



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, 4th Floor, Santa Cruz CA 95060; or by e-mail to 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 7th, 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

Agenda: May 20, 2014

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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,



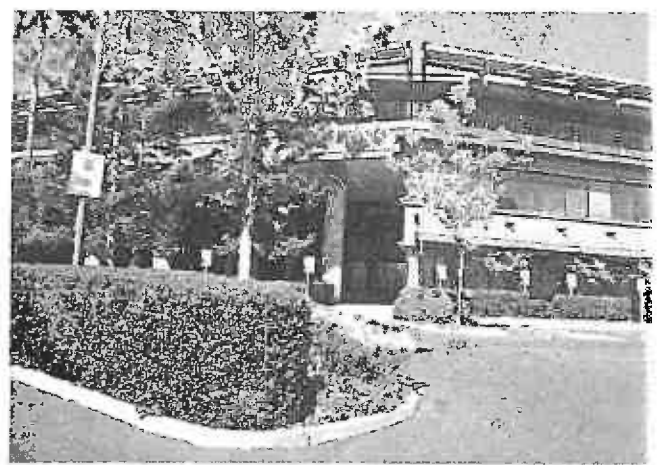
Kathy Molloy Previsich
Planning Director

RECOMMENDED:



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 21st 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.

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.

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 7th/Brommer & 17th/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 21st 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 20th among all 58 counties in the state in terms of the gross value of crops produced. The County ranked 4th among all California counties in the production of strawberries (9.2 percent of the state's total production value), 3rd in flowers/foilage and apples, and 2nd 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.

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.

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 7th/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 7th/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.

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 41st 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 41st 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.

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: Facilitate 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.

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 5th 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 17th 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.

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 possibly consolidate and ensure efficient use of land along the corridor for jobs and services.

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: 7th/Brommer and 17th/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.

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 7th/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 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/41st 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 41st 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 17th Avenue/Capitola Road Plan for Retail/Community Hub

Carry out RDA Successor Agency implementation of Long Range Property Management Plan for the 17th 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 --

GOAL #1 CREATE SHARED VISION & ORGANIZE FOR ACTION	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
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

GOAL #2 SUPPORT SUSTAINABLE DEVELOPMENT AND AVAILABILITY OF HOUSING	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
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

GOAL #3 STRENGTHEN KEY ECONOMIC SECTORS: AGRICULTURE, HEALTH, EDUCATION AND LEISURE & HOSPITALITY	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
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

GOAL #4 ENHANCE GROWTH OPPORTUNITIES FOR EMERGING SECTORS OF TECHNOLOGY/INNOVATION AND THE ARTS; AND SUPPORT SMALL BUSINESS	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
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 st 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

GOAL #5 EXPAND PUBLIC SECTOR CAPACITY AND INFRASTRUCTURE	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
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't Coordinator	2014/15 through 2015/16
Managed Disposition of RDA Successor Agency Properties at 7 th /Brommer and 17 th /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

GOAL #6 REVITALIZE AND STRENGTHEN TOWN CENTERS AND COMMERCIAL AREAS	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
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 th 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

GOAL #7 PROMOTE SANTA CRUZ COUNTY TO LOCAL, REGIONAL, STATE, NATIONAL AND GLOBAL MARKETS	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
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**

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

Facilitate Establishment of Regional Youth Sports Facilities -- Support Initiatives to Promote County Commercial and Community-Serving Sports Facilities
Recognize Role of UCSC in Fostering Innovation: -- 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 -- Provide technical assistance, where warranted, to the UCSC Center for Entrepreneurship Program (C4E) -- Support UCSC's Human Genome Institute Initiative
Seek to Retain and Attract Innovation and "Maker" Companies
Provide ombudsman assistance to locate and attract innovation companies that make products for worldwide distribution
Support Arts Organizations -- Support "First Friday" and "Open Studios" Arts Programs -- Engage with Existing Meet-Ups in Creative and Arts Industries -- Encourage and Facilitate Arts Support Services and Networking -- Facilitate an arts association "meet up" group to facilitate the exchange of information on items that impact the arts -- Identify Sites Appropriate for Artists Live/Work Projects
Tap Skills and Leadership of Innovation Sector Residents to Support Sector and Local Economy through "Encore Careers"
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.
Encourage Retention and Expansion of Recreation / Lifestyle Product Designers and Manufacturers
Support Film and Performance Arts Initiatives -- Provide in-kind resources to assist with creating a visual inventory of assets available to the film industry. -- Work with the performance arts venues to ensure economic viability and enhance efforts to market the performance arts
Support Protection and Restoration of Natural Areas with Sustainable Visitor Recreation Improvements
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
Work with Regional Transportation Agencies to Achieve Balanced Funding for Improvements to All Modes
Promote Local Airports and Proximity to SJC and SFO Service
Maximize Grant Funding for Infrastructure Improvements
Encourage Non-Retail Sales and Use Tax Generators (B2B Sales)
Explore and Implement Funding Mechanisms to Stimulate Job Creation, Affordable Housing, and Economic Vitality
Work with Fire Districts to Obtain Funding for Response Time Improvements
Forge Partnerships and Linkages to Workforce Education and Training Organizations -- Promote Workforce Investment Board's Youth Program to Business Community -- Collaborate with South County Youth Organizations to Foster Education and Job Training Programs -- Encourage Youth Mentorship and Apprenticeship Programs
Identify Opportunities for Small Specialty Retail and Eating Places within Neighborhoods
Support Events Celebrating County Assets and Culture

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 Seascape 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 41st. 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 pay 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.

- 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

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 of our biggest assets, and Californians love open spaces and parks. 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"

- Watsonville should promote tourism more – e.g. birds, sloughs, etc.
- Need more shopping opportunities in Watsonville: shoes, dresses, suits, etc.
- Water overdraft, traffic gridlock, greenhouse gases, etc.
- Opportunities: multi-cultural; e.g. cherry blossom, Buddhist festival, etc.;
- Airport – market it better
- Rail trail corridor needs to address Walker Street
- Make it easier for kids to get to Pajaro's new soccer fields
- Expand R.O.P. and job-training programs
- Community Choice Aggregate (CCA) – Alternate power source – green energy
- Coordinate water supply strategies
- Mello Center programs – market / cross-promote
- Publicize Country Crossroads (farm map)
- Multicultural aspect is an asset (Hispanic, Japanese, Filipino, Portuguese)
- Promote Open Studios
- Promote Monterey Bay Sanctuary
- 14 State Parks – cross-promote
- Need equitable flood control – business won't come until solved
- Need good technicians, fabricators, agriculture workers
- County lift restrictions on Manabe-Ow
- Airport is an economic asset – protect and ensure safe use, promote 10 large corporate hangars
- Need to modernize codes – planning, building, don't enforce obsolete "stupidity". Put updates on fast track; e.g. farm stands, agricultural grading permits etc. (signs for labor being enforced?)
- Need to address divisions between agricultural community and City Council
- Focus on jobs for South County
- Help Watsonville youth – ask them what they want and need
- Need Economic Development "Master Plan" for whole County – not by areas – and prioritize actions – Year 1, 2, 3, etc.
- Look at it as a "Tri-County" Area (Monterey, Santa Cruz, Hollister) Hwy 152
- Put emphasis of Master Plan on City of Watsonville – been neglected for long time
- But we are a "pass-thru" city – how can we make people stop – on way to Monterey and Santa Cruz, e.g. "Casa de Fruta" – effective branding
- Need more cohesive marketing strategy especially for Watsonville area
- Softball tournaments – host them here – sporting events – e.g. bicycles
- Tremendous assets in Pajaro Valley – living, tourism, business – Need to better promote, individual events, identity and dollars for South County
- Regional Transportation Commission – needs to reflect City's trail map – get service to South County

- 25% of population is in South County
- South County needs to be a higher priority
- Build roads, activities etc. for visitors – attractions, events, County \$, State \$
- Real potential in South County to be developed
- “Pathways” – both Watsonville high schools are participating in program
- Need modernized “shop” program (vocational) at high schools
- Stop fighting – focus on what we agree on
- Jobs, address/preserve water, events, Cabrillo, airport, rail, etc., etc., West Marine, beach, agricultural produce, National Marine Sanctuary, Granite – so many good things to promote
- More resources for the agriculture and shop programs at the high schools
- Manabe-Ow – rezone to commercial (not current industrial)
- Need those who do go to college to come back here – how do we do that?

Live Oak Public Meeting Comments

- Business Licenses? Why don't we have them? Being able to reach out to industries – training – registration portion – support.
- Unemployment problem resolution should be a goal. Farm worker analysis – fund for start-ups would not address this.
- Each gallon of gas sold goes out of area – travel, commuting, etc. Have there been any studies?
- Top three categories of jobs = 51% – What is the balance of jobs. Need information on other jobs.
- Annoyed with Branding Santa Cruz. Obscene housing costs. No one can afford to live here. How do we make affordable housing? County needs a rent control ordinance – not just mobile homes.
- Infrastructure as theme – water is most serious factor of economic vitality. Until solved, no economic development. Soquel Creek Water District moratorium would be devastating. There used to be several dams planned for Santa Cruz.
- Manufacturers have been “run out”. Lipton, Wrigley, Cement Plant, Slaughterhouse.
- CA Association of Realtors – studies in Rent Control. One side or other loses. For every area of rent control (Berkeley, San Francisco, etc.) the supply becomes limited. Creates an odd mix. Inclusionary zoning – Measure J homes were more than market, plus they were controlled.
- Development within our footprint – not adding more people. Tourist destination = higher housing costs – service workers can't live here. Work on our own economy, not tourism.
- Growth percentage of population? ½ % per year
- Education – sad amount of resources. Want schools to perform. Harder for field workers – working 4 a.m. to 6 p.m. and not conducive for children. Wonder what County is doing. People will be out of work from mid-October to spring. Immigration policy problem.
- Should identify sectors that should grow. Education, Health Care, Agriculture, Tourism. Is that all we want? What other strategies should be what we want and then go after. Technology jobs – 3-D technologies, FoxShox, Zero Motorcycles, target sectors and how to building those.

- Economic Vitality discussion is a first and should be commended. Everyone should be involved – theme among entire County. More regional – thru all four cities – move forward as a County in cohesion as a group.
- Enough talent in County to grow in different ways. Agriculture could be used for ethanol production, green collar economy. Make this place more livable.
- Award-winning – helps turn ideas into businesses – SBDC will find funding. Water – Santa Cruz Sanitation District – tertiary treatment and injection. Underscore broadband issue – expansion of home based businesses. Santa Cruz is perfect for home farm. Distribution of agricultural goods.
- County has reach to convene people together – draw all cities together – to focus them on what Economic Vitality means for region – not just a city. The County is the one entity that can do this. High paying, career ladder jobs – human genome from UCSC, great future potential from UCSC – bring ideas to market. All the rest comes along for free.
- Access to financing and finding locations for businesses

Aptos / Cabrillo College Public Meeting Comments

- Disconnect between low-paying service jobs in agriculture/tourism and high cost of living
- County needs more mobile home parks with manufactured homes
- How can the County work collaboratively with the cities?
- One participant questioned if it should be the County's role to convene discussions on economic development or should that be left to other business groups?
- County can play a greater role in resolving water and fire issues among disparate service districts
- Balkanization within County – residents don't frequently go outside of their neighborhoods. Few people who live in North County visit Watsonville. He believes people don't travel outside of their neighborhoods because traffic on Highway 1 is so terrible, and there is a lack of good public transportation. Need a new campaign to "Get to Know Your County".
- One participant who owns 22 acres wants to develop his property. Unfortunately, the County, passed regulations that were not friendly to development and are now outdated. County needs to invest in better infrastructure, including roads and broadband.
- Suggested ways to incentivize property owners to develop, including property tax freeze after project is completed
- Central website to coordinate all activities and festivals in the County
- Over 900,000 Santa Cruz County residents fly out of San Jose Airport every year. Propose running a direct METRO Express bus to SJ airport.
- Remove perception that County is anti-business. There are few positive stories about developing or opening up a business in the County.
- Economic development has different meanings to different people. Growth limits concentrated growth within the urban service district and the absence of investment in infrastructure means we have congested highways and street.
- People are too tolerant of the homeless. Show of hands among attendees revealed that approximately half thought homeless were a barrier to economic development.
- Need a thorough examination of policies of the Soquel Creek Water District

- Another participant agreed that securing a dependable water supply is critical to economic development
- Transit Corridor Plan provides opportunities to increase density. Need to be more open and flexible for all types of uses.

San Lorenzo Valley / Felton Public Meeting Comments

- Need to improve marketing of festivals and activities in the San Lorenzo Valley (SLV) including Henry Cowell State Park, Big Basin, Roaring Camp, redwoods, etc.
- How to change structure at the CVC in order to get mass marketing for SLV
- Who can we work with to market our local assets? Eco tourism is strong in the SLV.
- Medical marijuana is a major industry that's vital to the San Lorenzo Valley. If we market this appropriately, it can be a huge economic powerhouse.
- There's a need to expand broadband service in the San Lorenzo Valley to support home-based businesses.
- Need more local hotels and places to stay, especially for day-trippers who come for mountain biking, hiking, motorcycle riding.
- Revitalize Brookdale Lodge and support more bed and breakfast establishments
- Community residents would be comfortable with a hotel similar to the Brookdale Lodge (66 rooms); Quality Inn is renovating and will have 80 rooms
- At the same time, there are some residents who don't want any more hotels
- Another asset is the former Hewlett Packard "Little Basin" facility – used to be used as a corporate retreat.
- A facility that could accommodate music festivals would be beneficial.
- Lots of camps in the SLV (i.e. Girl Scouts, Quakers, YMCA). Some are not used or used very infrequently. Opportunity to turn these into special event spaces?
- There are a lot of "secret places" in the San Lorenzo Valley, including microfarms, wineries, etc. Even people who live here don't know about all these treasures.
- Many residents work in Silicon Valley and live in the SLV but don't engage or spend money in the local community. People tend to spend money where they work, and there aren't stores here they need.
- One participant made a distinction between destination shopping and strolling shopping. SLV stores can do a better job of providing a strolling experience for visitors to linger and shop.
- Water infrastructure is a key issue for SLV
- The non-profit sector is large and organized; they are an important part of the local economy and support jobs.
- The SLV has a 30% higher rate of volunteerism compared to other areas.
- SLV has a reputation for "dirty, low-lives, homeless, druggies" – need to step up and address these issues
- What can the County do?
- Open up Covered Bridge Park and cut down some brush so you can see the bridge.

- Create an easier path to walk downtown
- Start a County park ranger program to discourage homeless sleeping in state parks
- More community leader and public involvement
- Make sure economic development doesn't happen at the expense of the environment. County has to protect the environment because so many people who live and visit appreciate the natural resources
- Reduce greenhouse gas emissions
- County to encourage the right kinds of businesses in the right areas
- Work closely with Cabrillo College, UCSC, Cal State University Monterey Ba, County Office of Education to encourage workforce training
- Create maps of SLV tourist destinations and assets and market to day-trippers

Written Comment Cards/Online Comments Received

WHAT ARE THE MAJOR ECONOMIC OPPORTUNITIES OR CHALLENGES FACING SANTA CRUZ COUNTY?

Being rather parochial, I can only focus on my sector of the County: Aptos, "a hotbed of rest" to quote the journalist, George Murphy writing about the 1960s-era of San Mateo County.

Aptos is comprised of neighborhood 'tribes' with segmented clusters of retail goods. During the 1970s/1980s, there were two serious waves pushing for Aptos to incorporate as a city rather than continue as an unincorporated, census designated area in the County.

To have done so would have severely compromised the long term quality of life of the Aptos coastal area. Aptos's potential to sustain itself as a city would most likely have to come from its strongest resource: tourism. The Porter-Sesnon property would be leased from the State for a high density, hotel-condo development masquerading as a faux resort hotel. Ditto for Poor Clares; Par-3 and so on with every large parcel of buildable land.

Setting that 'build it and they will come' scenario to the side for the moment, Aptos does need to grow itself up. Aptos Village must be built. Seacliff Village must be upgraded. CA State Parks has to co-operate with the County to create a JPA and make the Seacliff State Beach upslope parking lot available for local employee parking as well as the diners and visitors that will be vacationing in the new boutique hotels that will be built in the heart of Seacliff Village, thus fulfilling the prescient vision of a quaint, yet sophisticated coastal village.

State Park Drive, which bisects the Seacliff neighborhood, is THE gateway entrance to the Monterey Bay National Marine Sanctuary - let's get on with making this draw work for us!

Enormous tourism development; services supporting tourism, including restaurants, accommodation, beachfront services, and personal services; sensible land development (ignoring the NIMBY attitude). And agriculture is the natural mainstay of the economy, and for that we need not the piddly little planned desalination plant, but a major one allowing for much more development of land for agriculture, and the employment it brings. Agriculture requires a consistent supply of water.

Challenges:

State Parks control over land required for our economic development (ie. get rid of State Parks Seacliff Beach); parking, if we do not succeed in getting control of State Park land; vastly cutting construction costs, and the appallingly overpriced permit taxes (sometimes called fees), and the bureaucratic nonsense associated with construction (which is state and national, as well as local); requiring appropriate and prompt service from PG&E, and phone and cable companies; much improved street layout, for both traffic flow and, particularly, road safety; establishing walking paths away from traffic.

Opportunities:

The residents- lots of educated, hard working people many with entrepreneurial spirit the place

- tourism;
- educated workforce
- entrepreneurial activities in hidden small businesses
- existing business clusters: art, wine, technology, antiques, tourism

Challenges:

- poor infrastructure: transportation, internet, cellular, other utilities
- highway 1 widening to south county
- water
- high cost of living here
- poor medical options
- high hurdles in planning and permitting regulations and costs

Challenges:

Traffic, water constraints, affordability, lack of large employers, increasing the tax base

The biggest challenge is the lack of infrastructure to support existing uses let alone new development (traffic and water supply impacts) and the costly mitigations that would support new development.

4th lowest median salary & 2nd highest median home price of all CA counties

Creating jobs that can be partly performed remotely to reduce traffic and greenhouse gasses that also pay a living wage.

Government regulation

Opportunities

include agrotourism, ecotourism and tech

Agriculture, tourism, education, the arts, tech development, Monterey Bay

Strong, multi-dimensional economy: business, government, academia, non-profit. More specifically, we have opportunities to grow the private-sector with a more business-friendly, pro-economic development partner with the County of Santa Cruz.

Major economic drivers continue to be tourism and agriculture.

Challenges:

- A history of being business un-friendly, or at least a strong perception that this is true. Our infrastructure (roads, water, broadband, mobile phone service, etc.) needs significant improvement.
- Income inequality
- Not very many high paying jobs
- Reducing the burden of government taxes, fees and regulations

WATER, TRAFFIC, KEEP sc WEIRD IMAGE

Water and dysfunctional planning departments. Lack of accountability by these departments and in some cases, the people making decisions are not even local - SV planning subcontracts to have their plans looked at and approved out of the county.

Outdated utilities prove to be a challenge for encouraging tech back to the area. Fees and process of building entitlements are also a challenge when looking at new supply to stimulate business. These same forces also provide barriers to entry which constantly drive up real estate values.

One that I experience often is going outside of the local area for services.

The major challenges are, inadequate transportation solutions, and the burdensome cost and time associated with the planning process.

Two big ones: 1) we need to recognize that our primary economic asset is our natural beauty, so we need to create visitor-serving facilities (roads, hotels, parks, amenities) that make it easy to come here and spend money, and 2) we need to engage in an all-out marketing and branding effort to communicate to the rest of the world why Santa Cruz is such a special place.

Opportunities: We have an incredible arts community in Santa Cruz County, many organizations and groups with national/international recognition. We have a strong brand that draws many big name artists who want to perform here. However, our facilities are too small to be economically viable. There is an opportunity to invest in our arts infrastructure (Civic, Mello, etc.) to increase day or evening visits from the Bay Area to see what we have to offer.

Challenges: I was in the SJ airport returning from a trip, and a driver near me was picking up a tourist bound for Chaminade. I overheard a conversation where the driver was telling the tourist not to visit the City of Santa Cruz, saying it just wasn't safe. Now I feel safe in Santa Cruz, but that reputation HAS to be changed if our tourism economy is to thrive.

Infrastructure, water, poor business practices, uneven county funding

Two of the countys largest sectors, agriculture and hospitality, pay very low wages. Why would we want more of this?

High unemployment in Watsonville: overdrafting water countywide/flood control; traffic gridlock & CO2 pollution;

Job creation; economic development; education improvements; disparities of economics & education attainment; restrictive land use planning w/limited sites for retail, hotels, truck plazas, etc.; fix traffic & roads

No jobs; stringent rules to do anything; education needs improvement; water innovations

Top heavy county administration; outdated procedures; duplication of functions. Need top to bottom salary restructuring.

Transportation - huge waste of fuel & labor hrs. on Highway 1 traffic; expand pipelines to make more use of recycled water

Redundant rules for finances; over regulation

well paying jobs; saving natural resources

mismatch of wages vs. housing costs;

economic barrier>fear of country process = risk; risk= time, energy & money @ risk.
County must create a new perception!! Remove fear;

Econ challenge> future availability of water

Opportunities:

Tourism

How can Watsonville be better utilized as a pass through from SC to Monterey? How can we piggyback off of our neighbors' success?

Ecotourism, green jobs, infrastructure; multicultural festivals, restaurants, cherry blossom, strawberry, flying, birding

South county; housing - turn empty building into residence; Watsonville patch -

untapped opportunities

Challenge & Opportunity:

Dealing w/the few families who own much of the commercial lands; challenge: expanding water supply

PLEASE INDICATE THE TOP STRATEGIES YOU BELIEVE THE COUNTY SHOULD PURSUE TO ENHANCE ECONOMIC VITALITY THROUGHOUT SANTA CRUZ COUNTY FOR ALL RESIDENTS

Continue discouraging meth as an alternate form of a home enterprise.

Build the enthusiasm and civic pride in being an Aptosian! Own it!

For Seacliff, until there is adequate parking and the obstructive and very expensive circumstance of the building department is eliminated, nothing will happen. So there should be a strategy to accommodate this.

Recruit a couple of larger employers, fix the traffic situation on Hwy1- it makes working and living here very inefficient.

Clean up the county- crime and homelessness don't help drive business to local stores
help stakeholders develop their properties

Institute and/or bring back some form of redevelopment (improvement?) districts where property tax increments could be reserved to improve specific blighted areas.

Consider tax breaks for businesses, including high density residential rental properties, who actively maintain and improve their parcels - including public frontage improvements such as sidewalks, driveway & street repair.

- lower the cost of doing business in the county, eg regulations, fees, time to complete projects.
- complete the highway 1 widening
- high speed internet county wide
- turn railway into a viable commuter line - eg San Diego

Find out current commute patterns and routes so more efficient means can be offered to workers besides driving. Institute trade programs for high schoolers that match the economic needs of the county.
promote new business and help to enhance tourism

Continue to improve infrastructure, neighborhood connectivity, public spaces, support medium-density multi-use growth

- Rewrite of codes that are hindering efficient, responsible growth.
- Better engagement with municipalities throughout the County.
- Tell some "positive stories" about the work being done at the County.

Continue to engage the private-sector in advising on certain policy issues and activities.

Develop sensible zoning regulations and then stick to them

Protect the green space we enjoy, smooth traffic flow, continue with the 20 look forward plan for the region

Reduce/streamline taxes, fees and regulations

Decide on desalination or no desalination.

Streamline planning/permit process.

Pay more attention to the lifestyle/sports offering that is unique to our area. This should be a bid draw for out of town \$.

- 1.) Improve internet speeds and connectivity
- 2.) Decrease fees and complications pertaining to building and redevelopment
- 3.) Widen the highway

Ensure that services and products are provided by local service providers.

The County should expedite the widening of Highway One along with other transportation options.

The County should simplify the planning process, make it more transparent, predictable and less onerous.

More hotels. Better roads. Better signage. Better technology to serve visitors (for example, better technology around parking).

And (most important!) a better global brand for Santa Cruz. Like, didn't Zach just write a book about branding and narrative?

I like the common brand idea that was mentioned at the meeting. Allowing local groups to use it, and allowing local groups access to CVC promotion of the county as a whole.

Improved internet, improved public transportation, remove outmoded ordinances, land use planning for business activities.

Review and eliminate anti business practices in the county.

Spend more money on marketing the county.

Improve infrastructure, as that benefits all residents.

Ag-related biotech; agritourism; university ag & water research; broadband access; road improvements; agtech education & training; employee housing of all kinds; hotel expansion; tech career education; economic promotion

1. transportation corridor (rail/trail) to allow alternate N/S movement
2. ROP or apprentice opps for job opps
3. alternative power supply to decrease greenhouse gasses & slow global warming
4. coordinate water supply strategies for people/ag/wildlife

1. not just "tourism"; underwrite a strong "agrotourism" program that has int'l appeal, i.e. Croatian farmer; German farmer, etc.
2. more emphasis on public art events, i.e. sculpture exhibitions like at Sierra Azul & possibly some large scale farmlands;
3. the Pajaro River

Let's talk about broadband upgrade, leadership: who will organize the marketing programs and make them happen?

1. provide incentives to business (incubators, careers, etc.);
2. uncomplicate the code & permit structure;
3. improve education & inspire children

Modernize & streamline bldg & planning functions. Give priority to business use permit applications; support agricultural businesses, especially organics & sustainable practices;

Support alternate tourist transit to the car; subsidize buses for tourist use;

Improve broadband access in fringe areas: S. County. alternatives to Comcast & AT&T;

Coordinate enforcement & inspection functions for businesses; fire, health, bldg inspection; establish one stop boutique service for businesses

Partner w/UCSC/Cabrillo/other employers to expand opps. I have a lot of education & experience & would be happy to utilize my talent and contribute more to the area.

Update land use regulations for businesses to prove more flexibility, esp. for start-up businesses & engage family owners of commercial properties to reinvest & improve properties

Localization-cooperatives-assume slow growth; maintain strong safety net to maintain property values;

Stop widening Hwy 1; encourage walking; dense central living; broadband; more cultural events; per serving fee on alcohol; market excellent public health (smoking bans, car-free areas); start on time to demonstrate skill, efficiency, respect, seriousness;

prevent more foreclosures - eminent domain, county way to forgive or work off/serve student loans; streamline-reduce regulations, fees, licenses

promote new or streamlined county process; transparent processes, defined costs, etc., defined timeline

PLEASE PROVIDE ANY ADDITIONAL FEEDBACK OR INPUT YOU HAVE ABOUT ECONOMIC VITALITY

Bring more e-biz campus sites to our side of the hill.

With the seaside location and far more comfortable climate than exists in Silicon Valley, we should be able to attract business associated with the computer/internet/smart phone/electronics industries to Santa Cruz County. To do so we have to make the business environment attractive. Local bureaucracy is so heavy and expensive it is not inviting. And we need a better way to get to San Jose than Highway 17. Perhaps a new road tunnel through the hill, or a high speed train through a tunnel - 12 minutes by train from downtown Santa Cruz to downtown San Jose. Think about it.

I think traffic congestion in general is such a big issue. In the summer, I only patronize businesses across the county with parking spaces since finding a space has become a major issue downtown and anywhere in Capitola.

help increase businesses prosper

Santa Cruz County is an awe inspiring destination point for a multitude of activities & sites - the ocean, mountains and local produce markets provided by our agricultural regions. Existing resources need to be better promoted and marketed to garner income from tourists.

Downtown Santa Cruz is no longer a destination to bring visitors. The pan handling & tolerance of disruptive behavior brings the area down.

- seek business/economic input outside of the traditional county sources which have traditionally been the area chambers of commerce and visitors bureaus.

- need to seek out the hidden entrepreneurs, they don't participate in the above groups.

permits and water fees make it next to impossible to create new business

Economic vitality is strongest when everyone has a stake in the society. Finding ways to engage the citizens in community effort, like this, encourages some "skin in the game". Economic vitality is not served when directed from above; talk to the business owners.

The County has started the ball rolling toward a more positive future. I'd like to see the commitment continue to grow.

The new Economic Development person is going to develop a system of business licensing. Government is going to get in the way so they can create a revenue source.

http://www.santacruzsentinel.com/opinion/ci_24197992/doug-kaplan-economic-development-plans-kiss-death

The reality is that many of these things will not happen, or if they do, will take generations. In the interim, I think we need to embrace our unique culture and do every possible to increase communication between the public and private sectors.

nothing comes to mind at this time and it's a long discussion.

Economic development is provided by people with ideas in the community. It is not a function of government. Government can help to provide infrastructure to support economic development. Making the process of interacting with government agencies onerous stifles economic development.

Our economy is based on transportation. If visitors, workers, and goods and services cannot move freely, the economy will suffer.

Let's work with what we've got (which is pretty damn world-class) and stop feeling sorry for ourselves.

Again, it's all about branding, messaging, narrative, and communication. Um, like, I think I already said this: didn't Zach (um, I mean, Supervisor Friend) just write a book on this stuff?

Income and expenses are interrelated. We need to do a much better job addressing transportation and housing. Having our low income workers commuting by car from Monterey or San Benito counties or even Watsonville is not sustainable in the many meanings of that word.

The county needs to promote business, not regulate it, and the economic vitality will follow.

The county needs to understand that we need to be together not separate when approaching county problems. (Where is all the affordable housing, certainly not in the northern part of the county?)

Put county resources where the people are, not where someone hopes they will be.

airport, county crossroads, open studios, Mello Center - cultural, Phillipine community, Buddhist Temple, Portuguese Hall/parade, Mexico/Central American communities, Serbs/Croatians; YMCA, Little League, AYSO soccer; sloughs; Monterey Bay Nat'l Marine Sanctuary > tourism; 14 state parks

Community Foundation of Santa Cruz County (CFSC) Summaries of Community Conversations

Attached is an Appendix B Insert, which is a 10 page document prepared by the Community Foundation of Santa Cruz County, of six "community conversations" regarding the following questions:

1. What are the issues we most need to attend to as a community in order to help ensure a vibrant and prosperous future for Santa Cruz County?
2. What can the people in this room do to address these issues?
3. How can the Community Foundation of Santa Cruz County be of help?

Appendix C: Economic Context, Trends and Projections

Economic History

In contemplating “what next” for the Santa Cruz County economy, it may be helpful to review certain words to remind of us what has been. The paragraph below presents a “fast forward” version of the “economic history” of Santa Cruz County, which is acknowledged to be brief and incomplete:

Agriculture. Timber. Railroads. Quarries. Visits for Health and Recreation: Boardwalk, Beaches, Mountains, Redwoods, Retreats. Immigration. Second Homes. Retirees. Wharf. Harbor. Santa's Village. Mystery Spot. Surfing. UCSC. Cabrillo. Capitola Mall. Rapid Growth. Westside Santa Cruz Industries. Environmentalism. Growth Management. Pacific Garden Mall. Progressive Culture. Scotts Valley Tech. Greenbelt. Earthquake. Recovery. Long Marine Lab. Manufacturing & Technology Shifts and Relocations. Dot Com Boom/Bust. Internet Age. Housing Bubble. Great Recession: Loss & Instability. Recovery. Technology/Innovation.

Key Industry Clusters

The unincorporated area of the County of Santa Cruz is home to over 138,000 residents, 58,000 housing units, and a multitude of non-residential structures that provide locations for businesses and employment throughout the County. The Economics Trends Report prepared for this countywide Economic Vitality Strategy, published in June 2013, highlighted four key industry clusters underpinning the Santa Cruz County economy. Three of these were identified based on analysis of the concentration of sectors within the regional economy compared to the State of California. This metric, known as a Location Quotient (LQ), identifies industry sectors with a higher concentration, indicating local strength in the sector. For Santa Cruz County, these three sectors are:

- Agriculture
- Education /Health
- Leisure/Arts (including Hospitality)

The Santa Cruz County Workforce Investment Board (WIB) has identified the following five major clusters in Santa Cruz County:

- Technology
- Tourism
- Lifestyle Enterprises
- Agriculture
- Environmental

Key Findings of Economic Trends Analysis

Key findings of the Economic Trends Report prepared during the process of developing the Economic Vitality Strategy include:

- The number of jobs in Santa Cruz County fell by 10,991 jobs, or 10.7%, between 2001 and 2011, which was much greater than the statewide employment loss of 2.8%.
- The largest industries in the County in 2011 were Government, Education and Health Care, Retail Trade, Leisure and Hospitality, and Agriculture and Mining; with two-thirds of all jobs in these sectors.
- Santa Cruz Job Sectors that were outperforming the State in the 2001-2011 timeframe include Agriculture, Government, Transportation/Warehouse, and Education/Health.
- Most jobs in Santa Cruz County are associated with small businesses: 70% of businesses have 10 or fewer employees, and 95% have 50 or fewer employees. Of those employed, 6.5% percent work from home, which is higher than the 4.8% average in the State.
- The County is “jobs poor”, in that there are fewer jobs than employed residents, which leads to a high level of out-commuting. Over 18,000 persons commute outside of Santa Cruz County for their work.
- The unemployment level in Santa Cruz County tends to be higher than the State; in March 2013 it was 11.4% in the County and 9.4% in the State. Unemployment is much more pronounced in Watsonville, where it was over 20%.
- There is a high level of disparity between education and income levels of North County households as compared to South County households. In North County, 7% of adults did not complete high school, but in South County 44% of adults did not complete high school. That educational disparity contributes to income disparity: median household income of \$72,340 in North County and \$49,100 in South County.
- Countywide Strengths include:
 - Recovering economy
 - Skilled workforce
 - Strong base of small businesses and people working from home
 - Older population aging in place, supportive of “encore careers” and mentoring
 - Low vacancy rates for Mid- and South County office markets
 - High housing values build household wealth
- Countywide Challenges include:
 - Disparities in South County education, income, poverty, unemployment
 - Imbalance of jobs to employed residents indicates need for job creation strategies
 - Losing job strength in some key industries:
 - Information/Professional Services
 - Manufacturing
 - Leisure & Hospitality
 - Retail

Relationship to the Sustainable Santa Cruz County Plan

The word “Sustainability” has taken on new importance, with a more broad understanding of what that word can mean for households, businesses, governments, the environment and our world. For this reason, the organizing principle for the Economic Vitality Strategy is the word “sustainable”. How can Santa Cruz County citizens, businesses and organizations collaborate and take actions to ensure that our collective future is sustainable? Healthy families. Good jobs. Quality schools. Housing that is affordable. Stable and safe communities. Available water, broadband, energy. Choice in transportation modes that are safe and uncongested: local roads, bus, sidewalks, bicycle routes, rail and trails. Regional transportation facilities: highways, rail, air, distribution networks. Community participation in helping those in need.

The Economic Vitality Strategy planning process occurred as the County of Santa Cruz was also in the process of preparing a “Sustainable Santa Cruz County” (SSCC – formerly called the “Transit Corridors Plan”), an effort funded by a grant from the Strategic Growth Council along with the County of Santa Cruz. The SSCC has a focus on evaluating and supporting land use and transportation patterns and policies that could lead to a reduction in the generation of greenhouse gases (GHG) that result from long commutes and inefficient uses of land and energy by households and businesses. That planning effort is looking at opportunity sites that exist along transit corridors and at opportunity sites located within the urban services area of unincorporated Santa Cruz County. While certain SSCC goals and policies will have countywide applicability, the communities of Live Oak, Soquel and Aptos/Rio del Mar are within the urban area where most of the opportunity sites exist for future jobs, housing and transportation improvements. Because the SSCC study area has the highest existing concentration of jobs and housing within unincorporated Santa Cruz County, the strongest connections to regional employment centers, and the most extensively-developed infrastructure, it has great potential to be improved in ways that increase the sustainability and economic health of the County.

AMBAG Population and Employment Trends and Projections

The Association of Monterey Bay Area Governments (AMBAG) is a regional government involving the counties of Santa Cruz, Monterey and San Benito, with responsibilities related to regional land use and transportation policies. In 2008, the State of California adopted legislation that required regional governments such as AMBAG to prepare “Sustainable Community Strategies” (SCS), which were to incorporate policies for future land use and transportation patterns and public transportation funding investments that would lead to reduction in greenhouse gases (GHG). AMBAG is preparing the 2035 SCS for this region in conjunction with the 2035 Metropolitan Transportation Plan (MTP), and both documents together present strategies for how future housing and jobs can be located, in coordination with transportation improvements, to offer the opportunity for shorter commutes and reduction in greenhouse gases in the future. In the long term, these shifts can act to slow down potentially adverse effects of climate change on our region. In day-to-day living, SCS policies can contribute to a higher quality of life for area residents, businesses and employees.

AMBAG published its Draft SCS/MTP for public review and comment in February 2014, along with its Regional Housing Fair Share Plan for the 2014-2023 Housing Element Update timeframe. These documents, which will be considered for adoption in June 2014, present the following forecasts, to the year 2035.

POPULATION

Geography	2010	2020	2025	2030	2035	Compound Annual Growth Rate	Change Over Forecast Period
Santa Cruz County	262,382	279,381	287,512	298,095	308,582	0.65%	17.61%
Capitola	9,918	9,119	9,427	9,758	10,086	0.07%	1.71%
Santa Cruz	59,946	66,860	70,058	73,375	76,692	0.99%	27.94%
Scotts Valley	11,580	11,638	11,696	11,754	11,813	0.08%	2.01%
Watsonville	51,199	59,446	61,452	63,607	65,762	1.01%	28.44%
Balance Of County	129,739	132,318	134,879	139,601	144,227	0.42%	11.17%

HOUSING UNITS

Santa Cruz County	104,476	111,039	113,168	117,151	120,196	0.56%	15.05%
Capitola	5,534	5,534	5,534	5,537	5,553	0.01%	0.34%
Santa Cruz	23,316	26,890	27,547	28,297	29,355	0.93%	25.90%
Scotts Valley	4,610	4,655	4,692	4,771	4,785	0.15%	3.80%
Watsonville	14,089	16,382	16,933	17,733	18,188	1.03%	29.09%
Balance Of County	56,927	57,578	58,452	60,813	62,315	0.36%	9.46%

For the whole of the unincorporated county area ("Balance of County"), the forecast is for the following levels of population and housing unit growth from 2010 to 2035:

Population	+ 14,488 persons
Housing Units	+ 5,388 units

For the whole of the unincorporated county area ("Balance of County"), AMBAG has projected the following levels of job growth from 2010 to 2025, and then from 2025 to 2035, by industry sector:

Summary of AMBAG 2010-2035 Job Growth Projections for Unincorporated County Area

INDUSTRY SECTOR	JOB GROWTH 2010-2025	JOB GROWTH 2025-2035	TOTAL 2010-2035
Agricultural	+ 236	+ 101	+ 337
Construction	+ 522	+ 65	+ 587
Industrial	+ 48	- 17	+ 31
Retail	+ 61	+ 19	+ 80
Service	+ 230	+ 51	+ 281
Public	+ 3,299	+ 1,504	+ 4,803
TOTALS:	+ 4,396	+ 1,757	+ 6,153

(Detailed charts of job growth projections by jurisdiction and by sector are presented on pages that follow.)

AMBAG Regional Fair Share Housing Allocation (RHNA) 2014-2023 for Unincorporated Area

The Regional Fair Share Allocation (RHNA), to be addressed by the next Housing Element Update that must be adopted by December 2015, is only for a portion of the 25-year SCS/MTP forecast timeframe. The time period for the RHNA/Housing Element covers 10 years, from January 1, 2014 through December 31, 2023.

The proposed 2014-2023 Regional Fair Share Housing Allocation for the unincorporated Santa Cruz area is 1,314 housing units, targeted to income levels as shown below. Santa Cruz County must adopt a Housing Element, and demonstrate in its General Plan and zoning codes, that land is available to accommodate the following numbers of units, of a housing type that would be affordable to households at the indicated income levels. The “very low” income category will also address housing for extremely low income households.

INCOME LEVEL	NUMBER OF UNITS (2014 – 2023)
Very Low	317
Low	207
Moderate	240
Above Moderate	<u>550</u>
	1,314 units

The RHNA reflects forecasted growth of housing units at an average of 131 units per year over the 10-year timeframe. The AMBAG SCS reflects forecasted growth of housing units at an average of 215 units per year over 25-year timeframe. These numbers are within the ranges of building permits issued over the 35-year history of the County’s Measure J growth management system.

BAE Urban Economics Real Estate Market Projections for SSCC Urban Plan Area of County

In conjunction with preparation of Santa Cruz County’s Sustainable Santa Cruz County/Transit Corridors Plan, economic consultants prepared a “Demographic, Economic and Real Estate Market Existing Conditions Analysis” which evaluated the urbanized “plan area” portion of the unincorporated County: Live Oak, Soquel, and Aptos.

That report presented a “low”, “middle” and “high” range of projections, but only for office and industrial space. It should be noted that the County’s Trends analysis was performed in a time period that was the aftermath of the Great Recession, with job creation and financing just beginning to re-establish. Successful implementation of appropriate economic vitality actions could shift the future scenario to the “higher” levels of the range of market projections, or even beyond if activities occur in a way that “changes the curve” for certain industry sectors, such as for technology businesses in Santa Cruz.

The AMBAG Forecast also notes that the level of industrial/technology jobs could increase if Santa Cruz is able to organize for and attract more jobs in that sector in the future, capitalizing on its location near Silicon Valley/San Francisco, as well as on the presence of UCSC and other educational institutions.

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BAE Real Estate Market Projections for SSCC Urban Plan Area of County

USE TYPE	RANGE	JOB	SQUARE FEET
Office *	High	590	147,500 (250 SF/employee)
	Middle	323	80,750
	Low	90	22,500

* The market for office space was noted to be particularly strong for Mid County.

Industrial	High	142	120,700 (850 SF/employee)
	Middle	83	70,550
	Low	22	18,700

Retail No specific job or square footage projection. Opportunities to replace/renovate spaces for higher quality. Market for clothing/apparel, warehouse/clubs, home furnishings/household goods, general merchandise/ variety stores, home improvement materials, new/used car sales, eating and drinking establishments, lifestyle and recreation goods

Lodging No specific job or projection of needed hotel rooms. Good market for higher quality modern hotels, including with conference capabilities; and for extended stay, boutique, eco-resort and other niche lodging

Other No specific forecasts for agriculture, construction, public sector

AMBAG 2010-2035 Job Growth Projections

The projections published by AMBAG in February 2014 within the Draft Sustainable Community Strategy and Regional Fair Share Assessment are provided below.

DRAFT EMPLOYMENT FORECAST 2010 to 2035

Geography	2010	2020	2025	2030	2035	Compound Annual Growth Rate	Change Over Forecast Period
Santa Cruz County	110,200	120,010	123,546	127,227	131,117	0.70%	18.98%
Capitola	6,170	6,550	6,691	6,850	7,018	0.52%	13.75%
Santa Cruz	37,077	40,391	41,279	42,546	43,863	0.67%	18.30%
Scotts Valley	5,164	5,151	5,219	5,253	5,289	0.10%	2.41%
Watsonville	21,505	24,359	25,680	26,976	28,543	1.14%	32.73%
Balance Of County	40,284	43,559	44,681	45,670	46,404	0.57%	15.19%

2010 EMPLOYMENT BY INDUSTRY

	Agricultural	Construction	Industrial	Retail	Service	Public	TOTAL
Santa Cruz County	9,600	3,000	5,300	14,900	43,700	33,700	110,200
Capitola	-	-	38	1,694	3,306	1,132	6,170
Santa Cruz	488	496	2,140	3,813	13,435	16,704	37,076
Scotts Valley	32	100	804	759	2,532	932	5,165
Watsonville	2,869	1,100	1,439	3,397	7,315	5,385	21,505
Balance Of County	6,211	1,208	879	5,238	17,112	9,547	40,285

2020 EMPLOYMENT BY INDUSTRY

	Agricultural	Construction	Industrial	Retail	Service	Public	TOTAL
Santa Cruz County	9,970	4,086	4,653	15,275	46,573	39,453	120,010
Capitola	-	-	32	1,742	3,576	1,200	6,550
Santa Cruz	517	676	1,799	3,912	14,503	18,984	40,391
Scotts Valley	34	125	675	774	2,576	967	5,151
Watsonville	3,039	1,497	1,209	3,552	8,632	6,430	24,359
Balance Of County	6,380	1,788	938	5,295	17,286	11,872	43,559

2025 EMPLOYMENT BY INDUSTRY

	Agricultural	Construction	Industrial	Retail	Service	Public	TOTAL
Santa Cruz County	10,074	4,161	4,586	15,348	47,756	41,621	123,546
Capitola	-	-	31	1,752	3,671	1,237	6,691
Santa Cruz	522	688	1,771	3,772	14,924	19,602	41,279
Scotts Valley	34	128	665	776	2,612	1,004	5,219
Watsonville	3,071	1,525	1,192	3,749	9,211	6,932	25,680
Balance Of County	6,447	1,820	927	5,299	17,342	12,846	44,681

2030 EMPLOYMENT BY INDUSTRY

	Agricultural	Construction	Industrial	Retail	Service	Public	TOTAL
Santa Cruz County	10,143	4,236	4,552	15,497	49,036	43,763	127,227
Capitola	-	-	31	1,768	3,774	1,277	6,850
Santa Cruz	526	701	1,758	3,820	15,286	20,455	42,546
Scotts Valley	34	130	660	785	2,634	1,010	5,253
Watsonville	3,091	1,553	1,181	3,818	10,036	7,297	26,976
Balance Of County	6,492	1,852	922	5,306	17,374	13,724	45,670

2035 EMPLOYMENT BY INDUSTRY

	Agricultural	Construction	Industrial	Retail	Service	Public	TOTAL
Santa Cruz County	10,229	4,311	4,485	15,645	50,365	46,082	131,117
Capitola	-	-	31	1,785	3,881	1,321	7,018
Santa Cruz	530	713	1,730	3,908	15,493	21,489	43,863
Scotts Valley	35	133	650	792	2,667	1,012	5,289
Watsonville	3,116	1,580	1,164	3,842	10,931	7,910	28,543
Balance Of County	6,548	1,885	910	5,318	17,393	14,350	46,404

Appendix D: Summary of Subregional Economic Strengths and Strategies

This appendix to the Santa Cruz County Economic Vitality Strategy will present an overview of identified sub-regional economic strengths and opportunities. For the four cities located in the County, information, goals, strategies and policies from respective economic vitality documents are summarized in this section.

URBAN CORE: SANTA CRUZ, CAPITOLA, SCOTTS VALLEY, LIVE OAK, SOQUEL, APTOS, SEASCAPE, RIO DEL MAR, SEACLIFF

The Urban Core is the most population dense area of the County and also includes the highest job concentration nodes. Tourism, education, technology and medical jobs occur in the highest numbers in this area. The majority of retail sales in the County take place in the Urban Core. It is also the most constrained by the availability of adequate broadband service and is threatened by possible moratoriums on new water connections. Its strengths lie in the clusters that have grown and expanded, assisted by individual City Councils, Economic Development staff, local Chambers and other economic development organizations.

City of Santa Cruz

The City of Santa Cruz adopted its General Plan 2030 in 2012, and it contains an Economic Development Element (Chapter 6). The focus of the element is in six areas – the regional economy, the city's tax base, role of the University in the local economy, the local workforce, the city's business districts and a sustainable economy. The following is an excerpt from the city's Santa Cruz General Plan 2030, Chapter 6 Economic Development, regarding the six areas:

- The Regional Economy: Santa Cruz is not an economic island. It is in, is part of, is surrounded by, and is dependent on the regional economy. Much of the revenue the City receives comes from taxes on retail sales and hotel occupancy. Those economic sectors in turn depend on healthy economic conditions in the wider region. But retailing concepts are changing and nearby beach and resort areas are building hotels to attract the tourist who now flock to Santa Cruz. One way the City can maintain and potentially improve its economic position and revenues is to expand retail sales. That objective can be pursued through economic development. A second way is to evolve into a full service overnight lodging destination. The expansion of visitor accommodations presents an opportunity to move beyond the level of existing hotel and lodging offerings to bring a broader range of overnight visitors and daytime business services to the city.
- The City's Tax Base: The condition of the economy in the city and the region, and the financial health of City government, are two different things. While the local economy experienced substantial overall growth since 1970, the City's ability to take in money to pay for the services it provides has diminished over the same period. During the 1970's, the City established a number of taxes and increased those as needed to pay for the services it was providing to the community. Beginning in the late 1970's and into the 1980's, multiple statewide ballot propositions changed the tax laws, making it impossible for cities to impose new taxes or increase old ones. Thus constrained, the City's tax base and revenue were unable to benefit from and reflect the vigor of the larger economy. In order to continue and pay for those services deemed most essential (like public safety), the City had to budget less money for other public services. Over the years, Santa Cruz has maintained a healthy retail base. Auto dealers, the Boardwalk, and Costco are the city's

largest tax generators, but their growth and retail sales trends have been relatively flat. Santa Cruz lost ground in taxable retail sales in the economic downturn of 2001. By 2006, eating and drinking sales and general merchandise sales had recovered some of that ground, but were offset dramatically by sales captured in nearby Capitola. To provide increased services to both residents and visitors, the City has to grow its tax base.

- Role of the University in the Local Economy: The area's K-12 schools and UCSC make Education Services, as a sector, a substantial contributor to the local economy. The sector increased by 520 jobs between 2002 and 2004, and accounted for almost 18 percent of the local economy in 2004. The growth of UCSC is closely linked to the future economy of Santa Cruz and should be a part of the City's economic development strategic planning. The City and University have sought ways to enhance and expand ongoing communication and collaborative planning, beyond the commitment to an annual Chancellor-Mayor public meeting. And while the University offers the public performing arts and lecture programs and use of the University Library and physical education and recreation amenities, the two entities also need to look for joint opportunities and projects – such as the Technology Incubator – that encourage business activities, generate local employment, and expand the local tax base.
- The Local Workforce: A high quality of life and an educated and seasoned labor force can offer a major competitive advantage in both attracting new businesses and expanding existing ones. A skilled and diverse workforce will attract entrepreneurs and nurture growing companies, and can reasonably be expected to buffer the city from low employment levels, even during economic downturns. A key attribute of the Santa Cruz workforce is that residents tend to work within the community. Of the total of 28,869 employed Santa Cruz Residents in 2000, 15,500 (almost 54 percent) worked within the city limits, including 1,653 who worked at home. Santa Cruz residents are highly educated. In 2000, more than 44% of the city residents over age 25 had a bachelor's degree or higher, and almost 18 percent had a graduate or professional degree. That level of educational attainment is higher than the countrywide level (34 percent with a bachelor's degree or higher) or the regional level (just under 27 percent), and represents an attractive feature of the resident labor force to many employers. Effectively utilized the skilled, educated, and diverse workforce in the city will require creative policies and programs.
- The City's Business Districts: The City has worked and will continue to work with property owners and retail developers to expand local-serving, region-serving, and specialty retail Downtown. This effort can be expanded to support small, independently owned businesses throughout the city.
- A Sustainable Economy: This Plan applies the term "sustainable" "to resources or systems that can be maintained without compromising the needs of future generations, and in so doing, will conserve or restore an ecological balance and avoid depleting resources". A "sustainable economy" is one that offers a wide variety of economic opportunities, creates strong local prosperity, and contributes to the local tax base, providing needed public services. Communities across the country are exploring ways to foster a business climate that promotes and gains from "green" buildings and planning efforts, education, and technical assistance can reduce the climate, health and cost impacts associated with expanding and operating the built environment. Santa Cruz can also facilitate future local employment opportunities and encourage the development of

high-quality space for small businesses and local professionals with a mix of office uses and Research & Development.

City of Capitola

During 2013/14 Capitola was in the process of updating its General Plan, which includes specific policies and programs to foster economic development. The City's economic development goals are designed to help support a vibrant community, while maintaining a business environment that supports the retention and expansion of existing businesses. The City's primary economic development activities are focused on reinforcing the 41st Avenue Corridor as the region's main retail destination, and at the same time, developing a vibrant historic beach village. To accomplish these efforts the City has entered into an agreement with the Capitola Mall owners to assist with the relocation of the Transit Center, and partnered with the Village Business Improvement Association to enhance Village street and sidewalk maintenance.

City of Scotts Valley

Scotts Valley adopted an Economic Development Plan in 2007, and approved a Town Center Specific Plan in December 2008. The Economic Development Plan emphasizes creating a positive business environment and promotion of the City as such; encouraging business expansion and retention; attraction of employers who provide livable wages; undertaking other efforts to foster a healthy commercial sector that meets the needs of local shoppers; and assuring that the environment and public infrastructure support a viable business climate. A major economic development activity for Scotts Valley is to foster creation of a "town center", which would be a mixed-use node with commercial, civic and residential uses that becomes the heart of the city. Due to shift of some major businesses to Silicon Valley in recent years, there is a high office vacancy rate which the City also endeavors to address with business attraction efforts.

Aptos/Rio del Mar/Seascape

This area is primarily a residential area, but includes recreational attractions such as Nisene Marks, beach areas and the Seascape golf course; visitor accommodations such as Seascape Conference Center and Best Western at State Park Drive; and shopping areas such as Rancho del Mar in Aptos and Deer Park in Rio del Mar. Implementation of the Aptos Village project along Trout Gulch will add about 68 housing units and 75,000 square feet of modern commercial spaces to the area. Rancho del Mar is planning to apply to redevelop that shopping center to modernize its outdated spaces and increase the size of Safeway.

Live Oak/Soquel

As the primary urban area within the unincorporated area, the Live Oak and Soquel communities include the most job dense areas, including the Dominican/Sutter medical district, the Upper 41st retail shopping center, and a variety of commercial uses along the Soquel Drive Corridor. Soquel Village is a traditional and charming village area with a concentration of food and antique businesses. The Live Oak/Soquel area includes a number of opportunity sites that would accommodate businesses and job creation, as well as residential and mixed use development in a pattern that would support sustainability goals. The area has a number of challenges that must be addressed, including traffic congestion.

Seacliff

Seacliff is a quaint small village area adjacent to Seacliff State Beach, with some constraints and opportunities. Continuing the work to ensure that undergrounding project is completed is very important to the community, as this will trigger the streetfront improvement project. In addition, available land offers the potential to develop additional retail, office and visitor accommodation uses that would “build the other half” of the downtown. A planned parking solution needs to be managed to balance the needs of businesses, visitors, employees and residents. Management of the issues will provide for a more healthy, sustainable district that is welcoming to visitors and residents alike.

North Coast/Mountains: Felton, Boulder Creek, Brookdale, Ben Lomond, Zayante, Lompico, Davenport, Bonny Doon, Swanton

The North Coast/Mountains region is known for agriculture, timber and historic small downtowns. There are many possible opportunities to expand employment opportunities in this market. The former CEMEX cement plant, vacant after a hundred years of production, is now the subject of a Site Re-Use study. The approximately 180 acre site will play a vital role in the next large employment provider(s) to the North Coast, and the Davenport community vitality will be an important consideration in the planning process.

The introduction of agri-tourism in this region will provide a fundamental change. Local wineries and Swanton Berry Farm are already bringing visitors to the area, but an appropriate expansion of these activities can positively affect all of the businesses in the area. Additional hours, farm stays, produce markets and farm-to-table events will all contribute to the health of existing businesses.

The historic downtowns of Felton, Ben Lomond and Boulder Creek all provide a unique opportunity to educate visitors about the timber boom that happened a hundred years ago. The continuation of creating these places as destinations, all with their own unique characters, will be important moving forward. Each community has a “Town Plan” that is over a decade old and needs to be updated. Assisting the towns to work in a more coordinated fashion and in tandem with the Santa Cruz Conference & Visitors Council (CVC) to create a Heritage Tourism market sector, which also promotes the other visitor activity and accommodation clusters would be beneficial.

The North Coast region is also known for fabulous natural amenities such as Castle Rock and Big Basin State Parks, as well as the beautiful coastline, forests and rivers. Ensuring that these landmarks remain the focal point of this region will be imperative, for this is the reason that residents choose to live and tourists choose to visit here.

South County: City of Watsonville; and Freedom, La Selva, Salsipuedes, Aromas, Pajaro Dunes

City of Watsonville

Watsonville adopted its Economic Development Strategy in 2008 as part of its General Plan Update. The Plan acknowledges that the City’s economy is rooted in agriculture and food processing, and the issues it faces are very different from the northern areas in Santa Cruz County. In particular, the Economic Development Strategy highlighted a few key challenges that the City faces, including: low educational

attainment and skill levels within the local labor force, a shortage of affordable workforce housing, a lack of available land, obstacles facing large-scale development, and lack of funding at the local level for public initiatives. Given these unique challenges, the Economic Development Strategy was directed to address these issues. Unfortunately, the loss of redevelopment has significantly reduced funding available for these policies, according to an interview with the City's Economic Development Manager. Still, the City is still engaged in about 90 percent of the tasks listed in the strategy.

The City's economic development goals are to create a vibrant community, a business environment that supports the retention of existing businesses, and the attraction of new business and entrepreneurs, and a workforce that can meet the needs of existing businesses. The policies listed below describe the City's primary economic development objectives.

- Business retention and expansion: City staff and leaders meet frequently with business owners in the City to demonstrate the City's support of existing businesses and to listen to concerns.
- Business attraction: the City is leveraging the existing business base and targeting firms in similar industries, including light manufacturing, food processing, and other entrepreneurs
- Manabe-Ow: the 2008 Economic Development Strategy recommended developing the Manabe-Ow property in Watsonville as a premier flexible employment center for industrial and/or office park uses. The property was annexed by the City in 2006, but the City has had trouble identifying sufficient funds to pay for infrastructure and finding a developer. Still, the 95-acre parcel presents an opportunity for the City to build new industrial and office space.
- Downtown revitalization: the City's central business district is the historic heart of Watsonville. Recent improvements include the completion of multiple sign and façade improvement projects and installing sidewalk improvements.
- Infrastructure finance district: with the loss of tax-increment financing, the City is looking for alternatives to generate funds for public initiatives. The City's Economic Development Manager mentioned that the City may want to create an infrastructure finance district for the Downtown area.
- Education and workforce training: the ED strategy calls for identifying education and workforce partners to encourage major employers and educational agencies to implement programs that can raise the educational attainment levels and improve career opportunities for local residents.

Freedom, Salsipuedes, Aromas

The Freedom, Salsipuedes and Aromas communities are predominantly residential. A significant proportion of the housing stock provides workforce housing, including for employees of the agricultural sector. These communities relate to and participate primarily in the Watsonville economy although not exclusively.

La Selva

The La Selva area is predominately residential, and relates to the Aptos/Rio del Mar areas of the County.

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Pajaro Dunes

Pajaro Dunes is a residential area that was established in the 1970's and is operated primarily as a visitor accommodation/lodging facility, with some primary residences and some second homes that do not participate in the lodging industry. Pajaro Dunes generates a high level of Transient Occupancy Taxes (TOT) to the County of Santa Cruz, and the County should undertake efforts to ensure that the visitor experience is positive in terms of road access, public safety and availability of visitor shopping, eating and recreational opportunities.

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Appendix E: Overview of Hotel Product Types

Appendix E is an Insert to the EVS, consisting of a 14-page memo prepared by BAE Urban Economics, dated July 1, 2013, which provides an overview of the types of hotel and visitor accommodations that typically exist in the hotel industry. This material may be useful as Santa Cruz considers its visitor accommodations and potential growth in this sector.

bae urban economics

MEMORANDUM

TO: Kathy Previsich, Planning Director, County of Santa Cruz

FROM: Janet Smith-Heimer, Managing Principal, BAE

RE: Overview of Hotel Product Types

DATE: July 1, 2013

Purpose

This memorandum provides an overview of hotel product types which could potentially be developed and experience market support in unincorporated portions of Santa Cruz County. This memorandum has been prepared as background material for both the Santa Cruz County Sustainable Transit Corridor and Economic Vitality Strategy planning processes.

Although a full market feasibility study has not been conducted recently for unincorporated Santa Cruz County sites, growing tourism demand spurred by beautiful scenery, recreational opportunities, and wine appellations have combined to present new options for hotel development in the area.

Overview of Hotel Product Types

Hotels and lodging facilities come in many shapes and sizes. The range of hotel product types throughout the US has evolved over the past decade; with the introduction of eco-tourism, agri-tourism, and differentiated boutique hotels. In addition, many traditional hotel/motel facilities have been refined to target every demographic category and every price range of traveler.

The hotel industry tends to differentiate both by product type (e.g., extended-stay, conference center/retreat, boutique, resort) and by level of service. "Full-service" means a lodging facility that offers a full range of food and dining (including room service), along with concierge or equivalent, assistance with luggage, meeting/party rooms, and other labor-intensive services. "Limited Service" means lodging facilities where very little of these labor-intensive services are offered; instead, there is a "do-it-yourself" quality such as vending machines but not on-site restaurant, no luggage assistance readily available, and limited assistance with sightseeing or travel plans. In between these two ranges is "Selected Service," which means some labor-intensive services available (such

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New York, NY 10001
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as a coffee bar and sandwiches at a Hyatt Place aimed at business travelers), but with an eye towards efficiency and cost-savings.

Santa Cruz County lodging offerings tend to fall into either the “limited service” category, or into the “budget hotel” typical of the Santa Cruz Beach Area. There are several “full service” hotels as well, but that product type is not strongly represented in the Santa Cruz area market. The following profiles each hotel product type, and provides examples to illustrate the product’s size (e.g., acres and square feet), room count, amenities, price, and market segments.

Traditional Hotels – Full Service

Traditional hotels with full services are typically located in large cities, and tend to cater to a mix of business and leisure travelers seeking a full range of services and assistance. These types of facilities can range from luxury to more modest quality and amenities. Common brands for this type of product are Four Seasons, Sheraton, Hilton, Hyatt, Marriott, and some of the larger Holiday Inns. Many historic hotels and other central city regional chains also operate this product type. The Hilton in Scotts Valley is an example of a full service hotel in Santa Cruz County.

Traditional Hotels – Limited Service

Many traditional hotel operators have introduced various versions of traditional hotels with limited services, resulting in smaller facilities and typically lower pricing. Examples of these include Hyatt Place, Holiday Inn Express, and Marriott Courtyard. These products typically cater to a mix of business and leisure travelers, and are often located at freeway interchanges or near airports, to capture travelers seeking convenience. The Santa Cruz County hotel market is mostly comprised of limited service hotels, many of which are smaller inns and motels that are independently owned. Examples of limited service hotels include the Marriott Fairfield Inn and Suites in Capitola, the Holiday Inn Express in Santa Cruz, and the Best Western in Seacliff. The Beach Street Inn & Suites is an example of a small motel along the beach that was recently remodeled in 2011 with a strong design theme resembling a boutique with limited service offerings. The hotel reports high demand in the summer and shoulder season.

Budget Motels and Hotels

Budget lodging in Santa Cruz County tends to be provided by older properties that target low-budget visitors and typically do not undergo reinvestment to update facilities. This operating approach typically generates sufficient return to long-time owners with minimal investment. However, this business model may not optimize other goals for the broader lodging marketplace in the County, by limiting the array of facilities that meet contemporary market demand. Due to the presence of numerous properties in this category existing in the County, this type of lodging is not profiled herein.

Extended-Stay

Extended-stay hotels are typically designed to accommodate families or business travelers needing a kitchen facility in the room or suite, and other room features that enlarge the space so that the

experience has more “apartment-style” features. Although most extended-stay facilities target those on a modest budget, there are many unique examples around the world of extended-stay facilities which cater to specialized interests such as boat-owners who dock their boat and stay in the lodging facility.

Boutique Hotels

Boutique hotels have gained in popularity over the past decade. These facilities typically offer a strong design theme, aimed at presenting a “personality” to guests, with touches throughout that reinforce this approach. Examples of large operators who have specialized in boutique hotels in California include Kimpton and Joie de Vivre. These facilities may be located in scenic areas, but usually only offer “selected service” and thus do not cater to visitors seeking a multi-night stays with full amenities on-site, thus reducing operating costs and room rates compared to luxury resorts. The Dream Inn, a beachfront hotel by the Santa Cruz waterfront operated by Joie de Vivre, the Hotel Paradox, and the Bella Notte are examples of boutique hotels in Santa Cruz County.

Resort Hotels

Resort hotels are typically developed as destinations, so that the project itself is the reason for selecting this location as a lodging choice. Resort hotels can be developed in a range of sizes and with a broad set of amenities, depending on the location and target markets. The second part of this memorandum profiles a range of resort hotels on the Pacific Ocean in California, illustrating this range of products. From sites of eight acres (Bodega Bay Lodge) to sites combined with 18-hole golf courses in the 100s of acres (Ritz Carlton Half Moon Bay). All resort hotels offer full services, although these can vary depending on the offerings of the site. Resort hotels are typically amenitized with full service dining facilities, swimming pools, spas, customized recreation services (or assistance in arranging these nearby), and general concierge services. These location, recreation, and service amenities are reflected in the pricing of the hotel rooms. The Chaminade and the Seascape Resort in Aptos are examples of resort hotels in Santa Cruz County.

It should be noted that the large affluent “baby boomer” market segment has had a notable decline of interest in traditional golf resort facilities. Many creative hotel developers and operators have shifted this type of destination activity to other themes, such as culinary emphasis (cooking schools, cooking classes), while still others have emphasized on-site luxury spa and health / wellness experiences.

Eco-Resorts

A variant of resort hotels that has evolved world-wide in the past decade or two is the eco-resort, which strives to limit its environmental footprint, showcase the local environment, and sometimes offer the experience of a resort at a reduced price due to limited lodging and the substitution of “glamping,” which provides “glamor camping” facilities such as luxury tents or yurts. This concept blends the concepts of a destination (where one stays for several days) with the concept of environmental interest. It is a way for sensitive environmental lands to be opened up to limited

human interaction, while still maintaining environmental goals. A nearby example is the Costanoa Lodge and Eco-Resort in Pescadero.

Other Product Types

One variant of the traditional resort hotel is a facility with a large amount of space devoted to meeting rooms and/or event venues to add revenue opportunities to its operations. Business meetings, weddings, family reunions, and other celebrations can be hosted at these facilities, sometimes without associated room stays. Some of these products are located in or near dense urban areas, while others can be located far from the city, offering a special “retreat” experience. Chaminade, in Santa Cruz County, was originally developed to emphasize this conference center theme, with extensive business meeting room facilities. However, as that market segment shrank during the recent recession, Chaminade has repositioned itself as a full service destination resort for the leisure traveler, along with special events.

The Monterey Conference Center is a nearby example of a development oriented to a broad spectrum of users: hosting meetings and conferences for businesses and organizations, as well as accommodating business, family and leisure travelers. The website for the conference center emphasizes the “Monterey Meeting Connection”, which “brings together the Monterey Marriott, the Portola Hotel & Spa, and the Monterey Conference Center to deliver unparalleled conference, tradeshow and meeting services for corporations, associations, and organizations.” The Center is located along the Monterey Bay waterfront, and offers 61,000 square feet of flexible meeting space, 19,600 square feet of exhibition space, 700 hotel rooms, a 500-seat amphitheater, and catering services. The hotel rooms are offered through partnerships with three adjacent hotels. Restaurants, shopping and recreational opportunities are located within walking distance, and the Monterey Regional Airport provides commercial air service for travelers, with connections to San Francisco International airport.

There are also many creative variants of destination lodging, such as boatels, “caravan hotels” (leasing stationary Airstream campers for a luxury camping experience), and all kinds of unique specialized lodging. Other lodging product types are not profiled here, but their presence as part of the visitor accommodation inventory in Santa Cruz County must be acknowledged, and they include but are not limited to Bed and Breakfast Inns, vacation rentals, campgrounds, and retreats.

Finally, there are many “hybrid” versions of lodging such as timeshares, fractionals, and “clubs,” which offer varying ownership interests divided among multiple owners, and the ability to exchange these visitation rights across networks of similar properties. This industry segment has experienced rapid growth in destination locations throughout the US including urban areas (see Fairmont facilities in San Francisco), due primarily to the financial model’s ability to earn the developer an up-front profit on the real estate venture instead of over time through hotel operations.

Examples of Product Types in California

The following pages profile a range of product types found in California communities with similar attributes as Santa Cruz. These were selected to profile options as Santa Cruz County considers new opportunities to strengthen its growing tourism sectors.

Sheraton Palo Alto (Traditional Hotel with Full Services)

Palo Alto, CA



Property Profile

Located next to Stanford University near University Avenue, this hotel has 346 guest rooms, most with private patios or balconies overlooking gardens or the pool. Guest rooms offer amenities including oversized rooms with premium bedding, contemporary décor, flat panel TVs, high-speed internet, and a kitchenette. A 24-hour concierge is available on-site, along with a business center, lounge, gift shop, restaurant, fitness center, and an outdoor heated pool. The hotel recently renovated its meeting rooms, offering a total of more than 12,000 square feet of flexible space. The meeting rooms range from 300 square feet to over 5,000. The largest event space at 5,400 square feet can seat 340 guests in banquet style seating or 500 guests for a standing reception.

Site Information

The four-story hotel sits on approximately 6.75 acres. The hotel is located one block from downtown Palo Alto, and across the street from Stanford University.

Quality

Four and a half stars

Rate Range

Rooms: \$219-\$449

Comments

The Sheraton in Palo Alto caters mainly to business travelers. Occupancy rates are reportedly very high, in excess of 80 percent. The hotel also hosts a number of private social functions and events particularly on weekends, including weddings. Weekday functions include corporate events and conferences.

Hilton Garden Inn (Traditional Hotel with Full Services)

Monterey, CA



Property Profile

This hotel consists of 204 rooms in a three-story structure with meeting and banquet facilities, an outdoor pool, fitness center, restaurant, and bar. Hotel rooms include flat panel TVs, free Wi-Fi, and adjustable beds. Room service is available, and the hotel has a 24-hour convenience mart that offers an assortment of ready-to-cook meals and beverages. Approximately 6,200 square feet of meeting space is available, with rooms ranging from 300 to 2,100 square feet. The largest meeting space can accommodate 150 in banquet-style seating.

Site Information

The site is over 6 acres, and there are approximately 230 parking spaces for visitors and guests. The hotel is located off Highway 1, and is within a mile of Monterey's beaches, 2 miles from Cannery Row, and 5 miles from Pebble Beach. The hotel does not have waterfront access.

Quality

Three stars

Rate Range

Rooms: \$177-307

Comments

This hotel attracts visitors who are vacationing in Monterey for leisure, along with some business guests. The meeting facilities are used by government agencies, corporations, local groups, and for special events. The hotel estimates that 80 percent of the hotel's business comes from leisure guests and another 20 percent comes from businesses and other groups.

Hyatt Place (Traditional Hotel with Limited Services)

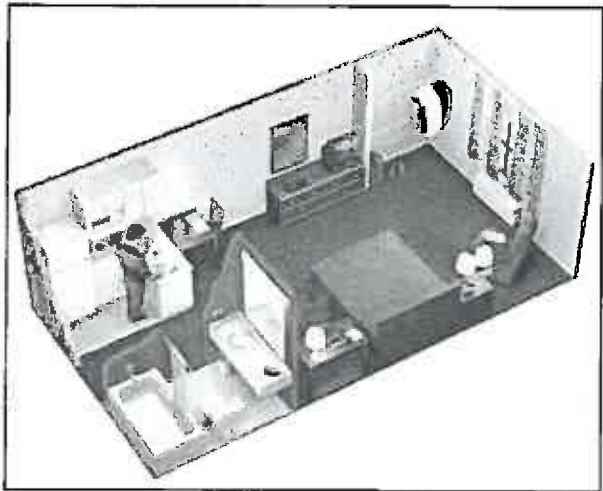
Davis, California



Property Profile	This hotel, 2009, has 75 rooms, and self-service check-in kiosks, a 1,200 square foot meeting space, restaurant, fitness center, and swimming pool. Complimentary hot breakfast is available. The meeting space accommodates 55 guests in a classroom style arrangement or 70 in banquet-style seating.
Site Information	The facility is located on a 3.3 acre site, and consists of approximately 51,000 square feet in a four-story structure. The hotel is situated land owned by UC Davis, and is next to the UC Davis conference center. The site is a five-minute walk to the Mondavi Center for the Performing Arts, and within one mile of Downtown Davis.
Quality	Three stars
Rate Range	\$139-189 for rooms
Comments	Business is heavily driven by UC Davis, especially from visiting professors, athletics teams, and family visitors during graduation or move-in/move-out weekend. The conference center by the Hyatt Place also draws a steady stream of visitors, along some patrons who attend the symphony at the Mondavi Center for the Performing Arts.

Extended Stay America Morgan Hill (Extended Stay)

Morgan Hill, CA



Property Profile

Extended Stay America in Morgan Hill offers 92 guest units. The hotel was built in 1999, and was renovated in 2012. Hotel rooms include free Wi-Fi, flat panel TVs, an in-room kitchen with a stove top, full-sized refrigerator, microwave and cookware. Weekly housekeeping is provided. Laundry facilities are available on-site. The facility does not have any meeting space or a fitness facility. Complimentary breakfast is available, along with coffee/tea in the lobby.

Site Information

The site is approximately 2.0 acres, and the hotel occupies a three-story structure. There are over 100 parking spaces for visitors and guests. The hotel is located off Highway 101, close to multiple wineries, parks, and golf courses.

Quality

Two and a half stars

Rate Range

Rooms: \$75-\$95; discount for longer stays

Comments

This extended stay hotel caters to construction workers who are working in San Jose, Mountain View, and surrounding neighborhoods. The hotel reports an average occupancy rate of about 70%, with higher occupancy rates during the summer (80%), due to higher construction activity and special events (local festivals, Gilroy Garlic Festival). Weekday occupancy is higher than weekends.

Hyatt Santa Barbara (Resort)

Santa Barbara, CA



Property Profile

The Hyatt in Santa Barbara offers 171 rooms and suites with ocean views along the Santa Barbara coast. The hotel, originally built in 1931, was renovated in 2012. The facility provides a full set of amenities including a heated outdoor pool with a beach-view deck, spa, fitness center, and restaurant. Event facilities include seven rooms totaling 10,000 square feet of meeting space, with rooms ranging from 400 to 4,300 square feet. The largest space can accommodate 280 guests in banquet style seating, or 160 in a classroom arrangement.

Site Information

This two-story hotel sits on a 3-acre site along East Cabrillo Boulevard directly adjacent to East Beach, which offers beach volleyball, palm-shaded lawns, and a path for walking, bicycling, and skating. The resort is densely developed with three separate buildings.

Quality

Four stars

Rate Range

Rooms: \$139-\$450

Comments

This hotel attracts guests from throughout Southern California seeking an oceanfront destination. The event facilities are often rented out for weddings and conferences.

Bodega Bay Lodge (Resort)

Bodega Bay, CA



Property Profile

Bodega Bay Lodge offers 83 guest rooms, including five suites. The lodge's large guest rooms all feature ocean views, fireplaces, and a balcony or patio. The lodge also provides spa services, restaurant, and lounge. The lodge hosts meetings and weddings, providing four conference rooms for 15 to 90 guests in each, totaling nearly 3,000 square feet.

Meeting/banquet rooms have panoramic ocean views, high ceilings, fireplaces, and catering provided by the on-site restaurant. The lodge can accommodate weddings of up to 70 guests in its indoor and outdoor venues.

Site Information

The facilities, consisting of seven two-story buildings, are situated on eight acres. The building area is estimated to be approximately 50,000 square feet. The site is on a bluff overlooking undeveloped land between the property and the ocean, and beach access is within a short distance. The site includes level, landscaped areas and a pool. There are approximately 100 parking spaces for visitors and guests.

Quality

Three stars

Rate Range

Rooms: \$300-600

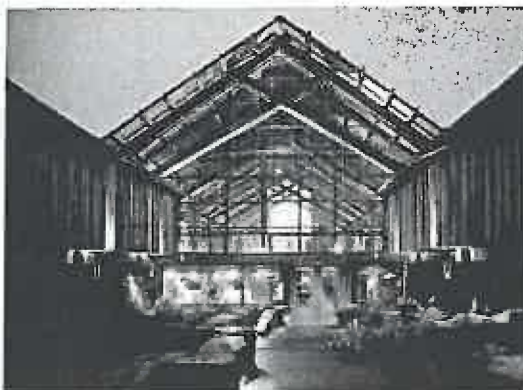
Suites: \$650

Comments

The lodge is about a 1.5 hour drive from San Francisco. It caters mostly to couples and romantic getaways, but it also attracts some families and corporate guests. The lodge reports an overall annual occupancy rate of about 65 percent, although occupancy shifts greatly from the peak season (May 1 – October 31) to the off season (December 1 – April 30).

Timber Cove Inn (Resort)

Jenner, CA



Property Profile

Located on a rugged site on the Sonoma Coast, Timber Cove Inn offers 49 guest rooms and one suite, most with private decks, fireplaces and private spa tubs. The Inn underwent a \$2.5 million renovation reopened in 2008. The amenities reflect the rustic setting of the site and include an on-site restaurant featuring farm-to-table cuisine, a lounge, an oversized fireplace, and an outdoor firepit. The inn provides two rooms suitable for meetings or special events accommodating up to 80 people each, and an outdoor lawn that can accommodate a maximum of 120 guests. Guests have access to over two miles of hiking trails along exceptionally scenic Pacific coastline.

Site Information

The inn is on a 26 acre site. There is a two story building, housing the public areas, restaurant and the rooms averaging 400-500 square feet each.

Quality

Three stars

Rate Range

Rooms: \$219-\$269

Suites: \$349

Comments

The inn, about 2.5 hours from San Francisco, attracts primarily couples. The resort declined to give specifics on their general occupancy levels, but reported that their occupancy varies by season, with peak season lasting from July to October and low occupancy in January and February. Occupancy levels were also described as "slightly lower" than Sonoma County's, but have been strong in the past year.

Balboa Bay Resort (Resort)

Newport Beach, CA



Property Profile

Balboa Bay Resort offers 159 rooms and suites on bayfront property in Newport Beach adjacent to the famous Balboa Bay Club. The resort provides a full set of amenities including a heated Olympic size pool, a marina with boat rentals, and a salon and spa. Event facilities include 15,000 square feet of meeting space including a grand ballroom and 11 breakout rooms, plus an additional 6,000 square feet of outdoor space that can be used for meetings/events. There is also a private yacht club space totaling 10,000 square feet.

Site Information

The resort and club sit on a 15 acre site between the West Coast Highway and the harbor. The resort is densely developed with three buildings of 3-6 stories high totaling approximately 180,000 square feet; a marina and waterfront promenade, and a parking garage.

Quality

Four stars

Rate Range

Rooms: \$239-\$389

Suites: \$439-\$649

Comments

This hotel maximizes its waterfront location by emphasizing luxury boating facilities, catering to both the business and leisure traveler. It is sited within a larger destination district.

Bacara Resort & Spa (Resort)

Goleta, CA



Property Profile

The Bacara Resort & Spa is a luxury resort with 354 rooms, including private suites and retreats, all of which feature balconies and patios with stunning views. The resort is home to a 42,000 square foot spa and wellness center, salon, two ocean front saline swimming pools, four tennis courts, a fitness center with private classes, on-site specialty retail shops, four restaurants and lounges, and over 70,000 square feet of corporate function space available for business meetings and special events. The site is nestled on the bluff between the Pacific Ocean and the Santa Ynez mountains.

Site Information

The hotel is comprised of multiple buildings and cottages spread across a 35-acre site. The luxury retreats are connected by meandering, landscaped paths. There are over 500 surface parking spaces on site.

Quality

Five stars

Rate Range

Rooms: \$480-\$1,325
Suites: \$675-\$3,000+

Comments

The hotel was built in 2000 and caters to vacationing Southern California residents and Hollywood professionals for special private events. The large meeting facility also attracts conferences, corporations, and social functions.

Costanoa Lodge and Eco-Resort (Eco-Resort)

Pescadero, California



Property Profile

The resort offers a variety of lodging options: 40 lodge rooms in two buildings, 12 attached cabins, 77 tent bungalows, and 79 campsites and RV pads. Lodge rooms include private bathrooms and balconies or decks. The attached cabins and tent bungalows are well appointed but have no plumbing facilities. Both cabins and bungalows have electricity, and cabins are also heated. Cabins, tent bungalows and camp sites access shared "comfort stations" with heated floors, saunas and outdoor fireplaces. The resort features spa services and restaurants for guests and day visitors. The resort hosts corporate events, weddings, and music festivals; it provides 1,550 square feet of meeting space and offers catering services to guests.

Site Information

The site is 140 acres, 40 of which are developed. There are two, two-story lodge buildings (approximately 12,000 square feet in total, with lodge rooms averaging 250-300 square feet each), two additional buildings housing restaurants and a general store, and six comfort stations. The resort provides guests with scenic views, extensive grounds, hiking trails, beach access, and organized recreational activities. The site includes about 280 to 300 parking spaces (not including parking areas included with campsites).

Quality

Three stars

Rate Range

\$169-379 for lodge rooms
\$169-209 for cabin rooms
\$79-215 for bungalows

Comments

The resort primarily attracts corporate guests during the week and families during weekends and the summer season, although the resort also attracts singles and couples. The resort reports occupancy levels of about 70 percent during the summer, with lower rates during cooler winter months.

Appendix F: Economic Trends Report

The Economic Trends Report is posted on the County's Economic Development website, on the Planning Department's page. A link to the Report is provided below:

<http://www.sccoplanning.com/Portals/2/County/Planning/economicdev/Ec%20Vitality%20Trends%20Report%209-30-13.pdf>

Acknowledgements

We gratefully acknowledge the following people for their assistance in producing this Strategy.

Board of Supervisors

Zach Friend, Board Chair – District 2

Greg Caput – District 4

Neal Coonerty – District 3

John Leopold – District 1

Bruce McPherson – District 5

County of Santa Cruz:

Susan A. Mauriello, County Administrative Officer

Susan Pearlman, Principal Administrative Analyst

Kathy Molloy Previsich, Planning Director

Barbara Mason, Economic Development Coordinator

Consultant Team: BAE Urban Economics

Janet Smith-Heimer, MBA, President and Project Manager

Paul Peninger, MCP, Principal

Jessica Hitchcock, MCP, Associate

Mikayla Weissman, Analyst

We also gratefully acknowledge the more than 250 people who attended six countywide focus groups and four countywide public meetings convened during the planning process for this Strategy, as well as members of the public who provided comments to the County. Their input and guidance was invaluable in creating this Strategy.

STRIKEOUT/UNDERLINE COPY ITEM #22 PAGE 2.

- 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, 4th Floor, Santa Cruz CA 95060; or by e-mail to PLN001@santacruzcounty.org PLN001@santacruzcounty.us 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 7th, 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 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

REVISED

CLEAN COPY ITEM #22 PAGE 2.

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Alicia Murillo

From: cbdbosmail@co.santa-cruz.ca.us
Sent: Friday, May 16, 2014 11:46 AM
To: CBD BOSMAIL
Subject: Agenda Comments

Meeting Date : 5/20/2014

Item Number : 22

Name : Sylvia Caras

Email : Sylvia.Caras@gmail.com

Address : Not Supplied

Phone : Not Supplied

Comments :

Please supply a link to the Economic Vitality Strategy. It's not in the agenda packet.

Thank you