

County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

701 OCEAN STREET, SUITE 520, SANTA CRUZ, CA 95060-4073

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

May 16, 1999

Agenda: May 25, 1999

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

REGIONAL ECONOMIC CLUSTER ANALYSIS AND ACTION PLAN

Dear Members of the Board:

As you may recall, the Welfare-to-Work Act (AB 1452) includes a Job Creation Investment Fund grant program. This program provides grant funds to counties to develop and implement local job creation strategies to provide employment for CalWORKs program recipients moving into the workforce.

Last March, in conjunction with establishing a Job Training Task Force, which would suggest strategies to address the limited liveable wage employment opportunities that exist throughout the County for local residents, and would develop a job creation plan for CalWORKs recipients, your Board authorized this office to develop an application for funds under the job creation investment fund grant program.

In addition to supporting the assessment and strategy development activities that would be undertaken by the Job Training Task Force, the County's application identified the need to provide an economic base analysis for the County of Santa Cruz. The analysis would be in the form of a cluster analysis of growing industries, which includes the knowledge and information based industries in Santa Cruz County, and it would have an emphasis on understanding the role of career ladders and second-tier jobs, which can provide self-sufficiency wages for CalWORKs recipients, and under-employed County residents. It is important to a variety of interests to identify the firms that are experiencing the fastest growth, the economic clusters in expansion mode, and the occupations which will provide jobs for CalWORKs recipients and other County residents now and in the future. The application was successful in securing \$20,000 in Job Creation Investment Funds for this particular activity.

At the same time, Cabrillo College, in collaboration with its many partners in the education and workforce training community, and with the financial assistance of the Packard Foundation and the Human Resources Agency, has begun the process of creating a comprehensive, integrated, employment-driven workforce preparation system for Santa Cruz County. This process brings together employers, faculty, trainers and services providers to develop vertically integrated

sequences of programs and services that will lead to employment at family supporting **wages**. Intrinsic to this planning effort is the understanding that a successful system must be intensely focused on understanding and meeting the needs of employers.

Given the broad range of interests who would benefit from a economic cluster analysis project, this office, in collaboration with the Human Resources Agency's CalWORKs and CareerWorks (JTPA) divisions, Cabrillo College, and the County and City of Santa Cruz Redevelopment Agencies, has identified a process and a provider which can meet the needs of planning efforts underway in the education community, the welfare-to-work community, and the economic development community.

Phase I - Regional Economic Cluster Analysis

The process looks at economic trends in a new and different way. Instead of measuring economic activity in isolated sectors (for example, agriculture, retail, business services, etc.), the analysis looks at clusters of economic activity or inter-dependent networks of firms, including buyers and suppliers. The process also looks at economic activity in a regional way, understanding that this activity crosses geo-political and jurisdictional borders. Once the major economic clusters are identified, briefing papers, with key facts about the cluster, and an overview of areas for potential collaboration and action are created. These briefing papers- are the basis for conducting cluster forums. At these forums, top level people from each cluster review the analysis, describe the future opportunities for their economic group, and determine if there are areas where collaborative action could be valuable to the success of the cluster in our region.

Once the initial results are recorded, the provider organizes a Leadership Workshop that brings representatives of all of the clusters together with interested members of the community for a discussion of how issues and trends might be catalyzed into action teams to address issues common across clusters, such as the availability of an appropriated skilled workforce, or issues specific to an individual cluster, such as venture capital opportunities for Internet products firms.

Phase II - Action Teams and Action Plans

The Leadership Forum will be the catalyst for launching action teams, comprised of participants from the cluster forums and interested members of the community, including and especially the workforce education and development community. These action teams will utilize standard business planning principles to develop action plans that organize resources to address issues that are most important to the cluster. As the action plans are taken up by the larger leadership group, the project will host a public forum to create public visibility as well as financial support for implementing initiatives. The hope is that new alliances will be formed. For instance, it is recognized that the task of regional work force development is beyond the abilities of existing institutions. The provider suggests that the best way to achieve significant progress is to create new alliances of institutions, businesses, and community organizations to make workforce development a multi-faceted, collaborative, and regional priority.

In the event that champions or clear leaders for specific concerns or projects do not emerge, the provider shall report this outcome, and Phase II, the development of action teams and action plans will not occur.

The Provider - Collaborative Economics

The recommended provider for the Cluster Analysis and Action Team Project is Collaborative Economics, Inc. (CEI) based in Palo Alto, California. CEI has launched a number of collaborative initiatives in our state, and throughout the country, most notably Joint Venture Silicon Valley. CEI invented the process of defining a region's activity by economic clusters, and from the cluster forum and leadership forum process, they have developed the process of identifying and empowering Civic Entrepreneurs.

The James Irvine Foundation has recognized CEI's model for collaborative investigation and action, and has assisted collaborative regional initiatives led by civic entrepreneurs by sponsoring summits for these initiatives to come together and learn from each other, and by providing resources to bring this model to other communities across the State.

The project is sponsored with the following financial contributions:

City of Santa Cruz Redevelopment Agency	\$ 7,500
County of Santa Cruz Redevelopment Agency	\$ 7,500
County of Santa Cruz Administrative Office (JTIF)	\$20,000
Human Resources Agency (CalWORKs)	\$30,000
Human Resources Agency (JTPA)	\$65,000
Cabrillo College	\$10,000

While the City of Watsonville is not a financial sponsor, they will be participating in all stages of the analysis, leadership forum, and action team phases.

It is therefore RECOMMENDED that your Board:

1. Approve the attached agreement in the amount of \$140,000 between Collaborative Economics, Inc. and the City of Santa Cruz Redevelopment Agency (\$7,500), County of Santa Cruz Redevelopment Agency (\$7,500), County of Santa Cruz Administrative Office (JTIF - \$20,000), Human Resources Agency (CalWORKs - \$30,000 and JTPA - \$65,000), and Cabrillo College (\$10,000) to perform a regional economic cluster analysis and action plan;
2. Authorize the County Administrative Officer and the Human Resources Agency Administrator to sign the agreement on behalf of the County; and
3. Direct the Human Resources Agency to return at Budget Hearings with the accounting detail.

Very truly yours,



SUSAN A. MAURIELLO
County Administrative Officer

SAM:sp/calworks.ceibos.wpd

Attachment

cc: Human Resources Agency
Redevelopment Agency
Cabrillo College
City of Santa Cruz Redevelopment Agency

COUNTY OF SANTA CRUZ
REQUEST FOR APPROVAL OF AGREEMENT

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TO: Board of Supervisors
County Administrative Officer
County Counsel
Auditor-Controller

FROM: _____ Human Resources Agency (Dept.)
W. Alcorn (Signature) 5/18/99 (Date)

The Board of Supervisors is hereby requested to approve the attached agreement and authorize the execution of the same.

1. Said agreement is between the County of Santa Cruz HRA/CAO (Agency)
and Collaborative Economics Inc., 340 Cambridge Ave, Palo Alto, CA 94306 (Name & Address)
2. The agreement will provide collaboration of HRA-CalWorks-Career Works, CAO, County & City
Redevelopment, Cabrillo College.
3. The agreement is needed to organize a core leadership group to conduct an analysis of regional
economic activity.
4. Period of the agreement is from 6/1/99 to 3/31/00
5. Anticipated cost is \$ 140,000 (Fixed amount; Monthly rate; Not to exceed)
6. Remarks: Encumber FY 98/99: 396000/3975-\$14,000 FY 99/00: 18100/3665-\$20,000;
392100/3665-\$55,000; 39600/3665-\$51,000 Contact: D. Alcorn X4189
7. Appropriations are budgeted in Above (Index#) _____ (Subobject)

NOTE: IF APPROPRIATIONS ARE INSUFFICIENT, ATTACH COMPLETED FORM AUD-74

Appropriations are available and have been encumbered. Contract No. CO 8 1845 Date 5/19/99
are not will be
GARY A. KNUTSON, Auditor, Controller
By Ronald J. Silva Deputy.

Proposal reviewed and approved. It is recommended that the Board of Supervisors approve the agreement and authorize the HRA
HRA to execute the same on behalf of the HRA/CAO

(Agency).

Remarks: _____
By Sunny Pearlman County Administrative Officer Date 5/19/99

(Analyst)

Agreement approved as to form. Date _____

Distribution:

Bd. of Supv. - White
Auditor-Controller - Blue
County Counsel - Green
Co. Admin. Officer - Conory
Auditor-Controller - Pink
Originating Dept. - Goldenrod

*To Orig. Dept. if rejected.

ADM - 29 (6/95)

State of California)
County of Santa Cruz) ss
I _____ ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz,
State of California, do hereby certify that the foregoing request for approval of agreement was approved by
said Board of Supervisors as recommended by the County Administrative Officer by an order duly entered
in the minutes of said Board on _____
County Administrative Officer
By _____ Deputy.

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**Participation Agreement
Collaborative Economics Cluster Analysis and Action Plan**

THIS AGREEMENT is entered into on June 1, 1999 by and between the Redevelopment Agency of the City of Santa Cruz, the Redevelopment Agency of the County of Santa Cruz, the Santa Cruz County Human Resources Agency, the County of Santa Cruz Administrative Office, and Cabrillo College, hereinafter called "Participants", and Collaborative Economics, Inc., hereinafter called "Consultant".

WHEREAS, Participants desire certain services hereinafter described and Consultant is capable of providing and desires to provide such services,

NOW THEREFORE, Participants and Consultant for the consideration and upon terms and conditions hereinafter specified agree as follows:

I. Duties of Consultant

Participants agree to engage Consultant and Consultant hereby agrees to perform those services described in the Detailed Work Program, attached hereto as Exhibit "A", which is incorporated herein by reference.

II. Standards of Performance

Consultant shall perform the services to be provided under this Agreement in a manner compatible with the standards of the Consultant's profession. Consultant shall make a reasonable and good faith effort to meet or exceed the Agreement goals.

III. Participants Representative-Local Project Manager

The Participants will each assign a project manager to coordinate the activities in the Detailed Work Program, receive and distribute data and information, and provide other services as required. These representatives, acting as a committee, will provide direction to the Consultant and the Local Project Manager as needed. Cabrillo College Foundation's Ladders Project Director will serve as the Local Project Manager, providing administrative support and communications, mailing and meeting logistics services, and leadership for the committee of participants.

IV. Term

The term of this agreement will commence on June 1, 1999. It is estimated that the work plan shall take 10 months to complete, until March 31, 2000. To account for unforeseen circumstances, this agreement shall conclude by June 30, 2000 unless otherwise terminated pursuant to this agreement.

V. Compensation/Deobligation

The cost of said services for Participants shall not exceed \$140,000. Phase I of the Detailed Work Program shall cost \$90,000, Phase II shall cost \$50,000. This is a fixed fee amount and includes

all reimbursable expenses.

If the Participants and Consultant decide that Phase II, the formation of Cluster Action Teams are not appropriate next steps, or in the event that champions or clear leaders for specific concerns or projects do not emerge, Consultant shall assess and report this outcome to Participants and Phase II will not occur. The Agreement would then conclude for the compensated amount of \$90,000 and Phase II will not be engaged. Participants shall execute an amendment to the Agreement to deobligate the remaining funds.

The following schedule of Participant contributions shall apply:

City of Santa Cruz Redevelopment Agency	\$ 7,500
County of Santa Cruz Redevelopment Agency	\$ 7,500
County of Santa Cruz Administrative Office (JTIF)	\$20,000
Human Resources Agency (CalWORKs)	\$30,000
Human Resources Agency (JTPA)	\$65,000
Cabrillo College	\$10,000

The compensation for said project shall be paid out in 10 equal monthly payments, as reimbursement for services rendered the month prior. The following Schedule of Payments shall apply:

Fiscal Year 1998-99			
Dates Covered	Amount	Fund Source	Claim Date
June 1-June 30, 1999	\$14,000	\$14,000 JTPA	June 30, 1999
Fiscal Year 1999-00			
July 1-July 31, 1999	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	July 31, 1999
August 1-August 31, 1999	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	August 31, 1999
Sept 1-Sept 30, 1999	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	Sept 30, 1999
Oct 1-Oct 31, 1999	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	Oct 31, 1999
Nov 1-Nov 30, 1999	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	Nov 30, 1999

Dates Covered	Amount	Fund Source	Claim Date
Dec 1-Dec 31, 1999	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	Dec 31, 1999
Jan 1- Jan 31, 2000	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	Jan 31, 2000
Feb 1-Feb 29, 2000	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	Feb 29, 2000
March 1-March 31, 2000	\$14,000	\$5,667 JTPA \$6,111 CalWORKs Group \$2,222 CAO	March 31, 2000

In order to receive payment Consultant shall submit claims to: Attn: FK13, Human Resources Agency, PO Box 1320, Santa Cruz, CA 95061. Final claims for payment must be filed no later than one calendar month following the termination of this contract.

VI. Fiscal Agency

The Human Resources Agency shall act as Fiscal Agent on the behalf of Participants for the term of this Agreement. The Human Resources Agency shall receive the revenues necessary to fund the 1999-00 contributions under this agreement as of July 31, 1999; therefore, the contributions from the County and City Redevelopment Agency and Cabrillo College shall be remitted to the fiscal agent by July 31, 1999. These contributions shall be bundled together and paid as part of the CalWORKs Group payment, as specified in Section V, Compensation, Schedule of Payments.

VII. Termination and Contract Disputes

Participants shall have the right to terminate this Agreement at any time upon giving thirty (30) days written notice to Consultant, and Consultant may terminate this Agreement upon thirty (30) days written notice to the Participants' Local Project Manager. In the event of early termination, the Consultant shall deliver to the Participants copies of all finished and unfinished documents or reports, surveys or studies pertaining to this agreement, and Consultant shall be entitled to receive just and equitable compensation for satisfactory work completed **as** determined by the Participants, up to the amount of available funding. Any unused balance of funds from the contributions of Participants shall be refunded to each agency on a pro rata basis in proportion to the amount of their contribution.

Should a dispute arise during the term of this contract, Consultant agrees to first use administrative process and negotiation to attempt to resolve said dispute. To begin the administrative process, Consultant shall submit a written request to the Local Project Manager for the Participants

requesting a resolution. Should the dispute not be resolved at this level within 30 calendar days, the Santa Cruz County Private Industry Council shall review the disputed matter, and after consultation with Participants and Consultant, shall resolve same, and such decision shall be rendered in writing and become binding to all parties.

VIII. Independent Contractor Status

Consultant and Participants have reviewed and considered the principal test and secondary factors below and agree that Consultant is an independent contractor and not an employee of the Participants. Consultant and sub-consultant are responsible for all insurance (workers compensation, unemployment, etc.) and all payroll related taxes. Consultant is not entitled to any employee benefits. Participants agree that Consultant shall have the right to control the manner and means of accomplishing the result contracted for herein.

PRINCIPAL TEST: The Consultant rather than the Participants has the right to control the manner and means of accomplishing the result contracted for.

SECONDARY FACTORS: (a) The extent of control which, by agreement, Participants may exercise over the details of the work is slight rather than substantial; (b) Consultant is engaged in a distinct occupation or business; (c) In the locality, the work to be done by Consultant is usually done by a specialist without supervision, rather than under the direction of an employer; (d) The skill required in the particular occupation is substantial rather than slight; (e) The Consultant rather than the Participants supplies the instrumentalities, tools and work place; (f) The length of time for which Consultant is engaged is of limited duration rather than indefinite; (g) The method of payment to Consultant is by the job rather than by the time; (h) The work is part of a special or permissive activity, program, or project, rather than part of the regular business of the Participants; (i) Participants and Consultant believe they are creating an independent contractor relationship rather than an employer-employee relationship; and (j) the Participants conduct public business.

It is recognized that it is not necessary that all secondary factors support creation of an independent contractor relationship, but rather that overall there are significant secondary factors which indicate that Consultant is an independent contractor.

By their signatures to this Agreement, each of the undersigned certifies that it is his or her considered judgment that the Consultant engaged under this Agreement is in fact an independent contractor.

IX. Indemnification of Participating Agencies

Consultant shall exonerate, indemnify, defend, and hold harmless Participants (which shall include, without limitation, its officers, agents, employees and volunteers) from and against:

A. Any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which Participants may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, arising out of, or in any manner connected with the Consultants performance under the terms of this Agreement, excepting any

liability arising out of the sole negligence of the Participants. Such indemnification includes any damage to the person(s), or property(ies) of Consultant and third persons.

B. Any and all Federal, State and Local taxes, charges, fees, or contributions required to be paid with respect to Consultant and Consultants officers, employees and agents engaged in the performance of this Agreement (including, without limitation, unemployment insurance, social security and payroll tax withholding).

X. Insurance

Consultant, at its sole cost and expense, for the full term of this Agreement (and any extensions thereof), shall obtain and maintain at minimum compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage as respects Participants and any insurance or self-insurance maintained by Participants shall be excess of Consultant's insurance coverage and shall not contribute to it.

If Consultant utilizes one or more subcontractors in the performance of this Agreement, Consultant shall obtain and maintain Independent Contractor's Insurance as to each subcontractor or otherwise provide evidence of insurance coverage for each subcontractor equivalent to that required of Consultant in this Agreement, unless Consultant and Participant both initial here

DA

A. Types of Insurance and Minimum Limits

(1) Worker's Compensation in the minimum statutorily required coverage amounts. This insurance coverage shall not be required if the Consultant has no employees and certifies to this fact by initialing here _____

(2) Automobile Liability Insurance for each of Consultant's vehicles used in the performance of this Agreement, including owned, non-owned (e.g. owned by Consultants employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage. This insurance coverage shall not be required if vehicle use by Consultant is not a material part of performance of this Agreement and Consultant and Participant both certify to this fact by initialing here DA / _____

(3) Comprehensive or Commercial General Liability Insurance coverage in the minimum amount of \$1,000,000 combined single limit, including coverage for: (a) bodily injury, (b) personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability.

(4) Professional Liability Insurance in the minimum amount of \$_____ combined single limit, if, and only if, this Subparagraph is initialed by Consultant and Participant ____/____.

B. Other Insurance Provisions

(1) If any insurance coverage required in this Agreement is provided on a "Claims Made" rather than "Occurrence" form, Consultant agrees to maintain the required coverage

for a period of three (3) years after the expiration of this Agreement (hereinafter "post agreement coverage") and any extensions thereof. Consultant may maintain the required post agreement coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post agreement coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for post agreement coverage shall be deemed to be reasonable.

(2) All required Automobile and Comprehensive or Commercial General Liability Insurance shall be endorsed to contain the following clause:

"The County of Santa Cruz, the City of Santa Cruz, Cabrillo Community College, its officials, employees, agents and volunteers are added as an additional insured as respects the operations and activities of, or on behalf of, the named insured performed under Agreement with Participants"

(3) All required insurance policies shall be endorsed to contain the following clause:

"This insurance shall not be canceled until after thirty (30) days prior written notice has been given to: Attn: FK13, Human Resources Agency, PO Box 1320, Santa Cruz, CA 95061.

(4) Consultant agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide Participants Representative on or before the effective date of this Agreement with Certificates of Insurance for all required coverages. All Certificates of Insurance shall be delivered or sent to: Attn: FK13, Human Resources Agency, PO Box 1320, Santa Cruz, CA 95061.

XI. Eaual Opportunity Employment

During and in relation to the performance of this Agreement, Consultant agrees as follows;

A. The Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, mental or physical disability, medical condition (cancer related), marital status, pregnancy, gender, sex, sexual orientation, age (over 18), veteran status, or any other non-merit factor unrelated to job duties. Such non-discriminatory action shall include, but not be limited to, the following: recruitment; advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. The Consultant agrees to post in conspicuous places, available to employees and applicants for employment, notice setting forth the provisions of this non-discrimination clause.

B. If this Agreement provides compensation in excess of \$50,000 to Consultant and if Consultant employs fifteen (15) or more employees, the following requirements shall apply:

(1) The Consultant shall, in all solicitations or advertisements for employees placed by or on behalf of the Consultant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, mental or physical disability, medical condition (cancer related), marital status, sex, sexual orientation, age (over 18), veteran status, or any other non-merit factor unrelated to job duties. In addition, the Consultant shall make a good faith effort to consider Minority/ Women/Disabled Owned Business Enterprises in Consultant's solicitation of goods and services. Definitions for Minority/ Women/Disabled Business Enterprises are available from the Santa Cruz County General Services Purchasing Division.

(2) In the event of the Consultant's non-compliance with the non-discrimination clauses of this Agreement or with any of the said rules, regulations, or orders said Consultant may be declared ineligible for further agreements with the County of Santa Cruz.

XII. Records and Accounts

Consultant shall retain records pertinent to this Agreement for a period of not less than five (5) years after final payment under this Agreement. Consultant hereby agrees to be subject to the examination and audit by the City of Santa Cruz, Cabrillo Community College, and Santa Cruz County Auditor-Controller, the Auditor General of the State of California, or the designee of either for a period of five (5) years after final payment under this Agreement.

Consultant shall establish and maintain a financial management system that complies with federal and state requirements stipulated in JTPA Reg. 627.425 pertaining to standards for financial management. The financial management system shall provide fiscal control and accounting procedures sufficient to permit the tracing of expenditures to establish that funds have not been used in violation of any restrictions on their use. The financial management system shall provide for the control of cash and to ensure that obligation and expenditure of funds will be in accordance with the terms of the JTPA. The financial management system shall provide fiscal control and accounting procedures that are in accordance with generally accepted accounting principles. Financial systems shall include a comparison of actual expenditures with budgeted amounts. Consultant shall comply with all program income requirements as prescribed by the U.S. Department of Labor as set forth in JTPA Reg 627.450 and the County JTPA Program Income Policy.

XIII. Patent and Copyright Infringement

Consultant shall report to the Participants, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement, based on the performance of this Agreement of which the Consultant has knowledge. Consultant agrees to include and require inclusion of, this clause in an subcontract for supplies or services expected to exceed \$25,000.

XIV. Deliverable Products

The Participants named above shall receive the following:

Phase I:

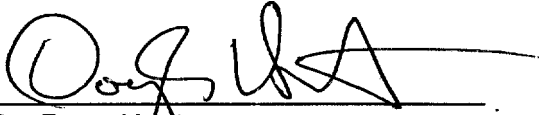
1. A presentation that presents the results of the region's economic analysis, from which four priority clusters will be chosen.
2. Briefing papers, approximately 10 pages long, on four economic clusters. Briefing papers include key facts about the cluster, a map of the cluster, and an overview of areas for potential collaboration and action.
3. A report of the findings from each of four cluster forums including recommendations for the most fruitful collaborative activities and areas for action.
4. A report describing the conclusions and recommendations that come from the Half-Day Leadership Workshop.

Phase II:

5. A report of relevant findings from the Civic Entrepreneur Workshop
6. A conceptual plan and draft action plan for each of the Action Teams formed.
7. A report providing feedback from the Public Forum and adjusted final draft action plans.

WITNESS HEREOF, the parties have executed this Agreement.

CONSULTANT



By: Doug Henton
Collaborative Economics, Inc.
350 Cambridge Avenue
Palo Alto, CA 94306
650/6 14-0230

CABRILLO COLLEGE

Signed _____

By _____

Title _____

CITY OF SANTA CRUZ

Signed _____

By _____

Title _____

COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY

Signed _____

By _____

Title _____

COUNTY HUMAN RESOURCES AGENCY

Signed_____

BY_____

Title_____

COUNTY ADMINISTRATIVE OFFICE

Signed_____

BY_____

Title_____

Approved as to form:

Dwight L. New
County Counsel

Approved as to form:

City Attorney

Approved as to Insurances:

Janet McKinley 5-18-99
Risk Manger

Exhibit "A"
Detailed Work Plan

In General

The proposed regional economic analysis and collaboration process will be initiated around the theme of preparing the local workforce for the new economy, and will consider and address other themes that may arise from the process. There are several critical factors important for the success of this effort:

- Civic entrepreneur leadership: The key is recruiting and training business leaders from the prevalent and emerging economic clusters who recognize that it is in their "enlightened self-interest" to champion initiatives that will help both their economic cluster, and the community. The challenge is to involve the "supply side" people (most prevalently those in the public sector who direct economic development, workforce development strategies, and who develop public policy) in an effective way, without allowing them to take over the process - which could act to drive the business leaders away.
- *Leadership Group*: The process must be overseen by a top level leadership group that includes business, government, education, and community. The project must have the buy-in and active involvement of leaders who will contribute their time, experience, and networks to ensure successful outcomes. A core group of leaders will initiate the process; other can be added as they are identified or step forward. The Participants are responsible for forming the initial core leadership group.
- *A Disciplined Process*: Collaboration is always a difficult and messy process. It is even more challenging when you are working with a group of high-level business and community leaders who have very little time to spare. There is a need for a well-developed, adequately supported process driven by clearly defined tasks, deadlines and events. Staff and consultants must make sure that the civic entrepreneurs which are engaged use their time productively, and perceive that the project is results-oriented.
- *Business-plan Driven*: The process must set the stage for results by delivering outcome-oriented business plans for action initiatives that have the commitment of the business leaders and other partners to implement them. Some of these initiatives will focus on a need of a single economic cluster; others will address cross cutting issues that affect multiple clusters.

The goal of a collaborative county-wide process is to organize business, education, community and government leaders around specific action initiatives that will promote the long term quality of life and economic vitality of the County. Recognizing these success factors, the following process is designed in two phases. The focus of Phase I is to understand the trends, opportunities, and requirements of the primary industry clusters in the region. The focus of Phase II will be to engage cluster businesses to work collaboratively with leaders from education, government, and the community to develop action plans that address the clusters' priority requirements, especially as they relate to a productive, trained workforce well matched to the tasks at hand.

Specific Tasks

Phase I: Regional Cluster Analysis

Organize a core leadership group to oversee the cluster analysis. The Participants will recruit and create a 20-25 person leadership group to serve as the client for an economic cluster analysis of Santa Cruz County (which shall for the purposes of this project, be referred to as the region, and will allow for the inclusion of economic activity which may occur outside the explicit geo-political borders of Santa Cruz County). The leadership group will draw at least a majority of its members from the business community, and particularly from outward-oriented cluster industries (e.g. software, agriculture and food processing, design and manufacture of recreation goods, diversified manufacturing and design, multi-media and entertainment, corporate headquarters). In Phase 1 the role of the leadership group is to receive the data and conclusions from the economic and cluster analysis, prioritize the clusters for an in-depth analysis and forum process, sponsor the cluster forums (in Phase 1, up to four forums), review the draft cluster analyses, and prioritize and focus the action teams that will be chosen for Phase II (a maximum of 2 for each cluster).

Conduct an analysis of the economic activity for the region. All major economic clusters will be identified. Up to four clusters will be chosen as priority clusters by the core leadership group among all of the clusters that are identified. It is understood that the clusters will represent current economic activity, as well as emerging economic opportunities. Briefing papers will be created for each of the priority clusters (up to four). Briefing papers are an important input to the cluster forums, providing a common information base. They will be approximately 10 pages in length, and shall include key facts about the cluster, a map of the cluster, and an overview of areas for potential collaboration, and action. The papers include important quantitative information, as well as information gained from no fewer than 15 interviews with a variety of businesses in each of the four priority economic clusters. The interview process is a valuable one for gaining commitment by business leaders to participate in the collaborative process. At this time, the Consultant recommends four priority clusters be chosen for the full process. Others can be engaged at a later date. If the Participants and the Consultants jointly agree that one (or more) additional clusters are critical to the success of the project, the additional clusters can be engaged for an additional compensation in the amount of \$20,000 per cluster, and the Agreement will be amended to reflect this understanding. Collaborative Economics will conduct the economic analysis of all of the prevalent economic clusters operating in the region, recommend the priority clusters to the leadership group, prepare up to four briefing papers, and make a presentation of their findings to the leadership group.

Hold Cluster Forums: In cooperation with two or three cluster conveners from leading large and small firms, Collaborative Economics and the leadership group will convene four Cluster Forums. At the forums, 25-30 top-level business people from each cluster (representing all segments of the cluster map) will review the analysis, describe the future opportunities for the cluster, and determine their priority areas for collaborative action. Champions for the top priorities would emerge from the group. Collaborative Economics would plan the cluster forums, assign responsibilities to Participants and the core leadership group, facilitate the cluster forums, and develop a report of the findings, which will include recommendations regarding the most fruitful collaborative activities, and areas for action.

Organize one half-day Leadership Workshop to review the results of the cluster analysis, and present best practices for taking action on cluster priorities. This Leadership Workshop will include the core leadership group, plus up to four leaders from each of the four priority clusters. These cluster leaders may emerge from the interview sessions in the research phase or from the cluster forums. At this session, the methods for developing action plans and stimulating action in Phase II would be introduced. Those present at the Leadership Workshop will determine whether and how to proceed with Phase II. The goals of the Workshop will be to identify which issues to form action teams around, what their charge would be, and who should be involved in each team - including ideas about participants from the broader community. Some of these teams could address issues common across clusters (e.g. availability of skilled workforce, transportation); others could address issues specific to an individual cluster (skills training for design and light manufacturing, enterprise development for emerging software and Internet products firms). Collaborative Economics would plan the workshop, lead the workshop, and develop a report that describes the conclusions and recommendations of the Leadership Workshop. In the event that the Leadership Workshop and/or the Participants decide that action teams are not appropriate next steps, or in the event that champions or clear leaders for specific concerns or projects do not emerge, Collaborative Economics shall assess and report this outcome as well, and Phase II will not occur. The Agreement would then conclude, and Phase II will not be engaged. The Agreement will be concluded for the compensated amount of \$90,000.

Phase II: Developing Action Plans

Host Civic Entrepreneur Workshop. In partnership with the Leadership Group, Collaborative Economics would convene a Civic Entrepreneur Workshop, open to participants from economic development, education, the community, and the public sector, as well as additional business leadership. The workshop (for up to 100 participants) would brief the participants on the results of the cluster analysis, share best practices in regional collaboration, and lay out the action team process that will follow. Some people from this workshop will join the action teams and the workshop will equip them to play a constructive role. Collaborative Economics will plan the workshop, advise the Leadership Group of their role in this part of the process, facilitate the Workshop, and report relevant findings to the Leadership Group.

Form Action Teams. These teams will be assisted to write action plans for either a cluster-specific initiative or a cross-cutting initiative. These teams may include members who are government and community leaders who can assist the business participants to develop their ideas. The action teams will be organized around co-chairs, perhaps teaming a private sector leader with a public sector leader. Each team will go through a formal two-meeting process to develop a conceptual plan, and then a fully realized, complete action plan ready for implementation. Some action teams will choose to create task groups (or subcommittees) which could be facilitated by local people trained and coached by Collaborative Economics. Teams will use a common template for creating their action plans. The action teams will report back to the Leadership Group after each of the two meetings, the first time for review and feedback, the second time for approval of and support for the action plan. Collaborative Economics will facilitate each of the action team meetings (the proposal assumes that up to four action teams will be created, one for each cluster if possible). Collaborative Economics will assist the teams to create action plans, and will deliver to each team a final draft of the written action plan. Collaborative Economics will facilitate the presentation, or report back, to the Leadership Group after each of the two formal meetings, and

Collaborative Economics will provide training and coaching to action team members who may choose to lead task groups (subcommittees) in developing and implementing their own action plans.

Host a public forum to announce the action plans. This public forum is designed to build support for the initiatives after they are approved by the Leadership Group. Therefore, it will be important to organize and create a launch to create public visibility as well as financial support for implementing the initiatives. Collaborative Economics would advise the Participants on the design of this forum, provide public relations expertise, and facilitate the Public Forum, in collaboration with the Leadership Group. Collaborative Economics will document feedback from this Forum, and advise any adjustments of the action plans that may be recommended.

Time line: It is estimated that the Project can be completed in 10 months from the start of the Agreement.

AMENDMENT OF AUTOMOBILE LIABILITY INSURANCE REQUIREMENT

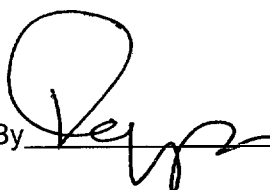
Subparagraph X A (2) of Agreement No. _____ by and between COUNTY OF SANTA CRUZ (hereinafter called COUNTY) and Collaborative Economics, Inc. (hereinafter called CONTRACTOR) is amended to read as follows:

PH Reduction in Reaurements

CONTRACTOR represents to COUNTY that it owns, operates or utilizes one or more personal vehicles and that the result which is to be accomplished under this Agreement does not require use of any such vehicle for other than CONTRACTOR'S personal transportation only (with no passengers, hazardous materials, or valuable (greater than \$5,000.00) property). In reliance on said representation COUNTY amends Section X A (2) of said Agreement to require that said personal vehicles each have insurance coverage in the minimum amount of \$1 00,000.00 combined single limit per accident. COUNTY further reduces insurance requirements by permitting CONTRACTOR to comply with subparagraphs X B (2), (3) and (4) by utilizing the attached "INSURANCE REPRESENTATIONS BY CONTRACTOR" form without request to or refusal by insurance providers as to those requirements. In all other respects, the Automobile Liability Insurance requirements of this Agreement remain in full force and effect.

The above paragraph(s) shall be operative if initialed by both parties in the space provided, effective _____

COUNTY OF SANTA CRUZ

By  CONTRACTOR