade education.
- What about fostering an agriculture tech super cluster? Companies like Plant Sciences are attracting similar companies who'd rather be in Santa Cruz than in Salinas.
- Permitting - Create a common vision so that academic, business, and government can work together. A lot of the things we're already doing, but aren't formalized
- What can you all do for each other? Join the Santa Cruz Business Council
- Engage the community in a visioning process. A lot of residents are sympathetic to ecological values.
- Growth can achieve a more vibrant culture, and we need to come up with a vision that the population can buy into.
- Use the Civinomics platform to engage citizens. For example, rail trail or desalination plant?
- Business people used to be more extreme, and now are more aware of environmental issues

## Hospitality, Tourism, Arts, Sports

### Comments

- Tannery Arts is an organization that has changed over time. Last year, we opened working studios and have seen a shift in traffic coming through. The opening of the San Lorenzo bike path, which connects downtown to other parts of the county, has led to an increase in traffic. We have one board member from UCSC and Cabrillo. This is a creative hub and we're still growing.
- Santa Cruz has a bounty of natural resources. There are very few places where you can get redwoods next to a Mediterranean climate. We have mountains next to the River, and are poised in close proximity to large economic engines in Santa Clara and San Francisco. People are willing to commute because they like the lifestyle here. We have incredible outdoor recreational opportunities, and there's a focus on healthy living and sustainability. We just need to build on what we have. This is a creative place to work, being a pocket and not a big city, which gives people inspiration to do creative work. We haven't done a good job of branding. We have an opportunity to get more sophisticated, and take people away from being so summer-centric, and capture more during the shoulder seasons. We can bring art institutions to the forefront, encourage outdoor recreation in Mount Hermon, Pasatiempo, etc. If we can do that, we can attract more companies to move here.
- Santa Cruz has the 5th highest number of artists per capita in the US, after New York, Los Angeles, San Francisco, and Santa Fe. What is not well known is that Santa Cruz is an arts community. There are homegrown artists who live here. One challenge is that artists don't have a place to show their work.

Thank God for Open Studio, because artists depend on this for 75% of their art income. That's when people know to come. Art tourists spend more money than regular tourists. We need to have spaces where artists can show and sell their work.

- We need to harness what we have here. Historically, we were a summer resort town, and have grown since then, and need to tell a more sophisticated story. San Luis Obispo is a leader in this. Bloggers are hired by the tourism board to blog about SLO, and the city is throwing resources into this. We're still a hidden jewel.
- We're the biggest stop at Open Studio. It would be great if I got a call from someone who said, Google folks are coming in this week. I would stay open for them. People want to sell their work, but they also want to contribute to Santa Cruz and make it a place where people want to come. My goal is to have three dedicated galleries, and would love to bring in younger, edgier shows. Also, to spotlight Live Oak - it's an amazing place! We should be a destination for art.
- Where will all these high end people stay? There's a lack of good hotels. This is a big part of the problem.
- I've worked closely with the hotel industry association, and there's more demand than we have supply. There are more people who want to come here than there are decent places for them to stay. Some of our nicer hotels get booked out far in advance. There's been some improvement. Capitola opened up a new hotel on 41st, and the Paradox has been rehabbed. Hopefully there's more change because many come in the summer, and are shocked at paying \$300 per night for the quality they get.
- 50% of the Santa Cruz coastline is within a state park. Seacliff has the 3rd highest day use visitation among all State Parks in California. It's great that Santa Cruz is big on supporting its parks. There's always a high voter approval rating for funding parks.
- At Mount Hermon, we're looking to develop a 15-acre site at Granite Road as a recreational destination for people who like mountain biking, tracks, and ropes courses. The zip lines we operate get about 30,000 visitors, and are successful because people like the novelty of being in redwood trees. When people come from out of town, they often ask us where to go and what to do afterwards. We need more places to eat and stay, maybe a conference center that can accommodate 800 people. There's been a surge of interest in mountain biking in the community, but a lot of roads don't feel safe. We also have summer camp, and many groups stay with us.
- Yes we get referrals from Mount Hermon!
- We need more customized packages, and should work with Seaside, Roaring Camp, and Mount Hermon. Philadelphia had a "you wish you knew" feed, and we need to be smarter in our marketing. Also weave in agritourism, with offerings that cater to foodies, farm-to-table dinners, etc.
- The Cabrillo music festival is internationally known but very small. 35% travel from outside the county to attend. Summers are strong but not as strong as they can be. We also don't have a performing arts center, and can't seem to get momentum around that because there are limited funds. People know Santa Cruz is an artsy place but don't know where to go. If this doesn't change, our tourism sector won't grow.
- It feels like we're so heavily impacted and overloaded during the summers that we think we don't need more people. We want to bring people back after beach season for the Clam Chowder festival in February, cultural events in March, etc.
- Circling back to the notion of marketing Santa Cruz better, the issue isn't getting people here. The beach boardwalk gets over 3 million visitors in the summer. The issue is retention, and how to get people to come back and stay for other reasons. Nobody is taking a unified approach, and that's a vital part of the puzzle. By collaborating better, we can bring more people back for other reasons. Nobody is going to build a hotel so they can fill it for 3 months. And getting a hotel approved requires a friendly planning process, and getting people to come out who are vocal about supporting a hotel project.

- There are lots of groups doing different things: the CVC, Downtown Association, etc. There's lots of politics, who will pay to advertise where, etc. It's not a united front.
- If the availability of land for a hotel is an issue, given the boardwalk's success with day trippers, why shouldn't we just focus on day tripping?
- If we tried to build a big hotel, there would be a big outcry.
- If you've ever driven from Los Gatos to Santa Cruz on a Saturday morning, it's awful. It sometimes takes over 3 hours for people to make it over the hill, which is a big issue. I've become fond of the Amtrak bus, which takes me to Diridon station in San Jose. If we had a unified front and planned events, maybe people could take special buses to and from Santa Cruz.
- Open space is one our biggest assets, and Californians love open spaces and park. We have a beautiful, undeveloped coastline, and redwoods, and there's a lot of philanthropy money dedicated to preserving our open spaces. At Castle Rock State Park, we're building a new entrance to the park, which will not only address the parking problem but also ensures the economic viability of the park. The land trust recently acquired a portion of the Cemex property and wants to convert it to a park, which could be a huge asset.
- This is relevant for international travelers, who want to see big open vistas because they don't have these back home.
- Extreme sports - that's a growing sector, but I don't think it's wise to brand ourselves only as an extreme sports destination. We have it all. In Boulder Creek and Ben Lomond, we have more than just extreme sports - there's something for everyone.
- Until I moved here, I didn't know about the weather, which is spectacular every month. I don't think we've done a good job about promoting the weather. Also, I tried reserving rooms for an October Golf Tournament at one of the nicer hotels, but they wouldn't save rooms for us, because they were holding out for the tourists. Having a united tourism effort is vital. It's good the county is having this discussion because I wouldn't know about these issues. People often come to the golf course counter and ask, where do we go now? At the golf course, we've eliminated 32 acres of irrigated turf, and are trying to gray water so we can free up water for everyone else. We think we could free up 45 million gallons of fresh water.
- Sacramento State commissioned a study on the economic benefits of parks, and found that for every dollar spent on parks, \$2.35 went to the General Fund. Art is an economic driver.

## Community Meetings Public Comment

This section of Appendix B provides summary of notes taken during four public meetings to discuss economic vitality, as well as individual comment cards collected during and after these meetings. Attendees were also encouraged to go online to a special link, to provide additional commentary. Over 80 local residents and business / property owners attended these four public meetings, and an additional 30+ online comments were received.

## South County Public Meeting Comments

- Need to find way to get housing costs down, to support economic vitality. Too high % income spent on housing costs
- Role for City of Watsonville in County economic strategy? - Collaborate - Economic Development "Summit"