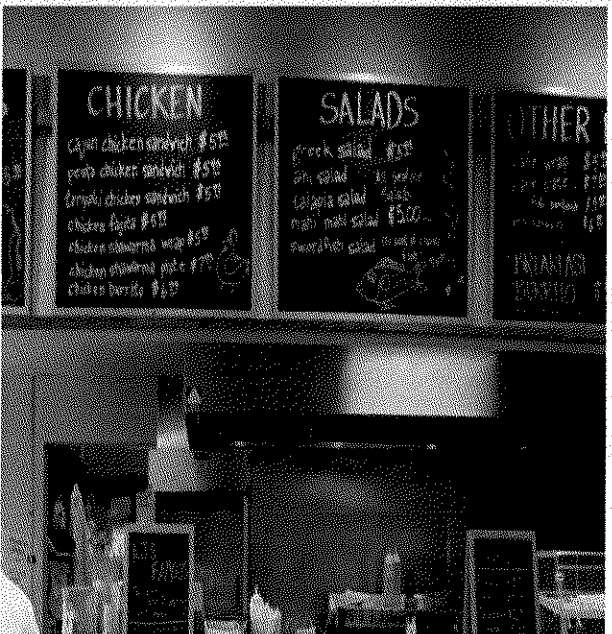


Economic Vitality Study

Santa Cruz County 2014



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Table of Contents

Overview of the Economic Vitality Study.....	1
Core Values: Sustainability and Community Investment	2
Presentation of Key Goals	3
Organization of Study	3
Goal 1: Create Shared Vision and Organize for Action.....	4
Creating a Shared Vision and Organizing for Action	5
Goal 2: Support Sustainable Development with Housing & Transportation Choices	10
Sustainable Development	12
Availability of Housing Choices	14
Availability of Transportation Choices	17
Goal 3: Strengthen Key Economic Sectors.....	19
The Agriculture Sector	19
The Health Sector	22
The Education Sector	24
The Leisure & Hospitality Sectors.....	26
Goal 4: Support Small Businesses, Technology/Innovation, and the Arts.....	31
Small Businesses.....	31
Emerging Sectors: Technology and Innovation.....	35
Arts and Creative Enterprises	39
Goal 5: Expand Public Sector Capacity & Infrastructure.....	43
Public Sector Capacity & Infrastructure	45
Workforce Training.....	50
Goal 6: Revitalize and Strengthen Town Centers and Commercial Areas	53
Goal 7: Promote Santa Cruz County to Regional, State, National, & Global Markets.....	58
Possible Two-Year Work Plan (2014/15 and 2015/16)	61
Suggested Two-Year Work Plan: Strategies and Actions.....	62
Ongoing Supportive Policies and Intentions, and Mid- to Longer-Term Priorities as Resources Allow	70
Appendices	73
Appendix A: The Study Development Process.....	74
Appendix B: Economic Trends Report	75
Appendix C: Economic Context, Trends and Projections.....	76
Appendix D: Summary of Sub-Regional Economic Strengths and Strategies.....	84
Appendix E: Overview of Hotel Product Types.....	90
Appendix F: Summary of Focus Group and Public Comment; and CFSC Summaries.....	106

Overview of the Economic Vitality Study

The Santa Cruz County Economic Vitality Study (EVS) represents the results of an initiative led by the County of Santa Cruz to identify measures that could be taken by governmental, business and non-profit sector entities that could work together to strengthen the local economy. The study effort began with data collection and analysis, as well as with stakeholder discussions at a total of nine focus group meetings and community workshops held in 2013. The result of this analysis and public input was presented in a Public Review Draft EVS released in May 2014. A three-month public review period yielded an extensive level of public comment. As a result, the Public Review Draft has now been divided into two documents: The first presents a more focused County of Santa Cruz **Economic Development Vision and Strategy (EDVS)**, and the second is an updated and revised document now presented as an **Economic Vitality Study (EVS)**. This approach has been taken in order to more clearly present the priority strategies and action items that the County of Santa Cruz will focus on over the next two years, while still retaining the countywide broad perspective of the initial EVS in a manner that incorporates public comment on the initial draft. The Study can be considered written by the hundreds of participants in the EVS process who contributed their perspectives, ideas and comments.

The broad perspective of the Study 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 is support for 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 also potential for economic development efforts to increase support for small businesses, and also to help strengthen the potential for new and expanding economic sectors.

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 Central Coast Small Business Development Center, Santa Cruz County Business Council, El Pajaro Community Development Corporation, 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 Study (EVS) presents a series of suggested goals, and ideas for strategies and action items that could help achieve these goals in order to promote job growth (especially "living wage" jobs), expand workforce development, strengthen public revenues, and improve the quality of life for residents and businesses in Santa Cruz County. Improved prosperity for all will have positive economic and social multiplier effects, as households with less economic stress place fewer demands on the social service system and have an increased ability to participate in the life of a

healthy community. Although the EVS focuses on unincorporated portions of the County in terms of suggested 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 Study 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 preparing this new EVS emphasized extensive public 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 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 natural resource preservation and sustainability. This Strategy was developed with these key core values in mind, while also taking a 21st century forward-looking view. As a result, the process emphasized economic opportunities that 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 that emphasize long-term, value-added investment.

Presentation of Key Goals

This Economic Vitality Study presents ideas for strategies and action items that would help achieve the seven key goals that have been identified through the process of preparing the Study:

- GOAL1: CREATE SHARED VISION AND ORGANIZE FOR ACTION
- GOAL2: SUPPORT SUSTAINABLE DEVELOPMENT WITH HOUSING & TRANSPORTATION CHOICES
- GOAL 3: STRENGTHEN KEY ECONOMIC SECTORS : AGRICULTURE, HEALTH, EDUCATION, AND LESURE/HOSPITALITY
- GOAL 4: SUPPORT SMALL BUSINESS, TECHNOLOGY/INNOVATION, AND THE ARTS
- 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 REGIONAL, STATE, NATIONAL, & GLOBAL MARKETS

Organization of Study

This Economic Vitality Study is organized into sections, with the first seven sections identifying and providing information about each goal, followed by an outline of ideas for strategies and action items that could work together toward achievement of the goals. Certain priorities were then selected for inclusion in a suggested possible “Two Year Work Plan” presented at the end of the Study. A chart presented after that Work Plan presents a list of suggested “On-going Supportive Policies and Intentions, and Mid- to Longer-Term Priorities” that can be pursued as resources allow and through collaboration and partnerships.

Finally, various appendices 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, El Pajaro Community Development Corporation, 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, Think Local First, 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. The strong non-profit sector in Santa Cruz also indirectly supports economic vitality through provision of social “safety net” services including but not limited to health care, job training, and organization of volunteer resources and services that support members of the Santa Cruz community.

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. Suggested actions to implement this goal include accepting this Study, 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 suggests consideration of a requirement for a business license that is modeled after the programs that exist in each of the four cities in Santa Cruz County. Any fee associated with the license requirement would be set at a level to recover the costs of operating the program, and would not be considered a revenue generator for the County. A business license program would enable collection of basic information so that the County may analyze business growth, have information needed to be competitive for economic development grants, further target economic vitality efforts, and communicate with businesses. This initiative would focus on educating and supporting small businesses and expansion efforts.

The Communications Strategy should provide for easy access to economic data of the County, this Study, the Santa Cruz County Economic Development Vision and Strategy (EDVS) that has a focus on priority strategies and actions for the County of Santa Cruz, economic tools, and information regarding the progress of the County and its businesses towards a sustainable business environment. The Communications Strategy will emphasize sharing accomplishments of the local business community, 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.

Creating a Shared Vision and Organizing for Action

1.1 ACCEPT ECONOMIC VITALITY STUDY (EVS) AND APPROVE A COUNTY OF SANTA CRUZ ECONOMIC DEVELOPMENT VISION AND STRATEGY (EDVS) FOR 2014/15 THROUGH 2015/16

The process of developing and accepting this Economic Vitality Study (EVS), and approving action items for a County of Santa Cruz Economic Development Vision and Strategies (EDVS) for the next two years, can be used to publicize and build consensus toward economic vitality goals. The initial Public Review Draft EVS was distributed to business organizations and all of those who participated in the Stakeholder Focus Groups and Community Meetings. Comments on the Public Review Draft were used to develop the Economic Vitality Study to be considered and accepted by the Board of Supervisors. The Board will also consider approving a proposed County of Santa Cruz Economic Development Vision and Strategy (EDVS) to guide the initial years of county efforts, which will occur through the process of allocating resources through adoption of annual County Budgets.

1.1.1: Accept the County of Santa Cruz Economic Vitality Strategy, and adopt an Economic Development Vision and Strategy (EDVS) consisting of priority strategies and action items from the Study which can be the focus of county economic development efforts during FY 2014/15 and 2015/16.

1.1.2: Convene a group of key stakeholders to create a proposed "Economic Vision Statement" for Santa Cruz County. This Statement would be an expansion of the Vision initially adopted by the County in the EDVS, and could be used to ensure consistent communications by stakeholders; to guide investments in and balanced use of built, natural, human and social capital; to foster prosperity for all residents; and to support strong businesses that provide living wage jobs as well as needed goods and services.

1.2 ORGANIZE COUNTY ECONOMIC VITALITY STAFFING AND RESOURCES

1.2.1: Dedicate County staff, through an interdepartmental approach, and provide funding for targeted professional services. Focus on using existing staff, and consider only targeted expansion of staff as needed to bring on new skill sets and expertise, in order to implement the following activities:

Economic Development Office

- Business Retention and Expansion Program; Outreach and “Matchmaking”;
- with Technology/innovation business cluster as a special focus
- Marketing and Promotion of Santa Cruz County with specific branding components
- Strategic Collaboration with a wide range of private and public partners;
- Memberships in Chambers and other Business Organizations
- Contract for creation and implementation of Communications Strategy
- Contract with Small Business Development Center (SBDC) Education, Business Trainings, Job Training: Restaurant Improvement, Web-Based Sales, Customer Service

Planning Department, along with other Development Services Departments and Agencies

- Permit Assistance and Ombudsman; Land Use/Regulatory Assistance

Interdepartmental Team Supporting RDA Successor Agency

- Disposition of RDA Successor Agency Real Property Assets at 7th/Brommer & 17th/Capitola Road

County Administrative Office

- Data Analysis and Research
- Preparation of Comprehensive Economic Development Strategy (CEDS) Update and Annual Reports
- Grant-writing, Funding, Contract and Grant Administration

Human Services Agency

- Workforce Investment, Community Services

1.2.2: Designate a point person for Economic Vitality in each County Department. This action will ensure coordination among County departments and assist with fostering a culture of economic vitality as envisioned by the Economic Vitality Study. This action will assist with communication about the value of sustainable economic vitality, and providing training to all county employees regarding their role in supporting economic vitality. This action will also support active engagement of economic development staff, department heads and department point people with the business community and its associations. The County could encourage these point persons to attend at least two Chamber or other Business meetings or events each year, perhaps through a coordinated schedule to foster regular attendance by the County throughout the year.

1.2.3: Meet with partner agencies to discuss the Economic Vitality Study, and offer to provide training to agency staff. This action will further expand awareness of the EVS and help ensure that existing employees are able to make contributions to supporting economic vitality in Santa Cruz.

1.2.4: 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 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. The 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, health services fields, environmental sciences/education or environmentally-oriented businesses such as those involved with bio-sciences, marine sciences or marine-oriented businesses, alternative energy.

1.3 FACILITATE REGIONAL ECONOMIC VITALITY PARTNERSHIPS & SUPPORT SYSTEMS WITHIN SANTA CRUZ COUNTY, AND COLLABORATE WITH ECONOMIC DEVELOPMENT EFFORTS IN NEARBY COUNTIES, ESPECIALLY THOSE IN MONTEREY AND SANTA CLARA COUNTIES

1.3.1: Establish ongoing relationships with economic development staff in each incorporated City in the County and nearby counties, and provide for quarterly meetings to network and share information and business leads.

1.3.2: Become members of key organizations, and participate with Chambers of Commerce; Industry Meet-Up Groups; Joint Venture Silicon Valley, Silicon Valley Leadership Group; Central Coast Small Business Development Center; El Pajaro Community Development Corporation, Think Local First, and other economic organizations.

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

1.4 CONSIDER A BUSINESS LICENSE FEE PROGRAM FOR BUSINESSES IN THE UNINCORPORATED AREAS

This action envisions a business license program modeled after those in effect at each of the cities in Santa Cruz County, with the fee for the license set at a level to recover costs but not to generate net revenues. The program would allow for collection of basic information to analyze business growth, further targeting of economic vitality efforts, ensuring that grant applications are well-supported and competitive, and communications with businesses. This initiative would help with a focus on educating and supporting small businesses, and business expansion efforts.

1.5 CREATE COMMUNICATIONS STRATEGY TO EDUCATE AND PROMOTE THE VISION

The Communications Strategy should provide easy access to economic data, the Economic Vitality Study, the County's Economic Development Vision and Strategy of priority strategies and action items, 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.

1.5.1: Improve and prominently feature Economic Vitality on the County website including presence on the County Home Page. As resources allow, redesign and modernize County website in its entirety.

1.5.2: Distribute County Economic Vitality press releases or blogs via E-News email blasts, taking advantage of external partners and distribution mechanisms.

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

1.6 IDENTIFY APPROPRIATE METRICS TO TRACK ECONOMIC VITALITY, AND CREATE PARTNERSHIP AND ROLE FOR CABRILLO COLLEGE TO SERVE AS CENTRAL SOURCE OF ECONOMIC DATA

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
- Ecosystem Health (farms, forests, streams, ocean, aquifers, habitats)
- Social Health (education, prosperity, social equity, happiness)
- Number of Locally-owned Businesses v. non-local businesses
- Level of Volunteer and Community Engagement

1.7. RECOGNIZE PRIMARY ROLE FOR COUNTY OF SANTA CRUZ: VISION, PLANNING, INFRASTRUCTURE

The County of Santa Cruz, through the five elected members of the Board of Supervisors, has jurisdiction throughout the County (though not land use authority within the boundaries of the four cities). The Supervisors all serve on the Regional Transportation Commission, Metro Transit, and members serve on many other regional and local decision-making bodies. Therefore, there is great potential for leadership and influence to achieve a shared vision for economic vitality through communication and decisions.

Goal 2: Support Sustainable Development with Housing & Transportation Choices

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 October 2014 “Sustainable Santa Cruz County” Planning Study and anticipated future Sustainability General Plan Amendments will remain consistent with those core Measure J principles, while dedicating an additional focus to the urbanized portion of the unincorporated area, so that the area functions in a manner that continues to support choices and quality of life for community members and businesses.

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 Study 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.

Goal 2 regarding “Sustainable Development and Availability of Housing and Transportation Choices” is key to laying the groundwork for a vital, thriving economy in Santa Cruz County. The County offers 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 both real and perceived 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.

Housing and transportation costs, including time spent commuting or traveling to local destinations, affect economic vitality. A sustainable land use pattern is one that provides a range of choices in housing type and travel mode, such that accessibly-priced housing is available, and sufficient transportation infrastructure allows for safe, convenient and predictable timing for travel to jobs and other destinations.

Echoing trends throughout California, 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 a broader concept of sustainability, which means making decisions and strategic investments regarding both urban and natural areas, as well as in

infrastructure, in order to sustain and improve the community, the economy, and the environment 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 “natural capital” environmental resources.

The value of “ecosystem goods and services”, expressed in economic terms, has been a recent focus of a study prepared by the Santa Cruz Resource Conservation District. For an area like Santa Cruz County, with its strongest economic sectors including Agriculture and Tourism, it is vitally important to protect and invest in the natural capital assets that, if cared for, provide a foundation for economic vitality in Santa Cruz. Goal 5 relates to Public Sector Capacity and Infrastructure, and further discussion of water supply and ability to support parks, recreation and open space preservation is provided in that section.

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.

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 Study, that additional review of all relevant codes and ordinances, and updating as necessary, be conducted by County staff. Strategies that would incentivize modernization of commercial properties, and availability of accessible-priced housing, should be included. Changes to codes and ordinances require extensive analysis, public review, and adoption by the Board of Supervisors, as well as by the California Coastal Commission for most changes. 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 acceptance of this Study. 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.

Sustainable Development

2.1 ACCEPT THE SUSTAINABLE SANTA CRUZ COUNTY PLANNING STUDY AND DIRECT STAFF TO IDENTIFY COMPONENTS FOR IMPLEMENTATION

The Sustainable Santa Cruz County Planning Study presents 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 Planning Study 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 and reduce congestion.

After Board acceptance of this grant-funded Study, it is recommended that the Board of Supervisors direct staff to return with a Work Plan in Summer 2015 that would identify which of the study suggestions would be proposed for further study and development as implementation items.

2.2 UPDATE GENERAL PLAN ELEMENTS; WITH ECONOMIC VITALITY GOALS/POLICIES

Identify a set of proposed General Plan “Sustainability” Amendments to Land Use, Circulation, 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.

2.2.1: Encourage development of more compact housing along existing transportation corridors. These include but are not limited to Highway 1, Soquel Drive/Avenue, and the Santa Cruz County Branch Rail Line; as well as along existing and future high quality transit corridors such as Soquel Drive and Freedom Boulevard, and near employment centers and key destination areas.

2.2.2: Encourage land uses that require a lot of land or acreage, but do not offer a high number of jobs or rely upon urban infrastructure systems or services such as water, sewer or transit, to locate outside of the Urban Services Line. Provide zoning approaches for such uses to locate outside of the USL, such as for equipment and material storage, landscaping and tree services, and other uses.

2.3 MODERNIZE COUNTY CODES, ZONING, AND SIGN ORDINANCES

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

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.

2.5 CONTINUE REMOVING REGULATORY OBSTACLES/STREAMLINING PERMIT PROCESS, AND REVIEW PERMIT AND IMPACT FEES TO ENSURE REASONABLE AND JUSTIFIABLE LEVELS

The County has worked to modernize its zoning codes (see Responses to 2010/2011 Community Forums document on County Planning Department website), 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 code amendments address factors that impede business operations, job creation and business expansion. Completion of a major component of the Code Modernization effort, including CEQA environmental review and Coastal Commission approval, should occur by 2015/16.

This strategy also assists applicants in obtaining permits within predictable timeframes and with reasonably predictable outcomes. The levels of permit costs and impact fees should be reviewed and adjusted as warranted to ensure they are reasonable, justifiable, and not a barrier to business expansion. The County needs to promote successes in order to improve reputation in development and business communities.

2.6 CREATE “NEW TOOLS” IN ZONING DISTRICTS & DEVELOPMENT STANDARDS

This suggestion will seek to accommodate modern and efficient spaces for working and living, e.g., 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. The “incentive zoning” strategies suggested by the SSCC Planning Study could promote “win-win” outcomes for businesses and the community at large. Land use regulations need to allow for flexible use 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 are needed and can be financed. For example, mixed use projects may need to allow more than the current 50% level of project square footage to be housing space.

2.7 IMPLEMENT A “LEGALIZATION ASSISTANCE PERMIT PROGRAM” (LAPP)

The LAPP was approved by the Board of Supervisors to operate through August 2016, and it encourages and assists owners of commercial and residential properties to obtain permits to legalize unpermitted improvements, as well as to reinvest and modernize properties in order to achieve greater utilization of existing buildings and investments for jobs, income and revenues. This program will improve public safety and assist with revitalizing the construction industry.

Availability of Housing Choices

For many communities like Santa Cruz, achieving economic vitality depends in part on having a healthy housing market, including viable programs and regulatory approaches that support creation or availability of affordable and workforce housing. The most important factor in a healthy housing market is having an adequate supply of housing, of needed housing types. Creation of available, accessibly-priced housing must involve private market-rate housing developers, supplemented by publicly-assisted affordable housing that is typically constructed by non-profit housing developers or subsidized by public and non-profit agencies. Market-rate housing that is “affordable by design”, consisting of smaller units constructed in urban infill areas, can be an effective strategy. In addition to housing the existing workforce, and ensuring that employees of new or expanding 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 Study, 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 and appropriate zoning strategies that would allow the community and its housing developers 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 must also be addressed. Methods to develop new housing for households at all income levels will need to be included, including those with special needs such as seniors and homeless persons. The County plans to explore strategies to incentivize creation of Accessory Dwelling Units on lots already developed with single-family homes, perhaps through reduction or waiver of utility connection and other fees.

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. The County was successful in committing its remaining affordable housing redevelopment set-aside funds to several projects prior to the end of redevelopment. South County Housing received county funding and recently completed the Canterbury project with 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, as well as a 26-unit Atkinson rental project (with 20 additional units on an adjacent City of Watsonville parcel), were recently approved by the County, and are seeking further State and Federal funding to supplement funds provided by the County of Santa Cruz.

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, pharmacies, dental and medical care; and personal services such as home care, nutrition, and personal assistance. 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, ensure non-obstructed pathways, 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 Choices

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. Consider adoption of an impact fee program that would impose reasonable levels of impact fees on all types of new development as one component of the county's affordable housing program, to enable leveraging of local funds with other non-profit, private, state and federal sources.

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 demonstrate ability to meet the County's “fair share” Regional Housing Needs Allocation (RHNA) 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.

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 rental housing opportunities for extremely low income households, farm workers, chronically homeless persons, and others facing significant housing challenges. Also consider a strategy that would be targeted toward attracting and retaining quality teachers to teach in Santa Cruz.

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.

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, and prioritize sites along key transportation routes served by transit. Re-zone site(s) only in response to specific development applications, through approval(s) by the Board of Supervisors.

2.13 INCENTIVIZE ACCESSORY/SECOND UNITS AND SMALL RENTAL UNITS THAT ARE AFFORDABLE BY DESIGN

Incentivize the creation of accessory/second units and small rental units that are "affordable by design", thereby serving the needs of workers, students, singles and seniors. Review regulations and fee structures applicable to small rental units, including for utility connections. Consider an approach that is based on total number of bedrooms and/or bathrooms on a single-family lot, rather than on the number of units.

2.14 REVIEW COUNTY REGULATIONS REGARDING BANK-OWNED HOMES

Current county regulations, such as the one-acre minimum lot size for septic systems, at times restrict renewed occupancies of existing homes on smaller lots that became bank-owned as a result of the Great Recession. Regulations should be reviewed and amended as appropriate in order to preserve the available housing stock and to prevent the blight that could occur due to abandonment and neglect.

Availability of Transportation Choices

The Santa Cruz community's transportation values expressed in the SSCC Community Workshops and other transportation planning processes support a vision for reduced congestion, increased connectivity and improved mobility. The vision for transportation described in the Sustainable Santa Cruz County Plan (SSCC Plan) is to improve the environment and quality of life for residents through further investments in a safe, reliable, and efficient transportation network comprised of a range of transportation choices. Residents and workers would have access to an interconnected network of both vehicular and non-automobile options, so they could leave their cars at home or at the workplace for some trips. In this vision, a connected, convenient transportation network comprised of diverse transportation options would connect residents and workers to activity centers via reliable transit and convenient facilities for cyclists and pedestrians.

Within unincorporated Santa Cruz County, some amount of improving and retrofitting the existing vehicular roadway network is necessary to reduce vehicle miles traveled (VMT) and congestion on Highway 1 and constrained arterial roadways. With fewer trips in single occupancy cars, Highway 1 would function better with reduced travel times for automobiles and trucks. Pressure on local streets would be relieved, increasing the reliability of travel for both short and regional trips, locally and on the freeway. In addition, connections between rural and urban portions of the Plan area would be strengthened in terms of access and reliability. The Santa Cruz Branch Rail Line and Monterey Bay Sanctuary Scenic Trail (MBSST) would contribute to transportation and recreation choices, as well as enhance public health, the sense of community, and economic vitality.

The SSCC Plan illustrates the types of design elements recommended for different street types—including wider and safer sidewalks, buffered bicycle lanes, broader paved shoulders on rural roads, and more comfortable bus stops. The SSCC Plan also suggests various Performance Measures that could help the community and decision makers understand how a new land use development or other project would affect the desired transportation network, and to guide the prioritization and implementation of programs and projects that work toward the well-connected, balanced transportation network that is described "A Vision for Sustainable Communities in Santa Cruz County." Included in the SSCC Plan.

The Regional Transportation Commission (RTC) has indicated that in 2014, the cost of providing paratransit averages between \$22 and \$47 per passenger, and the cost per passenger of fixed route transit (bus) is \$6.15. This further strengthens the case for locating accessible, affordable, high-density housing along transit corridors, as that could allow for more cost-effective uses of scarce transportation dollars.

2.15 Work With Transportation Partners to Ensure a Balanced Approach

Work with CalTrans, AMBAG, Metro Bus 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, new multi-modal and street connectivity improvements, and complete streets.

Goal 3: Strengthen Key Economic Sectors

There are four key existing economic sectors in the County: Agriculture, Health, Education, and Leisure / Hospitality (the first including “Timber” and the last including “Tourism”). “Government” and “Non-Profit” sectors are not themselves considered as separate economic sectors by this Study, but are recognized as major employers that are active in each of the key economic sectors in some way. The following provides a description and information about each of the key market sectors, and suggests strategies that could strengthen each sector.

As discussed earlier, the contributions of “natural capital” – otherwise known as natural resources, open spaces, and ecosystems – cannot be overlooked when discussing key economic sectors of Santa Cruz County. Agriculture, timber harvest, tourism, recreation and leisure businesses, as well as the businesses that support the businesses of this sector, all rely on the ongoing health and contributions of natural capital assets of Santa Cruz County.

The Agriculture Sector

The Agriculture 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). These high rankings are especially notable given that Santa Cruz County is the second smallest by land area in the State, with only San Francisco City/County being smaller.

The County maintains a strong agricultural base with globally-known brands, including businesses such as Driscoll’s, Martinelli’s, Newman’s Own Organics, Big Creek Lumber, SunOpta, and Santa Cruz Nutritionals. The California Certified Organic Farmers (CCOF) organization is based in Santa Cruz, which is notable because increasing demand for organic products translated to a 2013 growth rate for organic agriculture of 11.5%, contrasted with 4.4% for conventional agriculture. Wineries such as Ridge, David Bruce, Bargetto’s and Storrs are widely known, as is the Santa Cruz Mountain’s viticulture appellation. The soils and weather in Santa Cruz are superb for growing quality grapes and creating exceptional wines. With current grape cultivation levels at only 10% of that experienced in the past, there is room for expansion. In certain locations, planting vineyards can create fire-breaks, and vineyards sometimes are lower-water users than uses or landscapes they may replace. However, industry representatives have stated that up to 15% of grapes are not harvested due to a shortage of qualified labor, which could be addressed by education, work programs, and more temporary housing. For all agricultural operations, it will be important to ensure that new farmers are trained and able to take the place of aging farmers.

Stakeholder meetings with agricultural and food processing/distribution businesses suggested a variety of strategies to strengthen this sector, with the County's role to be complementary and not duplicative of the roles and contributions of existing Agricultural stakeholders.

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 since the regulations took effect. 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 winery business viable and in operation. Also, other ag stakeholders mentioned restrictions on fencing, signage, farm stands, and bed & breakfast lodging on agricultural lands. The County is currently involved with a comprehensive update of county regulations affecting agriculture, in order to modernize and streamline regulations, and to support wineries, farm-to-table and other forms of agro-tourism.

Santa Cruz County foresters pioneered the practice of "selection timber management" rather than clear-cutting, a sustainable practice now spreading throughout the State and country due to its benefits, which include protection of watershed natural services. Second- and third-growth forests are harvested with two-thirds of trees left standing. This allows the forest to continue to provide its beneficial natural services, including protection of the watershed and water quality, erosion control, carbon dioxide consumption and oxygen production, habitat provision, open space opportunities, and other natural benefits that continue to be available to the local community and economy. The timber industry is also proud that every landowner who harvests timber pays a Timber Yield Tax, of which 90% is returned to the County and allocated to education.

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 Agriculture Sector

3.1 ADOPT AMENDMENTS TO COUNTY CODE TO SUPPORT AGRICULTURAL-RELATED ENTERPRISES INCLUDING WINERIES

These include provisions that support agro-tourism such as farm stands, farm-stays, on-site winery tasting rooms, U-Pick; and housing for farmworkers. Also review and update Code to ensure appropriate provisions for related uses that support agricultural operations, such as for parking and storage of farm equipment, appropriate signage and fencing, special events, worker and hospitality lodging, and ancillary retail operations. Consider policies and regulations that appropriately balance modern needs of farms and agricultural businesses, preservation of the most productive soils, flexibility of uses for less well-suited soils especially given water constraints, and impacts on residential areas.

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 and processing/distribution to keep abreast of new economic opportunities, create linkages and partnerships, support value-added agriculture, and address barriers to vitality identified by the industry. Complement and support, but do not duplicate, efforts of existing Ag stakeholders.

3.3 SUPPORT AND PROMOTE LONG-TERM SUSTAINABLE WATER SUPPLIES FOR AGRICULTURE

Monitor and participate in regional processes about water supply, including analyses and discussions about alternatives. Encourage decision-making processes based on ensuring appropriate water demand and water supply strategies over the spectrum of levels of supply constraints that would accompany varied terms of low rainfall and drought conditions. Support availability of adequate supplies and quality for agriculture; particularly for South County/ Pajaro Valley aquifers and North Coast sources used to support farming. Encourage use of agricultural practices that support sustainable water supply and improved water quality.

3.4 ENSURE WORKFORCE TRAINING FOR AG SECTOR OCCUPATIONS

Participate and engage with existing organizations 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 students and young adults, and support other efforts to help ensure a well-matched workforce for North Coast and South County/Pajaro Valley growers, as well as wineries. Collaborate with Cabrillo, Hartnell and Gavilan Community Colleges, UCSC, CalState San Luis Obispo, and area High Schools.

3.5 ADDRESS FARMWORKER HOUSING AND HEALTHCARE NEEDS

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

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.

3.7 EXPLORE 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.

3.8 RECOGNIZE AND SUPPORT PARTNERSHIPS TO STRENGTHEN LOCAL SUSTAINABLE AGRICULTURE AND TIMBER INDUSTRIES

Recognize the importance and leadership of the University of California Cooperative Extension (UCCE) Program, the UCSC Agro-ecology program, Hartnell College Agricultural Business & Technology Institute, Cabrillo College, Cal State Monterey Bay, Santa Cruz County Farm Bureau, Agriculture, 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. Also recognize the importance of selection timber management in providing sustainable building materials and model forestry practices.

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 Dignity Health/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. Jobs associated with preventative care and with in-home support for seniors are also expected to grow.

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

3.9 WORK WITH SUTTER/PAMF, OTHER MEDICAL DISTRICT HEALTH PROVIDERS, AND THE COMMUNITY ON MEDICAL DISTRICT MASTER PLANNING EFFORTS, AND ON REUSE STRATEGIES FOR EXISTING MEDICAL BUILDINGS

Work with medical district property owners, including Sutter/PAMF, Dignity Health/Dominican, Rittenhouse, Bei and others, to develop a Medical District Specific or Master Plan, in order to appropriately plan for needed uses and to incorporate transportation access to and from uses in the area, especially with respect to the future Sutter/PAMF campus, Rittenhouse site, and Bei properties. Amend the County Code to establish appropriate 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 the new Sutter/PAMF Campus, and work with Sutter/PAMF and with property owners and businesses to re-purpose the buildings for industries and uses that create jobs.

3.10 WORK WITH DOMINICAN/DIGNITY HEALTH, SUTTER/PAMF AND OTHERS TO IMPROVE TRANSPORTATION ACCESS AND MOBILITY FOR THE MEDICAL DISTRICT AREA

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

3.11 WORK WITH MEDICAL DISTRICT 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 district that would be oriented to serving visitors of patients, as well as business and vacation travelers. The Bei, Rittenhouse or Redtree properties may be candidates for such a hotel.

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. Outreach to and encourage programs that would provide health care for farmworkers and seniors, including preventative care and in-home support services, and considering a mobile health services approach to rural areas such as Felton and other San Lorenzo Valley locations. Also promote expansion of mental health services as feasible, especially for those unable to access services on their own.

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.

3.14 ENCOURAGE EXPANSION OF MEDICAL EDUCATION AND TRAINING PROGRAMS

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

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 post-secondary 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, or "in-the-field" internships, may be one way of improving workforce readiness. Educational programs related to sustainable resource protection, agriculture, environmental restoration, the leisure/hospitality industry, technology/innovation, health/wellness services, and the arts would have a strong basis for being offered in Santa Cruz. 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 these institutions should be explored for Santa Cruz.

It should be noted that with broadband access limited in certain parts of the County, a technology access strategy may also be needed. The County could explore creation of a Broadband Master Plan and take other actions to support expansion of broadband access. The University may have private broadband networks available to expand options for distance learning along Highway 1, and the Santa Cruz Branch Rail Line owned by the Santa Cruz Regional Transportation Commission (RTC) may also offer opportunities. Also, the County and others should collaborate with the recently-funded Sunesys broadband initiative to promote installation locations that would maximize service to

job growth areas as well as to populations and institutions interested in access for educational purposes.

Although both UCSC and Cabrillo College have partnered with local governments throughout the County for specific initiatives, these institutions have not had a clear mechanism to partner with the County and the private business community for broader economic strategies. The County could play a key role in highlighting a need to bring 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. The Community Foundation of Santa Cruz (CFSC), as well as the Santa Cruz County Business Council, have expressed interest in taking a role supportive of education/workforce training as related to economic vitality and job growth, and the County could consider efforts to align efforts of these organizations to support collaboration to meet the needs of the existing educational organizations and businesses in Santa Cruz County.

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. Private businesses and non-profit organizations may also be interested. 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

3.15 RECOGNIZE AND SUPPORT 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.

3.16 RECOGNIZE AND SUPPORT INCREASED AND IMPROVED EDUCATOR TRAINING AT ALL LEVELS, AND STRIVE TO RETAIN UCSC TEACHING CREDENTIAL GRADUATES

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. The New Teacher Center that was a product of UCSC efforts is a nationally recognized model. Efforts

should be made to retain high-quality graduates of the UCSC Teaching Credential Program, perhaps through an internship/"AmeriCorps" model.

3.17 SUPPORT EFFORTS TO STRENGTHEN YOUTH EDUCATION AND TRAINING, AND IMPROVE GRADUATION RATES

Coordinate with and support efforts of the Workforce Investment Board (WIB), educators and the business community to strengthen 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, internships, education, and job opportunities for local youth, particularly for South County youth. Encourage Cabrillo to offer programs in both "Entrepreneurship" and "Customer Service" (see Cal State Fresno as a model).

3.18 EXPLORE CREATING INCUBATOR FACILITIES

In conjunction with UCSC and private sector experts, explore opportunities to create a public-private - sponsored incubator facility targeting key industry sectors, possibly in conjunction with development of housing. The County's role would be to review and amend regulations as may be needed to allow for mixed-use incubator facilities, and perhaps to seek economic development and/or affordable housing funding sources to supplement resources from private, non-profit or education sectors.

The Leisure & Hospitality Sectors

The Leisure & Hospitality sectors includes all tourism, hotels, group camp facilities, sports, recreation, restaurant, and entertainment economic activity. (While related to this sector, "Arts" enterprises are considered as an "emerging sector" under Goal 4 of this EVS.) The Leisure and Hospitality 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, lacks needed conference facilities, and contains too many lodging facilities that have not been updated or modernized to keep pace with the demands of today's visitors (i.e. "over-served" by lower-quality lodging facilities that do not suit the needs of many travelers seeking modern or higher-quality vacation experiences). Concerns about the variety and quality of restaurant offerings were also voiced during stakeholder meetings.

The suggestions under this Goal are intended to strengthen the Leisure/Hospitality Sector from a physical, financial, and coordination standpoint. Suggestions related to increased *Promotion* of the County's many destinations, arts, cultural events and festivals is addressed 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 District at sites visible from Highway 1, along the coast, at the defunct CEMEX site in Davenport, at the Poor Clares site in Aptos/Seacliff (now Foursquare Church), and in the San Lorenzo Valley (SLV). The Brookdale Lodge

is an historic lodging facility located in the SLV that has recently been sold to a new experienced hotel operator, and the County should provide technical assistance to ensure that it is successfully rehabilitated and placed back into operation. Additionally, the County should offer support to other SLV leisure/recreation uses that seek to modernize or expand, such as for the Mount Herman Conference Center's proposed recreation and education facility, and for other SLV hotels, lodges, motor inns, camps and conference grounds.

The County, as part of its Sustainable Santa Cruz County Plan (SSCC Plan) and the future General Plan Sustainability Amendment process, should convene a workshop on eco-tourism and lodging opportunities, the "multiplier effect" benefits of overnight visitors to other sectors of the economy, and on communicating with stakeholders and the public about where to site new lodging facilities and how to support modernization of existing 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. Either the CEMEX site or the 7th/Brommer site owned by the RDA Successor Agency may be appropriate for such a competition.

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, emphasizing customer service and fine dining training for employees, and establishing good internal business controls.

It is clear that besides recognizing the mainstay Leisure and Hospitality businesses such the Santa Cruz Beach Boardwalk, and the county's State Parks and beaches, there are many other opportunities to strengthen this sector. The CVC is implementing a strategy of supporting new sporting events to come to the area in the shoulder and off seasons. The Santa Cruz Warriors Division IV team was an immediate success when it located in Santa Cruz, and demonstrates local as well as regional support for sporting events within Santa Cruz County. Businesses in the downtown Santa Cruz area have experienced increased business activity when the Santa Cruz Warriors play in town, and other sporting events also produce the same type of spin-off/indirect business activity.

The attractive recreational opportunities that exist in Santa Cruz already contribute to the success of the Leisure and Hospitality Sector, but there is great potential for expansion. While the beaches and the Boardwalk are primary draws, visitors also come for both road and mountain bicycling, wineries, hiking, rock climbing, bird watching, camping, boating, spiritual retreats and more. Opportunities to expand the level of facilities available to visitors exist at the CEMEX site, along the Monterey Bay Sanctuary Scenic Trail and Santa Cruz Branch Rail Line, and possibly on a future San Lorenzo Valley River Trail. It should be recognized that many of these opportunities exist due to the variety and strength of the natural capital assets provided by the environmental assets and habitats of Santa

Cruz County. Investments in protecting these natural capital assets will ensure continued and expanded economic activity related to these assets.

The “Weddings sector” (as well as other special events) has been strengthening and has great potential within Santa Cruz. In addition to wedding venue/events businesses, many other supportive businesses benefit from activity in this sector, including but not limited to food, beverage, entertainment, transportation, lodging, floral, photography, clothing, gift, hair/beauty and other business services. The beauty of Santa Cruz offers great potential to increase business activity and grow jobs related to wedding activities.

Strategies to Strengthen the Leisure / Hospitality Sector

3.19 FACILITATE DEVELOPMENT OF VISITOR FACILITIES AT SANTA CRUZ HARBOR

In accordance with the Cooperation Agreement with the RDA Successor Agency, the County of Santa Cruz should provide services to implement the Long Range Property Management Plan (LRPMP) approved by the State in a manner that maximizes opportunities for visitor accommodations, ecotourism, restaurant and recreation uses on the 7th/Brommer site at the Santa Cruz Harbor. Collaboration with the Santa Cruz Port District should be pursued as may be beneficial to both parties and the development community.

3.20 PROVIDE TECHNICAL ASSISTANCE AND CONSIDER INCENTIVES TO SUPPORT NEW INVESTMENT IN AND INCREASED UTILIZATION OF LODGING PROPERTIES

Provide technical assistance to encourage and facilitate new investment in upgrading, expanding and/or redeveloping properties currently or historically used for lodging and group camping facilities, to assist with ensuring economically viable businesses that provide jobs, contribute to the vitality of surrounding areas, increase available lodging and related facilities for visitors, and increase revenues to local government.

3.20.1: Explore creation of a hotel construction and/or renovation incentive program, including waivers or reductions in Transient Occupancy Tax (TOT) payments for limited time periods, in order to facilitate development and/or renovation of lodging properties.

3.21 FACILITATE DEVELOPMENT OF SUSTAINABLE VISITOR FACILITIES AT APPROPRIATE LOCATIONS

Work with the property owner (Dignity Health/Dominican), the Seacliff community, 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 to provide modern lodging facilities.

3.21.1 Encourage a full range of lodging options, including conference and upscale facilities with spa services, fine dining, and music/entertainment venues.

3.21.2: Explore creation of additional lodging in the San Lorenzo Valley, to accommodate those visiting Henry Cowell, Big Basin, historic towns, the redwoods, and wineries; as well as those attending weddings and events in San Lorenzo Valley and the Santa Cruz County area.

3.22 EXPLORE FEASIBILITY OF HOTEL IN MEDICAL DISTRICT

Work with property owners and hotel industry representatives to explore the feasibility and encourage development of a hotel within the medical district, oriented toward visitors of patients as well as business and vacation travelers. Candidate properties could include sites owned by Bei, Rittenhouse and Redtree.

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. Evaluate impact of “Airbnb” on county economy and determine whether and how to regulate this short term lodging model.

3.23.1: Continue efforts by the Treasurer’s/County Auditor’s office to monitor websites and identify locations advertising visitor accommodations that are currently not permitted. These include as vacation rentals that have not obtained a vacation rental permit and/or paid TOT, and possibly rooms offered through airbnb.com, in order to support the viability of legally permitted locations.

3.24 CONTRACT WITH SMALL BUSINESS DEVELOPMENT CENTER (SBDC) TO PROVIDE BUSINESS SUPPORT TO VISITOR SERVING SECTOR, INCLUDING RESTAURANTS.

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, food quality, service and sales to build a strong local customer base, in addition to attracting visitors, for greater success in the shoulder and off seasons.

3.25 PARTNER WITH STATE TO ENHANCE RECREATIONAL AND PARKING 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 through strategies such as shared parking and bicycle parking. Also consider possible joint use of State-owned lands at McGregor for Cabrillo and other sports organization purposes, as a site for tournament play, team practices and other community play.

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. Consider urban locations of properties owned by the State, such as the property along McGregor Drive in Aptos, for such facilities.

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.

3.28 WORK WITH BUSINESS SECTORS, WHICH CAPITALIZE ON THE NATURAL BEAUTY OF THE COUNTY, TO PROMOTE EXPANSION OF LODGING STAYS, MOVIE/ENTERTAINMENT PRODUCTIONS, WEDDING AND RELATED BUSINESSES

Well-managed weddings, events, wine-tasting, movie/entertainment productions and uses, and other activities which capitalize on the natural beauty, assets and culture of Santa Cruz can strongly contribute to a healthy economy, with lasting positive associations that encourage repeat visitation and business.

3.29 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. Recognize the efforts of the San Lorenzo River Alliance (SLRA) to broaden awareness, use and care of the San Lorenzo River as an educational, recreational and environmental asset.

3.30 ENHANCE AND INCREASE FESTIVALS AND EVENTS.

Facilitate periodic brainstorming team meetings with event planners and industry experts, to consider new and/or re-invented events that celebrate culture, arts, recreation, food, music, beer/wine, and other assets and attributes of Santa Cruz County.

3.30.1: Outreach to food truck businesses in other areas to explore feasibility of an annual "Movable Feast" event involving businesses located outside of the Santa Cruz area.

3.30.2: Explore opportunities to establish a year-round artisan food marketplace to showcase cottage food and other food enterprises.

Goal 4: Support Small Businesses, Technology/Innovation, and the Arts

Small businesses and home-based businesses will continue to play a major role in the Santa Cruz County economy, and it is important to ensure that the workforce infrastructure and lifestyle options that allow small businesses to start, thrive and grow are provided. Goal 4 of this EVS relates to identifying strategies that can support small businesses, especially locally-owned and independent businesses, and enhancing growth opportunities for emerging business clusters.

As further described under Goal 7 regarding promotion of the Santa Cruz County economy, it is important that Santa Cruz County join as a full member of the existing economic vitality organizations in the County. As the leading and largest governmental entity, engagement is important both from a practical and symbolic perspective in order to produce measurable results from economic vitality efforts throughout the community. Engagement with organizations representing independent and locally-owned businesses is particularly important.

Small Businesses

The backbone of the local Santa Cruz economy is its existing small businesses. In 2011, the whole of Santa Cruz County contained about 8,400 businesses. As of the third quarter of 2011, more than 67% of all businesses in the County had between 0 employees (indicating sole proprietor ownership/operation) and 4 employees. About 82% of all employers in the County are companies with 10 or fewer employees. Almost 97% of all businesses had fewer than 50 employees, which is the typical threshold to be considered a “small business”. Clearly, small businesses are extremely important to the Santa Cruz economy, and as such, require extensive support to help these businesses “grow jobs” and 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.

Community entrepreneurs have suggested that the biggest need and opportunity to leverage business success will come from increased access to capital, with access to training and mentoring (such as provided by the SBDC and from SCORE and Pacific Community Ventures) also beneficial. The Opportunity Fund has recently been established, and in its first year offered 25 new micro-loans for a total of \$400,000. Expansion of this approach, with the help of the Packard Foundation, the Community Foundation of Santa Cruz (CFSC) and others; and access to capital through Small Business Assistance (SBA) program, local credit unions and commercial banks can greatly assist business start-ups, as well as business modernizations and expansions.

Strategies to Support Small Businesses

4.1 CONTRACT WITH SMALL BUSINESS DEVELOPMENT CENTER (SBDC) TO SUPPORT SMALL BUSINESSES

Partner with the local branch of 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 business plans; with initial trainings related to cottage food, arts, lodging and restaurant businesses. These efforts can also support the retention of local ownership upon sale of local businesses by business founders/owners.

4.1.1: 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. Topics such as employee stock ownership plans may also be useful.

4.2 PURSUE PROGRAMS TO TRAIN BUSINESSES IN E-COMMERCE

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 could greatly assist with increasing start-ups and employment. The County should work and collaborate 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.

4.2.1: 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. Training on responsibilities to pay sales tax and other means of contributing to healthy community life could also be included.

4.3 SUPPORT EXPANSION OF BROADBAND INFRASTRUCTURE THROUGHOUT COUNTY

Access to broadband internet 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.

4.3.1: 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 initiate 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.

4.3.2: 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. County facilitation and advocacy may be particularly needed to ensure broadband service to San Lorenzo Valley and other rural areas.

4.4 PROMOTE EXPORT ASSISTANCE (MONTEREY) & PATENTS (SAN JOSE) OFFICES

These offices support small businesses seeking global markets, and entrepreneurs needing intellectual property protection through patents and licenses.

4.4.1: 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.

4.5 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.

4.6 COLLABORATE WITH LOCAL ECONOMIC DEVELOPMENT PRACTITIONERS TO SUPPORT SMALL BUSINESS

There is great potential for win-win-win outcomes through supporting collaboration with local Chambers of Commerce, Santa Cruz Service Corps of Responsible Executives (SCORE), Educational Institutions, Private Sector Lenders, SBDC, Real Estate Brokers and other organizations which mentor and assist the small business community. Recognize that the non-profit sector, which provides significant employment, is also considered a small business sector in our economy.

4.6.1: The County should 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.

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

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

4.7 CONVENE ANNUAL SMALL BUSINESS SYMPOSIUM

County economic vitality staff should work 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 and investors, 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.

4.7.1: 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.

4.7.2: Foster Communication between small businesses/start-ups and banks/investors, to identify and prioritize needs for assistance, such as acquiring investment capital, debt financing, management expertise, workforce skills, and identifying markets and marketing strategies.

4.8 STUDY SOQUEL CORRIDOR AUTO AND SERVICE BUSINESSES

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

4.9 JOIN EXISTING LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS

The County should be considered a prominent and active public partner to existing business associations and chambers of commerce that are already providing comprehensive assistance and

networking services to their business members. Through this engagement, opportunities for the County to assist these organizations and their members will be identified through on-going communication and collaborative efforts.

4.10 EXPLORE EXPANSION OF PREFERENTIAL BIDDING PROCESS FOR LOCALLY-OWNED BUSINESSES THROUGHOUT ALL COUNTY JURISDICTIONS AND EDUCATIONAL INSTITUTIONS

This approach could promote a reciprocal bidding advantage for locally-owned businesses throughout the County, instead of separate advantages within respective geographic limits, promoting unity and clarity of governmental and institutional support for local businesses.

4.11 PROMOTE A “BUY LOCAL” AND “LOCAL INVESTMENT” CULTURE

As opportunities allow, governments, institutions, residents and businesses could promote buying and investing in local products and businesses.

4.12 FACILITATE GROWTH OF WEDDING VENUE INDUSTRY, TO INCREASE OPPORTUNITIES FOR RELATED SMALL BUSINESSES

The County should recognize the high level of demand for beautiful natural areas to serve as “destination” wedding venues. The County should review regulations and approve amendments that would allow for growth of this industry while preventing negative impacts on surrounding areas, in order to increase business opportunities not only for wedding venue/events businesses, but also for the many other types of businesses that support this sector, including food, beverage, entertainment, transportation, lodging, floral, photography, clothing, gift, hair/beauty and other business services.

Emerging Sectors: Technology and Innovation

The Background Trends Report identified several emerging business clusters including innovation and technology, and arts and creative enterprises. For example, high tech manufacturing of components and products used in lifestyle, racing and aerospace has been a growing cluster. Businesses include Fox Racing with about 700 employees, and West Marine, a worldwide company with headquarters in Watsonville.

Innovation and Technology, including Recreation/Lifestyle Products

The University of California, Santa Cruz is home to the UCSC Center for Entrepreneurship (www.C4E.ucsc.edu). The Center has (a) developed courses that teach prototyping, market analysis, and business strategy; (b) held seminars on campus and in the community featuring venture funders, intellectual property attorneys, and other entrepreneurs; (c) managed an internship program that places students in regional start-ups; (d) provided faculty input on intellectual property; (e) organized student entrepreneurship competitions, including HAXK UCSC and the Business Design Showcase; and (f) served as a resource for campus-community new business development.

Agricultural technology enterprises also promise a lot of potential for local job creation, and links to UCSC, Cabrillo, California State University Monterey, San Jose and San Luis Obispo (which has a local presence in North County) should be strengthened to explore partnerships in this area, including programs in entrepreneurship.

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 encourage creation of satellite centers, start-up businesses, and co-working spaces that offer collaborative workspaces in addition to accommodating flex-time workers who may not commute to their regular workplaces each day.

Given the proximity to UCSC, and 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. This suggests a focus on establishing conditions to support the creation and growth of companies with 50 to several hundred employees, with an objective of attracting employees who currently reside in Santa Cruz but commute over Highway 17 to work. Many of the technology companies that establish or remain in Santa Cruz are smaller companies, who say that they start or remain here due to decisions about quality of life 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 growth of 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, West Marine, Nordic Naturals, 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.

Strengthen the Technology/ Innovation and Manufacturing Sector

4.13 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.

4.13.1: 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.

4.13.2: Provide technical assistance, where warranted, to the UCSC Center for Entrepreneurship Program (C4E). Encourage a strong collaboration between UCSC entities (C4E, School of Engineering, and Department of Physical and Biological Sciences) and governmental, non-profit and business to maximize success of efforts to grow the Technology and Innovation Sector.

4.14 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. Consider a Downtown Santa Cruz location that could occupy existing vacant space, or perhaps re-use of existing buildings at the defunct CEMEX site in Davenport.

4.15 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.

4.15.1: 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.

4.16 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.

4.16.1: 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.

4.17 FACILITATE CREATION OF CO-WORKING SPACES AND MEET-UP BUSINESS GROUPS THROUGHOUT THE COUNTY

Allocate County funds for County memberships in groups working to expand the technology/innovation sector in Santa Cruz, such as in New Tech Meet-Up, Tech Raising, Santa Cruz

Works, Event Santa Cruz, and Santa Cruz Tech Beat (in addition to memberships in the Santa Cruz Business Council and the Chambers throughout the County).

4.18 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.

4.19 EXPLORE DEVELOPMENT OF A WORK/LIVE TECHNOLOGY INCUBATOR

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

4.19.1: 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.

4.20 WORK WITH PROPERTY OWNER AND STAKEHOLDERS FOR REUSE OF CEMEX SITE TO FOSTER JOB CREATION, AS WELL AS RECREATION AND VISITOR SERVICES

Work with the property owner, educational institutions, North Coast land preservation organizations, lodging developer/operators 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 resources and 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. Also consider use of the CEMEX site for events that could attract visitors from throughout the region.

4.21 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, mentor and support the next generation of technology businesses.

4.22 ENCOURAGE RETENTION AND EXPANSION OF LIGHT-INDUSTRIAL AND PRODUCT MANUFACTURING BUSINESSES INCLUDING FOR RECREATION / LIFESTYLE PRODUCT DESIGNERS AND MANUFACTURERS

Recognize strength of high tech manufacturing of components and products used in the recreational, lifestyle, racing, and aerospace products sector in Santa Cruz County, and ensure that business retention and expansion efforts focus on this sector.

4.22.1: 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.

4.23 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; or to provide public infrastructure that would facilitate business and job growth. Options on the menu could include but not be limited to the following:

- Small Business Assistance (SBA) Loans through the Santa Cruz Community Credit Union and others
- Loans from other Local Commercial Banks such as Santa Cruz County Bank
- Micro-Loans from the Opportunity Fund, Pacific Community Ventures, and perhaps the Community Foundation of Santa Cruz (CFSC)
- Investments of Venture Capitalists, who could be encouraged to make investments in the range of \$250,000 to \$1 Million to provide capital and technical resources to promising business start-ups
- Grants or low-interest loans obtained by governmental and non-profit entities, such as from the federal Economic Development Administration (EDA) to support business job creation, and the I-Bank infrastructure financing program

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 Artisans 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.

A group called the Arts Council Associates currently exists, which is a group of 50+ arts organizations that meet every other month to network and share knowledge and skills. A “Business of Art” seminar series has been created through collaboration between the Arts Council Santa Cruz County, Cabrillo College VAPA division, Cabrillo College Extension, and the Small Business Development Center (SBDC). The training offered through that partnership could be expanded, and additional Meet-Ups could be created.

Performance art is also an important component of the arts and leisure sector in Santa Cruz; performance groups including The Santa Cruz County Symphony, Cabrillo Festival of Contemporary Music, Shakespeare Santa Cruz, Jewell Theater and other companies are widely respected. Many local venues such as Kuumbwa Jazz Center, Moe’s Alley and the Catalyst 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.

It is important to note that the Santa Cruz Civic Auditorium, located in the City of Santa Cruz, is the largest performing arts venue and a community effort is underway to renovate and update this facility as a performing arts and cultural center. Given that the annual economic impact of the arts to the Santa Cruz area is approximately \$38 million, it will be important to recognize the value of this effort and it should be included as a priority project in the county Comprehensive Economic Development Strategy (CEDS).

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.

Strengthen the Arts and Creative Sectors

4.24 SUPPORT ARTS ORGANIZATIONS

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

4.24.1: Participate, where feasible, with local arts organizations including but not limited to the Arts Council Santa Cruz County, Regional Artisans Association, Pajaro Valley Arts Council, the Museum of Arts and History at the McPherson Center, UCSC and Cabrillo College.

4.25 SUPPORT CROSS-PROMOTION MARKETING INITIATIVES

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

4.26 SUPPORT FILM AND PERFORMANCE ARTS INITIATIVES

Support 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.

4.26.1: Provide in-kind resources to assist with creating a website that contains a visual inventory of resources, locations, assets and incentives available to the film industry; and explore opportunities to partner with the CVC where appropriate.

4.26.2: Work with the performance arts venues, with special attention to the Santa Cruz Civic Auditorium, to ensure economic viability and enhance efforts to market the performance arts to advance this cluster.

4.27: ENCOURAGE AND FACILITATE ARTS SUPPORT SERVICES AND NETWORKING

Work with the Arts Council of Santa Cruz County to expand the Arts Council Associates to include Meet-Ups, 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.

4.27.1: Explore opportunities to support the Arts Council Associates to “meet up” groups to facilitate the exchange of information on items that impact the arts.

4.27.2: Explore opportunities to support expansion of the Cabrillo “Business of Art” seminar series, as well as the Etsy Craft Entrepreneurship training workshops and EBay business training opportunities.

4.27.3: 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.

4.27.4: 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.

4.28 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.

4.28.1: The County should identify potential locations and meet with arts organizations and property owners to discuss the potential of artist live/work space or an incubator development which offers opportunities for shared equipment and facilities. Ensure a thriving Tannery Arts Center prior to creation of any new affordable housing/artists live-work type of development.

4.29 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.

4.29.1: Find ways to support, enhance and promote the First Friday, Open Studios and other arts programs that encourage arts tourism in our county, such as by promotion on the County website and participation of county facilities to host art exhibits.

4.23 ENGAGE WITH EXISTING MEET-UPS IN CREATIVE AND ARTS INDUSTRIES

Attend as feasible existing “New Tech Meet Up”, “Tech Raising” and other groups such as “Makers Factory,” to help facilitate the success of persons with creative and innovative ideas for producing products here in Santa Cruz. Consider collaborating with others to stage a Santa Cruz Gaming Conference or similar event(s).

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. There is also opportunity to foster a more locally-generated and operated energy supply, perhaps through a Community Choice Aggregation (CCA) approach, which would prioritize energy strategies such as solar, green building and conservation, and renewable sources.

From an economic vitality perspective, investments in both physical and social supports will be critical to ensuring a vital economy in the coming decades. Investment in multi-modal transportation improvements within the urbanized portion of the unincorporated area will be particularly important. Improved access and travel time reliability can positively affect job markets, business delivery markets, freight supply chains, and visitor activity.

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 governments and schools, which are then able to provide quality facilities and services that are demanded by residents and businesses.

While since 2012 there are no longer redevelopment agencies (RDA) in the State of California, there remain other tools that governments can use to promote economic development that generates public revenues. Two opportunities that were created through the dissolution of redevelopment for Santa Cruz County jurisdictions include (1) ability for the County and cities to re-use affordable housing fund repayments that would otherwise have been paid to the RDAs; and (2) ability to manage how the disposal of certain real property assets is handled. 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 extend physical infrastructure and 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 urban and infill 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. Infill development even with 2- or 3-story development can occur in a manner that does not have to negatively affect fiscal health, as it typically can be accommodated in areas where infrastructure already exists. Though individuals and organizations may hold different views on what constitutes fiscal health and how to achieve it, there is nearly unanimous agreement that adequate funding must be provided to ensure public safety services are provided by police and fire, that transportation systems are functional, that clean water is available, and that regulatory agencies ensure that safe wastewater and environmental health measures are in effect.

Santa Cruz County is currently facing serious water shortage due to over-drafted aquifers and ongoing drought. As of Summer/Fall 2014, residents are subject to mandatory water restrictions. In the future drought conditions are likely to become more frequent and severe due to the effects of global climate change. Some residents wonder why the County would allow more housing and commercial development given scarce water resources. If policies and regulations suggested by the September 2014 SSCC Plan to implement sustainable pattern of development are approved, the County would be taking a pro-active approach toward sustainable land use regardless of when and to what extent individual developments occur over time.

An update to the Integrated Regional Water Management Plan (IRWMP, 2014) was adopted by the Regional Water Management Group and the County of Santa Cruz in August 2014. The Plan promotes regional collaboration in managing water resources and identifies strategies and high priority water supply and conservation projects to address regional water needs. Currently and in the future, new development cannot be approved in Santa Cruz County without demonstrated water supply to serve that development. The Soquel Creek Water District and City of Santa Cruz Water Department, suppliers in the Plan area, must issue letters indicating water supply is available before any project is approved.

The County can identify ways to increase water conservation and reduce per capita water use, and the SSCC Plan describes three main ways that the County can do this:

- **Require water efficient landscaping**
- **Promote compact development**
- **Encourage green stormwater systems**

Regarding broadband infrastructure, it is not only demanded by households and students, but access to high speed broadband internet is increasingly vital to business success. It is not

considered essential infrastructure for competing in the now-worldwide economy for all business activities, including but not limited to communications, designing products, manufacturing at dispersed locations, delivery of products, and videoconferencing in High-Definition with suppliers, partners, distributors and even consumers.

Public Sector Capacity & Infrastructure

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.

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. The County will foster competition among service providers to increase consumer choice and ensure competitive pricing.

5.1.2: The County will implement its "Dig Once" policy, will adopt appropriate amendments to its Wireless Communications and Broadband Ordinance, will work with Sunesys, Cruzio and other providers to ensure broadband is extended to business areas, will consider leveraging the Sunesys line to promote spurs to business clusters within county rights-of-way, and will support opportunities for broadband fiber (wired) infrastructure within the Santa Cruz Branch Rail Line owned by the Santa Cruz Regional Transportation Commission.

5.2 ENSURE MAINTENANCE OF LOCAL ROADWAY SYSTEM, AND WORK WITH REGIONAL TRANSPORTATION AGENCIES TO ACHIEVE BALANCED FUNDING FOR IMPROVEMENTS TO ALL MODES

This strategy involves continued work with CalTrans, AMBAG, Metro Bus 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, new multi-modal and street connectivity improvements, and complete streets.

5.2.1: The County should pursue support for legislation at the State level that would allow the County the same ability as cities to ask the voters to support a local tax measure to ensure adequate funding for maintenance of local roads and transportation improvements, and should also work to support changes in minimum voter support, to shift from two-thirds to 55% as the level of voter support needed for approval of any ballot transportation funding measure.

5.3 PREPARE 2035 COUNTY OF SANTA CRUZ INFRASTRUCTURE MASTER PLANS, AND PREPARE A DEVELOPMENT IMPACT FEE STUDY TO UPDATE FEE LEVELS, AND MAXIMIZE GRANTS AND OTHER TO ASSIST FUNDING FOR ADEQUATE INFRASTRUCTURE

Direct the preparation of 2035 Infrastructure Master Plans in order to identify existing deficiencies as well as improvements needed to serve population and employment growth. Identify all types of funding that could be pursued to ensure that deficiencies are addressed, and maximize opportunities to obtain grant funds, and use of creative loan program, in order to fund infrastructure improvements. Prioritize investments in infrastructure within the urbanized areas of the unincorporated area: Live Oak, Soquel and Aptos. Incorporate priority projects into annual Capital Improvement Programs (CIPs). Direct the preparation and implementation of a comprehensive Development Impact Fee Study in order to determine appropriate impact fees that new development should pay toward new infrastructure needed to serve new development. Include in the Study the possibility of expanding types of infrastructure subject to impact fees beyond transportation, roadside and parks.

5.4 SUPPORT INTEGRATED REGIONAL WATER MANAGEMENT, THE INTEGRATED WATERSHED RESTORATION PROGRAM (IWRP) AND A VARIETY OF WATER SUPPLY STRATEGIES

The County should continue to support implementation of the Integrated Regional Water Management Plan (IRWMP) adopted by the Regional Water Management Group and the County of Santa Cruz in August 2014. The Plan promotes regional collaboration in managing water resources and identifies strategies and high priority water supply and conservation projects to address regional water needs and solve water challenges. Implementation of the Integrated Watershed Restoration Program will also be important to ensure maintenance of water supply and quality of existing sources.

5.4.1: The County should ensure its actions and activities support the priority strategies of the IRWMP to balance supply and demand of water, including a) development of alternative water sources, b) conservation improvements, c) increased groundwater recharge, d) capture and exchange of additional water runoff, and e) possible water transfers between districts. Strategies for maximizing the use of existing recycled water programs in Pajaro Valley and Scotts Valley should also be supported.

5.4.2: The County should promote education regarding use of greywater systems, on-site stormwater retention, and water recharge, as well as water conservation, involving use of existing water supply sources. The County should continue to participate in regional processes exploring strategies for increasing water supplies, which is particularly needed under drought conditions, especially multi-year drought conditions that may become more frequent due to the effects of climate change.

5.4.3: The County should continue to engage with others regarding South County water supply and quality concerns, including the Pajaro Valley Community Water Dialogue (CWD), to address

the estimated overdraft of 12,000 acre feet per year, of the current 70,000 acre feet per year used from the aquifer. Use of a wireless irrigation network (WIN) is supported.

5.5 ENCOURAGE DEVELOPMENT OF INFORMATION FOR, AND PUBLIC PARTICIPATION IN, A STRUCTURED “COMMUNITY CONVERSATION” ABOUT THE STATUS OF COUNTY OF SANTA CRUZ REVENUES AND EXPENDITURES, INCLUDING FOR COMMUNITY PROGRAMS

Information about County of Santa Cruz revenues and expenditures, and the public services that are made available based on such, is available on the county's website within proposed and adopted County Budgets. The County Board of Supervisors considers and adopts annual budgets at public hearings open to the public. However, it can be helpful to distill down budget information and choices, and to involve the public in “community conversations” about levels of service, trade-offs, and strategies for maintaining and improving public facilities and services. From time to time, such a public process may result in ideas for how to modify practices in order to ensure effective and efficient operation of public sector agencies, as well as various non-profit sector agencies that are funded through the county's Community Programs expenditures. The public is very interested in how federal, state and local taxes and other revenues are spent, and an informed public and electorate can make better choices and investments.

5.6 PROMOTE LOCAL AIRPORTS AND INCREASE PUBLIC TRANSPORTATION OPTIONS TO SJC AND SFO AIRPORTS

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. Strive to increase transportation options from Santa Cruz to SJD and SFO that are easily accessible with regular services, such as through buses, shuttle vans or ridesharing services.

5.7 PRIORITIZE FUNDING TO INCREASE ACCESS AND MOBILITY OF PEOPLE, GOODS, AND SERVICES THROUGHOUT THE COUNTY THROUGH A VARIETY OF TRANSPORTATION CHOICES

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, and internet. Completion of the Highway One Auxiliary Lanes Project is highly supported. Sidewalks and bicycle facilities also have a role, and funding sources for multi-modal transportation improvements should be prioritized for investment within the urbanized areas of unincorporated Santa Cruz County: Live Oak, Soquel and Aptos. The feasibility of some level of passenger rail use of the Santa Cruz Branch Rail Line should be explored, as there may be potential to draw some trips off Highway One and thus improve highway travel flow and predictability of travel times. Strategies such as the Regional Advanced Mitigation Program (RAMP) and Early Mitigation Partnership (EMP) should also be explored as feasible.

5.7.1: Refer to the Monterey Bay Area Complete Streets Guidebook checklist when designing new transportation projects and rehabilitation of existing roadways.

5.8 ENSURE SUFFICIENT FUNDING FOR PUBLIC SAFETY

Continue efforts to identify and implement effective public safety strategies. Hold periodic Sheriff-Business Workshops throughout the County. Collaborate with the Court system to ensure effective enforcement and correction/rehabilitation strategies. Address public concern about the “traveling homeless” and the illegal drug industry and users. Support County efforts to prevent and address the environmental degradation effects of illegal cannabis cultivation, especially in the rural and forest areas where lack of access roads and infrastructure create a high risk of fires and other threats to public safety.

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.

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. Prioritize assistance to local businesses and support “buy local” programs and initiatives.

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.

5.12 EXPLORE BUSINESS LICENSE TAX COMMENSURATE WITH FIRM SIZE TO ASSIST WITH ENSURING SUFFICIENT PUBLIC INFRASTRUCTURE AND SERVICES

As reviewed under Goal 1, in order to be able to collect and disseminate information, education and assistance, and be more competitive for economic development grants, the County will explore a

business license requirement. In considering a Business License, the County could evaluate a Tax format (rather than license fee) at a modest level. This could ensure that the business sector contributes toward funding for public safety, infrastructure, and public service levels that support the overall success of area businesses, and other general purposes. For example, the agricultural industry experiences theft, camping, dumping, graffiti, homelessness and trespass, and an increased level of law enforcement resources could strengthen the agriculture sector. Also especially relevant to the agriculture sector, rural roads and highways must be adequately maintained and improved, so that agricultural products and employees have appropriate transport facilities.

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.

5.13.1: The County could consider depositing funds in locally owned banks. The County could also consider offering preferential incentives for locally-owned businesses in government procurement and contracting policies.

5.14 WORK WITH FIRE DISTRICTS TO OBTAIN FUNDING FOR FIRE PREVENTION AND RESPONSE TIME IMPROVEMENTS

Work with Fire Districts to identify desirable road improvements, fire protection, prevention and suppression infrastructure, and other features that would assist with faster fire and emergency response times and greater effectiveness, and pursue grants and creative funding approaches that would allow for implementation of improvements such as district financing and disaster preparation/readiness projects. Include in the assessment not only public roads, but also needed private road improvements that are needed to ensure public safety.

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, Master Plan, Specific Plan, Planned Unit Development (PUD) and/or incentive 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.

5.16 RECOGNIZE AND SUPPORT CONTRIBUTIONS OF KEY NON-PROFIT SECTOR AGENCIES

The non-profit sector is particularly strong in Santa Cruz County, as compared to many other communities. Non-profit agencies employ a significant number of local workers, bring non-local monies into the Santa Cruz economy, and oftentimes lessen the demand for county public services. Many of these agencies act as partners with Santa Cruz County, providing services to those in need

of support and access to health, education, housing and employment. Though its Community Programs contracts with non-profit and agency service providers, the County expands its service capabilities. Of on-going importance is ensuring that these services contracts reflect county and public priorities, are based upon need for public funding, are effective, and use funding efficiently.

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.

5.17 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.

5.18 FORGE PARTNERSHIPS AND LINKAGES TO WORKFORCE EDUCATION AND TRAINING ORGANIZATIONS

Forge linkages between the Workforce Investment Board (WIB), the Santa Cruz County Business Council and the broader business and economic development community; with 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.

5.18.1: Support the desire and initiative of the Santa Cruz County Business Council to work with the business community to determine business workforce needs and gaps, and to identify strategies to address gaps to ensure a sufficiently trained workforce.

5.19 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.

5.20 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.

5.21 ENCOURAGE YOUTH AND YOUNG ADULT ACCESS TO INTERNSHIP, MENTOR, AND APPRENTICE PROGRAMS

Encourage businesses and agencies to offer internships, hire apprentices, and mentor local youth, as well as unemployed and underemployed young adults, in order to support life skills and job training. Work with the WIB, Chambers, the Business Council, the CFSC, Cabrillo, the Regional Occupations Program (ROP), the Santa Cruz County Office of Education (COE), USCS, CSUMB and others ("Work 4 Youth", "Your Future is Our Business") 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, and to communicate the importance of involvement by businesses and employers. Ensure on-going availability of English

language competency programs, including through web-based models, and support other vocational and skills training programs.

5.22 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. Outreach and education is needed to inform businesses about these incentives.

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 consumer 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 new 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.

Santa Cruz has a strong history of supporting local independent retailers, although not exclusively. While residents often express a preference for local businesses, national retailers and brands can also be successful in Santa Cruz. This Economic Vitality Study found a continued preference for local businesses, and the Think Local First and “buy local” efforts are supported. It appears that it should not be a goal or priority of any County economic development program to attract new warehouse or “club” stores, but other national brands or retailers may have a place here, depending on the particular niche, good or service.

Providing the optimal amount of parking, not too many and not too few spaces, is an important tool for encouraging economic development. Parking policy can trigger new investments, support community goals, and encourage mixed use development and urban densities. Parking is also one of the primary places where land use and transportation policy interconnect. The County, in conjunction with its agency and business partner organizations, should study and pursue a variety of parking strategies.

There is great potential for the County and others to take actions that would strengthen businesses with and the economies of Town Centers located in the unincorporated area, including Felton, Boulder Creek, Ben Lomond, Brookdale, Davenport, Summit Road, Seacliff, Aptos, Rio del Mar, Pleasure Point, and Soquel. It is also a goal to establish elements of a “town center” for Live Oak, which could possibly occur at the 17th/Capitola Road site owned by the RDA Successor Agency, and/or the East Cliff Village Shopping Center site, in combination with nearby properties and businesses.

Strategies to Support Commercial Areas

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.

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.

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.

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.

6.4 ENCOURAGE NEW OFFICE AND WORKSPACE DEVELOPMENT IN MID-COUNTY TO MEET MARKET DEMANDS, AS WELL AS OTHER COUNTY AREAS WITH LOW VACANCY RATES

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. As warranted, also focus on other commercial areas.

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.

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. Addition of this parking resource could mitigate the proposed removal of on-street parking from the center of Soquel Village, with is proposed by the SSCC Plan in order to address traffic congestion and to improve bicycling facilities and safety through the Village. In

recognition of the antique store cluster, consider periodic outdoor antique fairs in the space to help support the growth of this market sector.

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.

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. Prioritize locally-owned businesses.

6.9 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.

6.9.1: 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.

6.9.2: 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. Identify and implement strategies that would allow sidewalk café areas, public benches and seating areas, and other streetscape improvements.

6.9.3: Consider opportunities to implement shared parking approaches for parking resources, to benefit residents, consumers and visitors. The County should also study “park once districts,” car sharing and bike sharing programs, parking districts, in-lieu fees, parking minimums, and parking strategies to enhance tourism economics.

6.9.4: Identify opportunities to increase public parking supply in San Lorenzo Valley downtown areas, including but not limited to improving road shoulders, painting parking spaces, lease or purchase of privately-owned property, and shared parking or parking district mechanisms.

6.10 EXPLORE FEASIBILITY OF PACKAGE PLANT SEWER SYSTEM SERVING BUSINESSES ALONG HIGHWAY 9 CORRIDOR

The County could consider identifying the commercial areas along Highway 9 that would most benefit from sewer service, and evaluate possible grant sources related to environmental clean-up, economic development or public recreation, as well as possible district-funding approaches. This strategy would not focus on providing sewer infrastructure throughout the San Lorenzo Valley, but only for a selected commercial service area as determined to be feasible through grant or district funding approaches. Inclusion of public restroom facilities would enhance economic vitality and the visitor experience in SLV.

Goal 7: Promote Santa Cruz County to 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. Santa Cruz County also has the advantage of being the “Sunny Side of Monterey Bay”, which could be better communicated to tourism markets.

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, SLV group camping facilities, wedding/event venues, and major visitor destinations and 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.

This type of non-tourism related “business promotion” of Santa Cruz County as a place to establish a business, do business with, or seek professional work has not been a strong component of promotional efforts in the past.

Strategies to Promote Santa Cruz County

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 all County attractions, businesses, events, and activities. Work with the CVC to add Heritage Tourism as a new niche to the CVC website to enhance the experience of “baby-boomer” visitors.

7.2 ASSIST CHAMBERS OF COMMERCE AND OTHER ORGANIZATIONS TO “TELL SUCCESS STORIES”

Collaborate with Chambers of Commerce, the Santa Cruz Business Council, El Pajaro Community Development Corporation (EPCDC) 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.

7.2.1: Work with the Chambers of Commerce, Business Associations, Economic Organizations, the EPCDC 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”.

7.2.2: Consider a brand for the business- and professional-level job sector, such as the “Invent Your Future Here” brand suggested by the new “Santa Cruz Works” initiative. Develop consensus about the specific branding and messaging to be pursued, and include within any county communications strategy.

7.3 CONSIDER JOINT MARKETING WITH INCORPORATED CITIES

Consider working with other Santa Cruz County cities, in collaboration with the CVC and business groups, to create a strategy for sharing and maximizing impact of available resources for marketing and promotion efforts. Create “lists” of county wedding and event venues, visitor attractions, county-based products and industries, and the like.

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.

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.

7.6 WITH PARTNER ORGANIZATIONS, CREATE BRANDING CAMPAIGNS FOR AGRICULTURAL AND OTHER SANTA CRUZ COUNTY PRODUCTS, AREAS 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. Evaluate the desirability of a separate “Santa Cruz Mountains” branding based upon heritage small town tourism and lifestyle tourism, weddings, and visits to Castle Rock, Big Basin, Henry Cowell and North Coast Lands (lands of POST, Coast Dairies/BLM, Sempervirens/Land Trust et al, and other properties). The agricultural, birding, environmental and cultural assets of Watsonville and South County should also be celebrated. Grant funding could be pursued to develop appropriate branding approach(s) and visitor outreach strategies.

Possible Two-Year Work Plan (2014/15 and 2015/16)

This section of the County of Santa Cruz Economic Vitality presents ideas carried forward from the earlier sections of the Study that could be considered priorities, and considered for inclusion in a Two Year Work Plan. It includes selected priority strategies and actions that can be undertaken within the next two years by the County and other agencies and partners. 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 possible 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.

It is anticipated that the County of Santa Cruz will sort through the many suggestions contained in this Study to create a County of Santa Cruz Economic Development Vision and Strategy (EDVS) would be presented for consideration of the Board of Supervisors. The EDVS would outline priority strategies and action items 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. Overall management of efforts to implement the EDVS would be the responsibility of the County Administrative Officer, while day-to-day management of work plan efforts would be the responsibility of the department directors involved with each of the activities, with key staffing and partners as identified in the EDVS and Annual Work Plans adopted as part of each year's County Budget that is considered and adopted by the Board of Supervisors.

Suggested Two-Year Work Plan: Strategies and 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
<i>Designate a Point Person for Economic Vitality in each Department</i>	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'mt 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'mt Coordinator	2015/16
<i>Establish Ongoing Collaboration with Economic Development Staff in Each City in the County</i> -- Provide for Quarterly Meetings to network and share information and business leads	Planning Director, Economic Dev'mt 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'mt 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'mt Coordinator	2014/15 and Ongoing

GOAL #2 SUPPORT SUSTAINABLE DEVELOPMENT, AND AVAILABILITY OF HOUSING AND TRANSPORTATION CHOICES	PRIMARY RESPONSIBILITY	LEAD TEAM / PARTNERS	ESTIMATED COMPLETE
<i>Accept Sustainable Santa Cruz County Planning Study</i>	Board of Supervisors	Planning Department	September 2014
<i>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</i>	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
<i>Support a “Legalization Assistance Permit Program” (LAPP)</i>	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
<i>Monitor Deliberations and Decisions about Water Supply/Quality That Affect Agriculture</i>	CAO	EHS Water Manager, Planning Dept	2014/15 and Ongoing
<i>Consider Amendments to County Code to Support Agricultural-Related Enterprises -- Coordinate with Partners to Convene Ag Stakeholder Meetings</i>	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
<i>Work with Sutter/PAMF to Support Future Campus Development, and on Reuse Strategies for Existing Medical Buildings</i>	CAO Planning Director	Planning, DPW, RTC, Metro	2014/15 and Ongoing
<i>Work with Dominican/Dignity Health, Sutter/PAMF to Improve Transportation Access and Campus Mobility</i>	CAO Planning Director	Planning, DPW, RTC, Metro	2014/15 and Ongoing
<i>Work with the Medical Corridor Property Owners to Attract Hotel</i>	Planning Director, Economic Dev't Coordinator	CAO Analysts, DPW & Dept. Directors	2014/15 and Ongoing
<i>Facilitate Development of Visitor Facilities at Santa Cruz Harbor</i>	Planning Director, Economic Dev't Coordinator	DPW Real Property & Dept Directors	2014/15 and Ongoing
<i>Provide Technical Assistance to Restore Historic Lodging Facilities – Starting with Brookdale Lodge</i>	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 SUPPORT SMALL BUSINESS, AND ENHANCE GROWTH OPPORTUNITIES FOR EMERGING SECTORS OF TECHNOLOGY/INNOVATION AND THE ARTS	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
<i>Encourage Satellite Locations for Silicon Valley Tech Companies in Santa Cruz County</i>	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
<i>Work with Par 3 Property Owners on Potential Re-Use Options</i>	Planning Director	ED Coordinator, Planning Staff	2014/15 & Ongoing
<i>Facilitate Development of a Work/Live Technology Incubator</i> -- 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
<i>Work with Property Owner and Stakeholders for Reuse of CEMEX Site to Foster Job Creation</i>	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
<i>Pursue Programs to Train Businesses in E-Commerce</i>	Board of Supervisors	ED Coordinator	Within FY Budgets
<i>Create an "Over the Counter" Home Occupation Business Permit and Designate a Small Business Ombudsman in the Planning Department</i>	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 17th 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
<i>Support Cross-Promotion Marketing Initiatives</i> -- May Require Funding Commitment	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2015/16 & Ongoing
<i>Support Marketing Initiatives by Conference and Visitors Council</i>	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2014/15 & Ongoing
<i>Consider Joint Marketing with Incorporated Cities</i> -- May Require Funding Commitment	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2015/16 & Ongoing
<i>Work with Chambers of Commerce and Other Organizations to "Tell Success Stories"</i>	CVC, CAO Analysts, ED Coordinator	Agency Directors & Business Groups	2014/15 & Ongoing
<i>Attend Industry Events and Conferences to Promote Santa Cruz County</i>	CVC, CAO Analysts, ED Coordinator	Agency Directors & Business Groups	2014/15 & Ongoing
<i>With Partner Organizations, Create Branding Campaigns for Agricultural and Other Santa Cruz County Products and Events</i>	Board of Supervisors, CAO	CVC, CAO Analysts, ED Coordinator	2015/16 & Ongoing

Ongoing Supportive Policies and Intentions, and Mid- to Longer-Term Priorities as Resources Allow

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

<p>Facilitate Establishment of Regional Youth Sports Facilities</p> <p>-- Support Initiatives to Promote County Commercial and Community-Serving Sports Facilities</p>
<p>Recognize Role of UCSC in Fostering Innovation:</p> <p>-- 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</p> <p>-- Provide technical assistance, where warranted, to the UCSC Center for Entrepreneurship Program (C4E)</p> <p>-- Support UCSC's Human Genome Institute Initiative</p>
<p>Seek to Retain and Attract Innovation and "Maker" Companies</p>
<p>Provide ombudsman assistance to locate and attract innovation companies that make products for worldwide distribution</p>
<p>Support Arts Organizations</p> <p>-- Support "First Friday" and "Open Studios" Arts Programs</p> <p>-- Engage with Existing Meet-Ups in Creative and Arts Industries</p> <p>-- Encourage and Facilitate Arts Support Services and Networking</p> <p>-- Facilitate an arts association "meet up" group to facilitate the exchange of information on items that impact the arts</p> <p>-- Identify Sites Appropriate for Artists Live/Work Projects--Support efforts to revitalize the Santa Cruz Civic Auditorium</p>
<p>Tap Skills and Leadership of Innovation Sector Residents to Support Sector and Local Economy through "Encore Careers"</p>
<p>Partner with Economic Development counterparts in the incorporated cities to ensure that the companies which are currently manufacturing products in the recreation and lifestyle market niche are visited on an agreed-upon schedule with the intent to address challenges identified by the companies and further their success</p>
<p>Encourage Retention and Expansion of Recreation / Lifestyle Product Designers and Manufacturers</p>
<p>Support Film and Performance Arts Initiatives</p> <p>-- Provide in-kind resources to assist with creating a visual inventory of assets available to the film industry.</p> <p>-- Work with the performance arts venues to ensure economic viability and enhance efforts to market the performance arts</p>
<p>Support Protection and Restoration of Natural Areas with Sustainable Visitor Recreation Improvements</p>
<p>Partner with the Export Assistance Office in Monterey and the Patents Office in San Jose to provide technical assistance to businesses seeking export assistance and intellectual property protection</p>
<p>Work with Regional Transportation Agencies to Achieve Balanced Funding for Improvements to All Modes</p>
<p>Promote Local Airports and Proximity to SJC and SFO Service</p>
<p>Maximize Grant Funding for Infrastructure Improvements</p>

<i>Encourage Non-Retail Sales and Use Tax Generators (B2B Sales)</i>
<i>Explore and Implement Funding Mechanisms to Stimulate Job Creation, Affordable Housing, and Economic Vitality</i>
<i>Work with Fire Districts to Obtain Funding for Response Time Improvements</i>
<i>Forge Partnerships and Linkages to Workforce Education and Training Organizations</i> <i>-- Promote Workforce Investment Board's Youth Program to Business Community</i> <i>-- Collaborate with South County Youth Organizations to Foster Education and Job Training Programs</i> <i>-- Encourage Youth Mentorship and Apprenticeship Programs</i>
<i>Identify Opportunities for Small Specialty Retail and Eating Places within Neighborhoods</i>
<i>Support Events Celebrating County Assets and Culture</i>

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 Study Development Process

Appendix B: Economic Trends Report

Appendix C: Economic Context, Trends and Projections

Appendix D: City and Sub-Regional Information

Appendix E: Overview of Hotel Product Types

Appendix F: Summary of EVS Focus Group and Public Comment; and CFSC Summaries of Community Conversations

Appendix A: The Study Development Process

The process of developing the Economic Vitality Study included the following steps:

- **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. Public input received at these meetings is included as Appendix F of this Economic Vitality Strategy.
- **Identify Economic Opportunities** for increased vitality. These opportunities are described in each chapter of this Strategy.
- **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.
- **Formulate the Strategy and Action Plan** including goals, strategies, and implementation actions, as contained in this document.
- **Release of Public Review Draft Economic Vitality Strategy (PRD-EVS) for Review and Comment.** In May 2014 the Public Review Draft EVS was 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. Due to the level of public interest, the comment period was extended to add another 45 days, which provided a three-month public comment period.
- **Re-Work the PRD-EVS to Recast as an Economic Vitality Study (EVS), and Create a Santa Cruz County Economic Development Vision and Strategy (EDVS) Presenting Priority Strategies and Actions for County Implementation.** Once the public comment period ended on August 15th, work began to incorporate public comment into a revised document. It was clear that most commenters appreciated the information, process and ideas presented by the PRD-EVS, however it was also evident that the public wanted to know what the County of Santa Cruz itself would focus on as priorities, given limited economic development staffing and resources. For this reason, the initial EVS was revised to incorporate public comment and recast as a "study". A second document named the "Santa Cruz County Economic Development Vision and Strategy" was then created based on the EVS, consisting of a suggested vision, as well as key priority strategies and actions that would be a focus of the County of Santa Cruz.
- **Acceptance of Economic Vitality Study (EVS) and Approval of Santa Cruz County Economic Development Vision and Strategy (EDVS).** It is expected that the Board of Supervisors will accept the Economic Vitality Study on November 18, 2014, and will also consider approval of the Santa Cruz County Economic Development Vision and Strategy on that date. However, it is possible that based upon direction from the Board of Supervisors, further refinements will be made to the Economic Vitality Study (EVS), as well as to the proposed Santa Cruz County Economic Development Vision and Strategy (EDVS) prior to finalization of the documents.

Appendix B: 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>

APPENDIX B: DETAILED DEMOGRAPHIC DATA

Table B-1: Population Trends 2000-2010

Area	2000	2010	Percent Change 2000-2010	Avg. Annual % Change 2000-2010
North Coast/Mountains				
Total Population	34,549	31,598	-8.5%	-0.9%
in Households	32,933	31,242	-5.1%	-0.5%
in Group Quarters	1,616	356	-78.0%	-14.0%
Urban Core				
Total Population	134,094	138,990	3.7%	0.4%
in Households	127,846	129,574	1.4%	0.1%
in Group Quarters	6,248	9,416	50.7%	4.2%
Summit				
Total Population	22,066	21,811	-1.2%	-0.1%
in Households	21,825	21,599	-1.0%	-0.1%
in Group Quarters	241	212	-12.0%	-1.3%
South County				
Total Population	64,893	69,983	7.8%	0.8%
in Households	63,970	68,998	7.9%	0.8%
in Group Quarters	923	985	6.7%	0.7%
Santa Cruz County				
Total Population	255,602	262,382	2.7%	0.3%
in Households	246,574	251,413	2.0%	0.2%
in Group Quarters	9,028	10,969	21.5%	2.0%
Monterey County				
Total Population	401,762	415,057	3.3%	0.3%
in Households	380,786	396,355	4.1%	0.4%
in Group Quarters	20,976	18,702	-10.8%	-1.1%
Santa Clara County				
Total Population	1,682,585	1,781,642	5.9%	0.6%
in Households	1,652,871	1,751,292	6.0%	0.6%
in Group Quarters	29,714	30,350	2.1%	0.2%
State of California				
Total Population	33,871,648	37,253,956	10.0%	1.0%
in Households	33,051,894	36,434,140	10.2%	1.0%
in Group Quarters	819,754	819,816	0.0%	0.0%

Sources: US Census, 2000, 2010; BAE, 2013.

Table B-2: Household Trends 2000-2010

Area	2000	2010	Percent Change 2000-2010	Avg. Annual % Change 2000-2010
North Coast/Mountains				
Number of Households	12,843	12,982	1.1%	0.1%
Average Household Size	2.56	2.41	-6.2%	-0.6%
Urban Core				
Number of Households	53,141	54,400	2.4%	0.2%
Average Household Size	2.41	2.38	-1.0%	-0.1%
Summit				
Number of Households	8,131	8,385	3.1%	0.3%
Average Household Size	2.68	2.58	-4.0%	-0.4%
South County				
Number of Households	17,024	18,588	9.2%	0.9%
Average Household Size	3.76	3.71	-1.2%	-0.1%
Santa Cruz County				
Number of Households	91,139	94,355	3.5%	0.3%
Average Household Size	2.71	2.66	-1.8%	-0.2%
Monterey County				
Number of Households	121,236	125,946	3.9%	0.4%
Average Household Size	3.14	3.15	0.3%	0.0%
Santa Clara County				
Number of Households	565,863	604,204	6.8%	0.7%
Average Household Size	2.92	2.90	-0.7%	-0.1%
State of California				
Number of Households	11,502,870	12,577,498	9.3%	0.9%
Average Household Size	2.87	2.90	1.0%	0.1%

Sources: US Census, 2000, 2010; BAE, 2013.

Table B-3: Household Composition, 2010

Household Type (#) (a)	North Coast/ Mountains	Urban Core	Summit	South County
Non-Family				
Single Person	3,380	16,430	1,895	3,221
2+ Persons	1,508	8,608	702	841
Non-Family Households	4,888	25,038	2,597	4,062
Family				
Married Couple	6,538	21,714	4,819	10,263
Other Family	1,556	7,648	969	4,263
Family Households	8,094	29,362	5,788	14,526
Households with Children Under 18	3,429	13,905	2,420	9,464
Household Type (%) (a)				
Non-Family				
Single Person	26.0%	30.2%	22.6%	17.3%
2+ Persons	11.6%	15.8%	8.4%	4.5%
Non-Family Households	37.7%	46.0%	31.0%	21.9%
Family				
Married Couple	50.4%	39.9%	57.5%	55.2%
Other Family	12.0%	14.1%	11.6%	22.9%
Family Households	62.3%	54.0%	69.0%	78.1%
Households with Children Under 18	26.4%	25.6%	28.9%	50.9%
Household Type (#) (a)	Santa Cruz County	Monterey County	Santa Clara County	State of California
Non-Family				
Single Person	24,926	27,317	131,506	2,929,442
2+ Persons	11,659	8,157	45,874	1,005,583
Non-Family Households	36,585	35,474	177,380	3,935,025
Family				
Married Couple	43,334	66,660	330,540	6,213,310
Other Family	14,436	23,812	96,284	2,429,163
Family Households	57,770	90,472	426,824	8,642,473
Households with Children Under 18	29,218	52,402	232,072	4,713,016
Household Type (%) (a)				
Non-Family				
Single Person	26.4%	21.7%	21.8%	23.3%
2+ Persons	12.4%	6.5%	7.6%	8.0%
Non-Family Households	38.8%	28.2%	29.4%	31.3%
Family				
Married Couple	45.9%	52.9%	54.7%	49.4%
Other Family	15.3%	18.9%	15.9%	19.3%
Family Households	61.2%	71.8%	70.6%	68.7%
Households with Children Under 18	31.0%	41.6%	38.4%	37.5%

Sources: US Census, 2010; BAE, 2013.

Table B-4: Household Tenure, 2000-2010

Tenure (#)	North Coast/ Mountains		Urban Core		Summit		South County	
	2000	2010	2000	2010	2000	2010	2000	2010
Owners	9,434	9,412	29,684	29,242	6,305	6,352	9,258	9,223
Renters	3,409	3,570	23,457	25,158	1,826	2,033	7,766	9,365
Total	12,843	12,982	53,141	54,400	8,131	8,385	17,024	18,588
Tenure (%)								
Owners	73.5%	72.5%	55.9%	53.8%	77.5%	75.8%	54.4%	49.6%
Renters	26.5%	27.5%	44.1%	46.2%	22.5%	24.2%	45.6%	50.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% Change, 2000-2010								
Owners		-0.2%		-1.5%		0.7%		-0.4%
Renters		4.7%		7.3%		11.3%		20.6%
Tenure (#)								
	Santa Cruz County		Monterey County		Santa Clara County		State of California	
	2000	2010	2000	2010	2000	2010	2000	2010
Owners	54,681	54,229	66,213	64,077	338,661	348,298	6,546,334	7,035,371
Renters	36,458	40,126	55,023	61,869	227,202	255,906	4,956,536	5,542,127
Total	91,139	94,355	121,236	125,946	565,863	604,204	11,502,870	12,577,498
Tenure (%)								
Owners	60.0%	57.5%	54.6%	50.9%	59.8%	57.6%	56.9%	55.9%
Renters	40.0%	42.5%	45.4%	49.1%	40.2%	42.4%	43.1%	44.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% Change, 2000-2010								
Owners		-0.8%		-3.2%		2.8%		7.5%
Renters		10.1%		12.4%		12.6%		11.8%

Sources: US Census, 2000, 2010; BAE, 2013.

Table B-5: Age Distribution, 2000-2010

Age Cohort	North Coast/Mountains		Urban Core		Summit		South County	
	2000	2010	2000	2010	2000	2010	2000	2010
Under 18	7,775	5,781	26,449	23,855	5,331	4,291	21,186	21,491
18-24	3,771	2,328	17,930	24,327	1,314	1,605	7,382	8,010
25-34	3,907	3,382	20,525	17,840	2,070	1,898	10,226	10,629
35-44	6,574	4,213	22,240	17,377	3,929	2,390	9,344	9,095
45-54	7,394	6,357	21,598	19,977	4,706	4,122	6,975	8,321
55-64	2,946	6,281	10,340	18,923	2,336	4,380	3,867	6,351
65-84	1,952	2,970	12,500	13,725	2,105	2,754	5,085	5,093
85 or older	230	286	2,512	2,966	275	371	828	993
Total	34,549	31,598	134,094	138,990	22,066	21,811	64,893	69,983
Under 18	22.5%	18.3%	19.7%	17.2%	24.2%	19.7%	32.6%	30.7%
18-24	10.9%	7.4%	13.4%	17.5%	6.0%	7.4%	11.4%	11.4%
25-34	11.3%	10.7%	15.3%	12.8%	9.4%	8.7%	15.8%	15.2%
35-44	19.0%	13.3%	16.6%	12.5%	17.8%	11.0%	14.4%	13.0%
45-54	21.4%	20.1%	16.1%	14.4%	21.3%	18.9%	10.7%	11.9%
55-64	8.5%	19.9%	7.7%	13.6%	10.6%	20.1%	6.0%	9.1%
65-84	5.6%	9.4%	9.3%	9.9%	9.5%	12.6%	7.8%	7.3%
85 or older	0.7%	0.9%	1.9%	2.1%	1.2%	1.7%	1.3%	1.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Age	38.0	45.2	36.0	37.1	41.4	46.9	28.8	29.9

Age Cohort	Santa Cruz County		Monterey County		Santa Clara County		State of CA	
	2000	2010	2000	2010	2000	2010	2000	2010
Under 18	60,741	55,418	114,050	111,013	416,402	429,545	9,249,829	9,295,040
18-24	30,397	36,270	43,721	46,253	155,900	158,078	3,366,030	3,922,951
25-34	36,728	33,749	64,023	62,077	299,140	269,566	5,229,062	5,317,877
35-44	42,087	33,075	61,978	54,820	296,883	278,369	5,485,341	5,182,710
45-54	40,673	38,777	49,251	53,254	218,715	263,594	4,331,635	5,252,371
55-64	19,489	35,935	28,440	43,218	135,018	185,546	2,614,093	4,036,493
65-84	21,642	24,542	35,600	37,665	142,540	169,469	3,170,001	3,645,546
85 or older	3,845	4,616	4,699	6,757	17,987	27,475	425,657	600,968
Total	255,602	262,382	401,762	415,057	1,682,585	1,781,642	33,871,648	37,253,956
Under 18	23.8%	21.1%	28.4%	26.7%	24.7%	24.1%	27.3%	25.0%
18-24	11.9%	13.8%	10.9%	11.1%	9.3%	8.9%	9.9%	10.5%
25-34	14.4%	12.9%	15.9%	15.0%	17.8%	15.1%	15.4%	14.3%
35-44	16.5%	12.6%	15.4%	13.2%	17.6%	15.6%	16.2%	13.9%
45-54	15.9%	14.8%	12.3%	12.8%	13.0%	14.8%	12.8%	14.1%
55-64	7.6%	13.7%	7.1%	10.4%	8.0%	10.4%	7.7%	10.8%
65-84	8.5%	9.4%	8.9%	9.1%	8.5%	9.5%	9.4%	
85 or older	1.5%	1.8%	1.2%	1.6%	1.1%	1.5%	1.3%	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	90.2%
Median Age	35.0	36.9	31.7	32.9	34.0	36.2	33.3	35.2

Sources: US Census, 2000, 2010; BAE, 2013.

Table B-6: Educational Attainment

Educational Attainment (#) (a)	North Coast/ Mountains	Urban Core	Summit	South County
Less than 9th Grade	318	3,024	618	12,352
9th to 12th Grade, No Diploma	707	4,197	519	4,945
High School Graduate (incl. Equivalency)	3,520	12,808	2,161	8,121
Some College, No Degree	6,322	20,203	3,642	6,756
Associate Degree	1,989	7,754	1,534	1,916
Bachelor's Degree	7,046	25,069	4,088	3,431
Graduate/Professional Degree	3,528	16,242	2,544	1,678
Total	23,430	89,297	15,106	39,199
Population 25+ with Bachelor's Degree or Higher	10,574	41,311	6,632	5,109
Less than 9th Grade	1.4%	3.4%	4.1%	31.5%
9th to 12th Grade, No Diploma	3.0%	4.7%	3.4%	12.6%
High School Graduate (incl. Equivalency)	15.0%	14.3%	14.3%	20.7%
Some College, No Degree	27.0%	22.6%	24.1%	17.2%
Associate Degree	8.5%	8.7%	10.2%	4.9%
Bachelor's Degree	30.1%	28.1%	27.1%	8.8%
Graduate/Professional Degree	15.1%	18.2%	16.8%	4.3%
Total	100.0%	100.0%	100.0%	100.0%
Population 25+ with Bachelor's Degree or Higher	45.1%	46.3%	43.9%	13.0%
Educational Attainment (#) (a)	Santa Cruz County	Monterey County	Santa Clara County	State of California
Less than 9th Grade	16,312	49,468	86,620	2,465,093
9th to 12th Grade, No Diploma	10,368	25,766	72,923	2,099,761
High School Graduate (incl. Equivalency)	26,610	52,426	191,675	5,025,372
Some College, No Degree	36,923	49,647	206,024	5,186,847
Associate Degree	13,193	18,573	85,587	1,825,704
Bachelor's Degree	39,634	36,915	302,219	4,583,032
Graduate/Professional Degree	23,992	22,392	235,430	2,612,035
Total	167,032	255,187	1,180,478	23,797,844
Population 25+ with Bachelor's Degree or Higher	63,626	59,307	537,649	7,195,067
Less than 9th Grade	9.8%	19.4%	7.3%	10.4%
9th to 12th Grade, No Diploma	6.2%	10.1%	6.2%	8.8%
High School Graduate (incl. Equivalency)	15.9%	20.5%	16.2%	21.1%
Some College, No Degree	22.1%	19.5%	17.5%	21.8%
Associate Degree	7.9%	7.3%	7.3%	7.7%
Bachelor's Degree	23.7%	14.5%	25.6%	19.3%
Graduate/Professional Degree	14.4%	8.8%	19.9%	11.0%
Total	100.0%	100.0%	100.0%	100.0%
Population 25+ with Bachelor's Degree or Higher	38.1%	23.2%	45.5%	30.2%

Note:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously between 2007 and 2011.

Sources: ACS, 2007-2011; BAE, 2013.

Table B-7: Household Income

Income Category (a)	North Coast/ Mountains	Urban Core	Summit	South County
Less than \$15,000	7.2%	11.1%	7.0%	13.1%
\$15,000-\$24,999	4.9%	8.5%	6.2%	10.5%
\$25,000-\$34,999	6.7%	7.9%	7.0%	12.0%
\$35,000-\$49,999	9.3%	10.5%	8.4%	15.2%
\$50,000-\$74,999	17.1%	16.4%	14.9%	18.9%
\$75,000-\$99,999	13.9%	13.4%	14.7%	12.4%
\$100,000-\$149,999	19.7%	15.3%	16.7%	12.1%
\$150,000-\$199,999	9.8%	8.2%	12.2%	4.0%
\$200,000 or more	11.5%	8.6%	13.0%	1.7%
Total	100.0%	100.0%	100.0%	100.0%
Median HH Income (b)	\$83,661	\$67,927	\$86,133	\$49,092
<i>Per Capital Income</i>	<i>\$43,626</i>	<i>\$36,028</i>	<i>\$45,100</i>	<i>\$18,040</i>

Income Category (a)	Santa Cruz County	Monterey County	Santa Clara County	State of California
Less than \$15,000	10.6%	8.7%	6.9%	10.4%
\$15,000-\$24,999	8.2%	9.5%	6.3%	9.4%
\$25,000-\$34,999	8.5%	9.8%	6.1%	9.1%
\$35,000-\$49,999	11.1%	13.5%	9.0%	12.4%
\$50,000-\$74,999	16.9%	19.6%	14.1%	17.3%
\$75,000-\$99,999	13.4%	13.1%	12.7%	12.6%
\$100,000-\$149,999	15.4%	14.9%	19.1%	15.2%
\$150,000-\$199,999	7.9%	5.5%	11.2%	6.7%
\$200,000 or more	8.0%	5.4%	14.7%	6.9%
Total	100.0%	100.0%	100.0%	100.0%
Median HH Income (b)	\$66,030	\$59,737	\$89,064	\$61,632
<i>Per Capital Income</i>	<i>\$32,975</i>	<i>\$25,508</i>	<i>\$40,698</i>	<i>\$29,634</i>

Notes:

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously between 2007 and 2011.

(b) All incomes adjusted to 2011 dollars.

Sources: ACS, 2007-2011; BAE, 2013.

Table B-8: Academic Performance Index, Santa Cruz County, 2011

School Districts	API 2011 (a)	State Rank (b)
North Coast		
Bonny Doon Union Elementary	907	A
Pacific Elementary	887	A
San Lorenzo Valley Unified	827	A
Urban Core		
Happy Valley Elementary	925	A
Live Oak Elementary	757	B
Santa Cruz City Elementary (c)	832	A
Santa Cruz City High	776	B
Soquel Union Elementary	833	A
Scotts Valley Unified	880	A
Summit		
Mountain Elementary	910	A
South County		
Pajaro Valley Unified (d)	718	B
California Average	778	

Notes:

(a) The Academic Performance Index (API) is a score between 200 and 1000 determined by STAR test results for all students in a school district.

A score of 800 is considered a minimum goal for all schools.

(b) A state rank of "A" means that the school district, on average, scored an API that was at or above 800. A state rank of "B" means that the school district scored an API below 800.

(c) The Santa Cruz City Elementary School District encompasses portions of the North Coast and Urban Core subregions.

(d) The Pajaro Valley Unified School District encompasses all of South County, and portions of the Summit and Urban Core subregions.

Table B-9: Poverty Status

Area	Population with Income Below Poverty Level (b)	Percent of Population with Income Below Poverty Level (b)	Percent of Families with Children with Income Below Poverty Level (b)
North Coast/Mountains	1,950	6.1%	2.3%
Urban Core	17,762	13.6%	3.5%
Summit	1,496	7.0%	4.0%
South County	13,174	19.4%	15.5%
Santa Cruz County	34,382	13.7%	6.5%
Santa Clara County	160,396	9.2%	4.7%
Monterey County	59,315	15.1%	9.7%
California	5,211,481	14.4%	8.6%

(a) The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted between 2007 and 2011.

(b) Data are for population for whom poverty status is determined, not total population.

Sources: American Community Survey, 2007-2011, Table B17001 and B17010; BAE, 2013.

Table B-10: Annual Labor Force & Unemployment Rate, 2000-2012**Santa Cruz County**

Year	Labor Force	Employment	Unemployment Rate
2000	148,400	140,800	5.1%
2001	150,300	141,700	5.7%
2002	148,300	137,300	7.4%
2003	145,200	134,000	7.8%
2004	144,000	133,900	7.0%
2005	143,300	134,200	6.3%
2006	143,400	135,300	5.6%
2007	144,900	136,400	5.9%
2008	146,300	135,600	7.3%
2009	147,700	131,000	11.3%
2010	149,900	131,000	12.6%
2011	150,700	132,500	12.1%
2012	151,100	134,300	11.1%

Monterey County

Year	Labor Force	Employment	Unemployment Rate
2000	203,200	188,200	7.4%
2001	204,800	188,900	7.8%
2002	208,900	190,200	8.9%
2003	210,300	191,400	9.0%
2004	208,100	190,800	8.3%
2005	207,000	191,800	7.3%
2006	203,600	189,500	6.9%
2007	205,800	191,100	7.1%
2008	212,400	194,500	8.4%
2009	215,400	190,100	11.7%
2010	220,900	193,000	12.7%
2011	222,900	195,200	12.4%
2012	226,500	200,800	11.4%

Santa Clara County

Year	Labor Force	Employment	Unemployment Rate
2000	940,700	911,600	3.1%
2001	939,500	891,800	5.1%
2002	891,600	816,900	8.4%
2003	850,100	779,200	8.3%
2004	824,900	771,700	6.4%
2005	817,000	773,200	5.3%
2006	823,600	786,700	4.5%
2007	844,700	805,100	4.7%
2008	870,300	818,300	6.0%
2009	875,200	780,500	10.8%
2010	880,800	784,100	11.0%
2011	896,200	809,300	9.7%
2012	911,000	834,400	8.4%

California

Year	Labor Force	Employment	Unemployment Rate
2000	16,857,600	16,024,300	4.9%
2001	17,152,100	16,220,000	5.4%
2002	17,343,600	16,180,800	6.7%
2003	17,390,700	16,200,100	6.8%
2004	17,444,400	16,354,800	6.2%
2005	17,544,800	16,592,200	5.4%
2006	17,686,700	16,821,300	4.9%
2007	17,921,000	16,960,700	5.4%
2008	18,203,100	16,890,000	7.2%
2009	18,208,300	16,144,500	11.3%
2010	18,316,400	16,051,500	12.4%
2011	18,384,900	16,226,600	11.7%
2012	18,494,900	16,560,300	10.5%

Note: Data not seasonally adjusted.

Sources: CA EDD; BAE, 2013.

APPENDIX C: REAL ESTATE MARKET DATA

Table C-1: Office Market Overview, Santa Cruz County, 2007-2012**Office Market Overview**

	<u>Santa Cruz City</u>	<u>Scotts Valley</u>	<u>Mid County (a)</u>	<u>Watsonville</u>	<u>Santa Cruz County</u>
Summary, 4Q 2012					
Inventory	2,173,871	2,307,369	1,191,157	1,907,642	7,580,039
Occupied Stock	1,810,213	1,552,866	1,118,152	1,820,390	6,301,621
Vacant Stock	363,658	754,503	73,005	87,252	1,278,418
Vacancy Rate	16.7%	32.7%	6.1%	4.6%	16.9%
Inventory (% County)	28.7%	30.4%	15.7%	25.2%	100.0%
Asking Rents, 2011-2012 (b)					
Average Asking Rent (psf), 2011	\$1.87	\$1.74	\$2.00	\$1.67	\$1.80
Average Asking Rent (psf), 2012	\$1.96	\$1.62	\$2.03	\$1.65	\$1.74
% Change 2011-2012	5.1%	-6.9%	1.7%	-1.4%	-3.3%
Net Absorption, 2011-2012					
Net Absorption 2011	(15,695)	(89,456)	6,472	(361)	(99,040)
Net Absorption, 2012	(26,932)	(272,966)	(9,990)	(485)	(310,373)
New Activity (c)					
New Construction, 2011	-	-	-	-	-
New Construction, 2012	-	-	-	-	-

Notes:

(a) The Mid-County office submarket includes Capitola, Aptos, Live Oak, and Soquel.

(b) Average asking rents reflect full service leases.

(c) New office construction activity based on properties tracked by Cassidy Turley.

Sources: Cassidy Turley; BAE, 2013.

Office Inventory (sf), 2007-2012

<u>Year</u>	<u>Santa Cruz City</u>	<u>Scotts Valley</u>	<u>Mid County (a)</u>	<u>Watsonville</u>	<u>Santa Cruz County</u>
2007	2,111,690	2,307,369	1,191,157	1,742,642	7,352,858
2008	2,173,871	2,307,369	1,191,157	1,907,642	7,580,039
2009	2,173,871	2,307,369	1,191,157	1,907,642	7,580,039
2010	2,173,871	2,307,369	1,191,157	1,907,642	7,580,039
2011	2,173,871	2,307,369	1,191,157	1,907,642	7,580,039
2012	2,173,871	2,307,369	1,191,157	1,907,642	7,580,039
% Change 2007-2012	2.9%	0.0%	0.0%	9.5%	3.1%

Office Completions (sf), 2007-2012

<u>Year</u>	<u>Santa Cruz City</u>	<u>Scotts Valley</u>	<u>Mid County (a)</u>	<u>Watsonville</u>	<u>Santa Cruz County</u>
2007	-	-	-	-	-
2008	62,181	-	-	165,000	227,181
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
Total completions 2007-2012 (sf)	62,181	-	-	165,000	227,181

Note:

(a) The Mid-County office submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Table C-1: Office Market Overview, Santa Cruz County, 2007-2012 (continued)**Office Vacant Stock (sf), Q4 2007- Q4 2012**

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	291,472	400,824	38,333	67,355	797,984
2008	314,033	375,390	48,509	101,262	839,194
2009	322,413	387,794	86,123	136,885	933,215
2010	321,031	392,081	69,487	86,406	869,005
2011	336,726	481,537	63,015	86,767	968,045
2012	363,658	754,503	73,005	87,252	1,278,418
2011 Vacancy Rate	15.5%	20.9%	5.3%	4.5%	12.8%
2012 Vacancy Rate	16.7%	32.7%	6.1%	4.6%	16.9%

Office Net Absorption (sf), 2007-2012

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	(79,466)	(67,512)	655	1,983	(144,340)
2008	39,620	25,434	(10,176)	131,093	185,971
2009	(8,380)	(12,404)	(37,614)	(35,623)	(94,021)
2010	1,382	(4,287)	16,636	50,479	64,210
2011	(15,695)	(89,456)	6,472	(361)	(99,040)
2012	(26,932)	(272,966)	(9,990)	(485)	(310,373)
Total net absorption 2007-2012 (sf)	(89,471)	(421,191)	(34,017)	147,086	(397,593)

Note:

(a) The Mid-County office submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Office Average Asking Rent (Per Square Foot), 2007-2012 (a)

Year	Santa Cruz City	Scotts Valley	Mid County (b)	Watsonville	Santa Cruz County
2007	\$1.74	\$1.97	\$2.22	\$1.94	\$1.91
2008	\$1.82	\$1.97	\$2.33	\$1.98	\$1.94
2009	\$1.92	\$1.83	\$2.16	\$1.81	\$1.88
2010	\$1.86	\$1.78	\$2.10	\$1.75	\$1.83
2011	\$1.87	\$1.74	\$2.00	\$1.67	\$1.80
2012	\$1.96	\$1.62	\$2.03	\$1.65	\$1.74
% Change 2007-2012	12.9%	-17.9%	-8.3%	-15.1%	-8.9%

Notes:

5.1%

1.7%

(a) Average asking rents reflect full service leases.

(b) The Mid-County office submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Table C-1: Office Market Overview, Santa Cruz County, 2007-2012 (continued)**Office Vacancy Rate, Q4 2007 - Q4 2012**

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	13.8%	17.4%	3.2%	3.9%	10.9%
2008	14.4%	16.3%	4.1%	5.3%	11.1%
2009	14.8%	16.8%	7.2%	7.2%	12.3%
2010	14.8%	17.0%	5.8%	4.5%	11.5%
2011	15.5%	20.9%	5.3%	4.5%	12.8%
2012	16.7%	32.7%	6.1%	4.6%	16.9%

Note:

(a) The Mid-County office submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Office Availabilities by Size and Number of Listings, Q4 2012

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
0 to 4,999 square feet	36	24	46	16	122
5,000 to 9,999 square feet	13	9	0	6	28
10,000 to 19,999 square feet	4	6	0	1	11
20,000 square feet or more	4	8	0	0	12

Note:

(a) The Mid-County office submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Table C-2: Industrial Market Overview, Santa Cruz County, 2007-2012

Industrial Market Overview					
	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
Summary, 4Q 2012					
Inventory	3,095,535	982,085	1,423,691	5,686,293	11,187,604
Occupied Stock	2,775,332	940,153	1,373,218	5,563,071	10,651,774
Vacant Stock	320,203	41,932	50,473	123,222	535,830
Vacancy Rate	10.3%	4.3%	3.5%	2.2%	4.8%
Inventory (% County)	27.7%	8.8%	12.7%	50.8%	100.0%
Asking Rents, 2011-2012 (b)					
Avg Asking Rent, NNN (psf), 2011	\$0.86	\$0.75	\$0.98	\$0.53	\$0.74
Avg Asking Rent, NNN (psf), 2012	\$0.83	\$0.75	\$0.94	\$0.63	\$0.82
% Change 2011-2012	-3.4%	0.1%	-3.5%	19.6%	11.2%
Net Absorption, 2011-2012					
Net Absorption 2011	(122,681)	24,100	(18,401)	54,769	(62,213)
Net Absorption, 2012	16,413	16,850	6,767	(17,080)	22,950
New Activity (c)					
New Construction, 2011	-	-	-	-	-
New Construction, 2012	-	-	-	-	-

Notes:

(a) The Mid-County industrial submarket includes Capitola, Aptos, Live Oak, and Soquel.

(b) Average asking rents reflect NNN leases.

(c) Reflects new industrial construction based on properties tracked by Cassidy Turley.

Sources: Cassidy Turley; BAE, 2013.

Industrial Inventory (sf), 2007-2012

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	3,095,535	963,635	1,413,971	5,758,293	11,231,434
2008	3,095,535	963,635	1,413,971	5,758,293	11,231,434
2009	3,095,535	963,635	1,423,691	5,758,293	11,241,154
2010	3,095,535	982,085	1,423,691	5,758,293	11,259,604
2011	3,095,535	982,085	1,423,691	5,758,293	11,259,604
2012	3,095,535	982,085	1,423,691	5,686,293	11,187,604
% Change 2007-2012	0.0%	1.9%	0.7%	-1.3%	-0.4%

Industrial Completions (sf), 2007-2012

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	9,720	-	9,720
2010	-	18,450	-	-	18,450
2011	-	-	-	-	-
2012	-	-	-	-	-
Total completions 2007-2012 (sf) (b)	-	18,450	9,720	-	28,170

Notes:

(a) Reflects new industrial construction based on properties tracked by Cassidy Turley.

(b) The Mid-County industrial submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Table C-2: Industrial Market Overview, Santa Cruz County, 2007-2012 (continued)**Industrial Vacant Stock (sf), 2007-2012**

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	356,000	19,520	45,133	120,596	541,249
2008	256,113	41,162	49,364	83,931	430,570
2009	258,500	69,482	73,065	185,390	586,437
2010	237,243	45,800	55,589	267,443	606,075
2011	336,616	58,782	57,240	178,142	630,780
2012	320,203	41,932	50,473	123,222	535,830
2011 Vacancy Rate	10.9%	6.0%	4.0%	3.1%	5.6%
2012 Vacancy Rate	10.3%	4.3%	3.5%	2.2%	4.8%

Note:

(a) The Mid-County industrial submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Industrial Net Absorption (sf), 2007-2012

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	(3,212)	888	2,812	(21,851)	(21,363)
2008	99,887	(21,642)	(4,231)	36,665	110,679
2009	(2,387)	(28,320)	(13,981)	(101,459)	(146,147)
2010	15,540	43,132	12,676	(63,230)	8,118
2011	(122,681)	24,100	(18,401)	54,769	(62,213)
2012	16,413	16,850	6,767	(17,080)	22,950
Total net absorption 2007-2012 (sf)	3,560	35,008	(14,358)	(112,186)	(87,976)

Note:

(a) The Mid-County industrial submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Industrial Average Asking Rent (Per Square Foot), 2007-2012 (a)

Year	Santa Cruz City	Scotts Valley	Mid County (b)	Watsonville	Santa Cruz County
2007	\$0.76	\$0.85	\$0.86	\$0.56	\$0.74
2008	\$0.76	\$0.96	\$1.16	\$0.74	\$0.82
2009	\$0.81	\$0.92	\$0.85	\$0.57	\$0.75
2010	\$0.80	\$0.85	\$1.00	\$0.55	\$0.72
2011	\$0.86	\$0.75	\$0.98	\$0.53	\$0.74
2012	\$0.83	\$0.75	\$0.94	\$0.63	\$0.77
% Change 2007-2012	8.6%	-12.6%	9.7%	12.6%	4.4%

Notes:

(a) Average asking rents reflect NNN leases.

(b) The Mid-County industrial submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Table C-2: Industrial Market Overview, Santa Cruz County, 2007-2012 (continued)**Industrial Vacancy Rate, 2006-2011**

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
2007	11.5%	2.0%	3.2%	2.1%	4.8%
2008	8.3%	4.3%	3.5%	1.5%	3.8%
2009	8.4%	7.2%	5.1%	3.2%	5.2%
2010	7.7%	4.7%	3.9%	4.6%	5.4%
2011	10.9%	6.0%	4.0%	3.1%	5.6%
2012	10.3%	4.3%	3.5%	2.2%	4.8%

Note:

(a) The Mid-County industrial submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Industrial Availabilities by Size and Number of Listings, Q4 2012

Year	Santa Cruz City	Scotts Valley	Mid County (a)	Watsonville	Santa Cruz County
10,000 to 24,999 square feet	6	1	1	3	11
25,000 to 49,999 square feet	1	0	0	1	2
50,000 to 99,999 square feet	0	0	0	0	0
100,000 square feet or more	1	0	0	0	1

Note:

(a) The Mid-County office submarket includes Capitola, Aptos, Live Oak, and Soquel.

Sources: Cassidy Turley; BAE, 2013.

Table C-3: Retail Market Overview, Santa Cruz County, 2007-2012

Retail Market Overview				
	North County (a)	Central County (a)	South County (a)	Santa Cruz County
Summary, 4Q 2012				
Inventory	933,881	2,383,927	1,177,257	4,495,065
Occupied Stock	889,434	2,313,468	1,114,844	4,317,746
Vacant Stock	44,447	70,459	62,413	177,319
Vacancy Rate	4.8%	3.0%	5.3%	3.9%
Inventory (% County)	20.8%	53.0%	26.2%	100.0%
Asking Rents, 2011-2012 (b)				
Avg Asking Rent, NNN (psf), 2011	\$19.89	\$23.07	\$19.97	\$21.34
Avg Asking Rent, NNN (psf), 2012	\$22.53	\$22.77	\$17.23	\$20.13
% Change 2011-2012	13.3%	-1.3%	-13.7%	-5.7%
Net Absorption, 2011-2012				
Net Absorption 2011	(2,577)	149,311	(6,768)	139,966
Net Absorption, 2012	5,583	15,681	(6,632)	14,632
New Activity (c)				
New Construction, 2011	-	-	-	-
New Construction, 2012	-	-	-	-

Notes:

(a) The North County industrial market consists of Scotts Valley and northern parts of Santa Cruz County. Central County includes Santa Cruz City, Capitola, Aptos, Live Oak, and Soquel. South County consists of Watsonville and surrounding areas.

(b) Average asking rents reflect NNN leases.

(c) Reflects new industrial construction based on properties tracked by Cassidy Turley.

Sources: Cassidy Turley; Terranomics; BAE, 2013.

Retail Inventory (sf), 2011-2012

Year	North County (a)	Central County (a)	South County (a)	Santa Cruz County
2007	933,881	2,323,415	1,177,257	4,434,553
2008	933,881	2,323,415	1,177,257	4,434,553
2009	933,881	2,323,415	1,177,257	4,434,553
2010	933,881	2,394,829	1,177,257	4,505,967
2011	933,881	2,394,829	1,177,257	4,505,967
2012	933,881	2,383,927	1,177,257	4,495,065
% Change 2007-2012	0.0%	2.6%	0.0%	1.4%

Retail Completions (sf), 2011-2012

Year	North County (a)	Central County (a)	South County (a)	Santa Cruz County
2007	-	-	-	-
2008	-	-	-	-
2009	-	71,414	-	71,414
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
Total completions 2007-2012 (sf)	-	71,414	-	71,414

Notes:

(a) The North County industrial market consists of Scotts Valley and northern parts of Santa Cruz County. Central County includes Santa Cruz City, Capitola, Aptos, Live Oak, and Soquel. South County consists of Watsonville and surrounding areas.

Sources: Cassidy Turley; Terranomics; BAE, 2013.

Table C-3: Retail Market Overview, Santa Cruz County, 2007-2012
(continued)

Retail Vacant Stock (sf), 2011-2012

Year	North County (a)	Central County (a)	South County (a)	Santa Cruz County
2007	26,959	39,170	30,516	96,645
2008	21,555	42,974	38,549	103,078
2009	46,307	182,680	38,494	267,481
2010	47,453	235,451	49,013	331,917
2011	50,030	86,140	55,781	191,951
2012	44,447	70,459	62,413	177,319
2011 Vacancy Rate	5.4%	3.6%	4.7%	4.3%
2012 Vacancy Rate	4.8%	3.0%	5.3%	3.9%

Retail Net Absorption (sf), 2011-2012

Year	North County (a)	Central County (a)	South County (a)	Santa Cruz County
2007	18,274	(1,132)	4	17,146
2008	7,404	(3,804)	(8,033)	(4,433)
2009	(24,752)	(139,706)	55	(164,403)
2010	(1,146)	18,643	(10,519)	6,978
2011	(2,577)	149,311	(6,768)	139,966
2012	5,583	15,681	(6,632)	14,632
Total net absorption 2007-2012 (sf)	2,786	38,993	(31,893)	9,886

Retail Average Asking Rent (Per Square Foot), 2011-2012 (b)

Year	North County (a)	Central County (a)	South County (a)	Santa Cruz County
2007	\$23.62	\$21.34	\$21.47	\$22.02
2008	\$25.26	\$26.88	\$21.43	\$24.50
2009	\$20.57	\$16.56	\$21.33	\$17.94
2010	\$20.59	\$23.56	\$18.20	\$22.34
2011	\$19.89	\$23.07	\$19.97	\$21.34
2012	\$22.53	\$22.77	\$17.23	\$20.13
% Change, 2011-2012	13.3%	-1.3%	-13.7%	-5.7%

Notes:

(a) The North County industrial market consists of Scotts Valley and northern parts of Santa Cruz County. Central County includes Santa Cruz City, Capitola, Aptos, Live Oak, and Soquel. South County consists of Watsonville and surrounding areas.

(b) Average asking rents reflect NNN leases.

Sources: Cassidy Turley; Terranomics; BAE, 2013.

**Table C-3: Retail Market Overview, Santa Cruz County, 2007-2012
(continued)**

Retail Vacancy Rate, 2011-2012

Year	North County (a)	Central County (a)	South County (a)	Santa Cruz County
2007	2.9%	1.7%	2.6%	2.2%
2008	2.3%	1.8%	3.3%	2.3%
2009	5.0%	7.9%	3.3%	6.0%
2010	5.1%	9.8%	4.2%	7.4%
2011	5.4%	3.6%	4.7%	4.3%
2012	4.8%	3.0%	5.3%	3.9%

Retail Product Types, Santa Cruz County, 2012

Year	Total Inventory	Vacancy Q4 2012	Net Absorp- tion, 2012	Avg. Asking Rent, 2012
Neighborhood/Community Center (b)	2,589,164	5.0%	(6,572)	\$20.13
Strip Center (c)	866,497	3.3%	5,805	\$19.74
Power & Regional Center (d)	1,039,404	2.0%	15,399	\$22.96
Total	4,495,065	3.9%	14,632	\$20.13

Note:

(a) The North County industrial market consists of Scotts Valley and northern parts of Santa Cruz County. Central County includes Santa Cruz City, Capitola, Aptos, Live Oak, and Soquel. South County consists of Watsonville and surrounding areas.

(b) Neighborhood and community retail centers have fewer than 30 stores and are anchored by a drug store, supermarket, or discount department store, arranged in a single strip on one level.

(c) Strip centers are open-air neighborhood shopping centers less than 10,000 square feet.

(d) Power centers and regional malls are dominated by several large anchors, with 30 to 100 stores, with 350,000 to 800,000 square feet of retail space.

Sources: Cassidy Turley; Terranomics; BAE, 2013.

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 Study process occurred as the County of Santa Cruz was also in the process of preparing a “Sustainable Santa Cruz County Plan” (“SSCC Plan” – 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 Plan 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 Plan 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 Plan 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	10,088	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	58,462	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	239
Above Moderate	<u>551</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.

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

higher Lodging No specific job or projection of needed hotel rooms. Good market for 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

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

AMBAG 2010-2035 Job Growth Projections

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	106	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	1,298	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 Sub-Regional Economic Strengths and Strategies

This appendix to the Santa Cruz County Economic Vitality Study presents 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, Seaside, Rio del Mar, Seaside

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 utilizing 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.

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.

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 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 Seascapes 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.

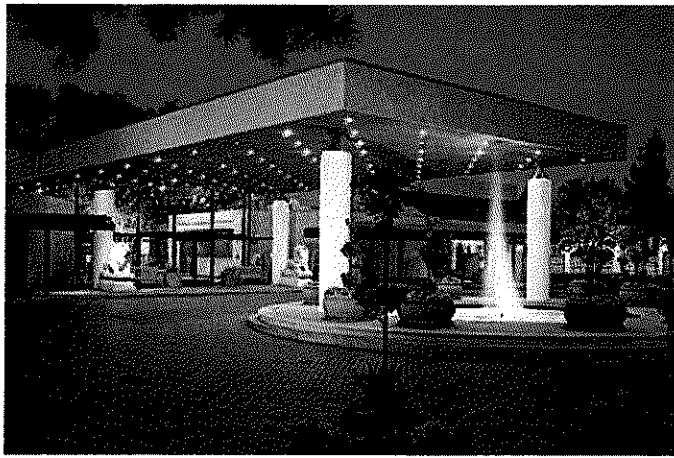
Finally, there are many “hybrid” versions of lodging such as timeshares, fractionals, and “clubs,” which offer varying ownership interests divided among multiple owners, and the ability to exchange these visitation rights across networks of similar properties. This industry segment has experienced rapid 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

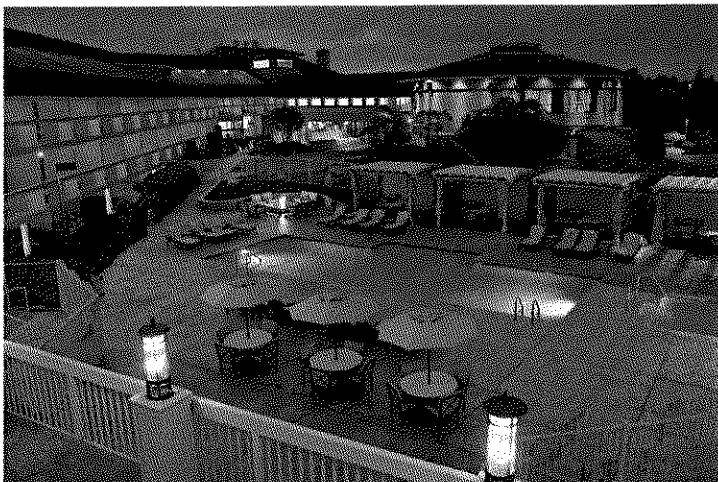
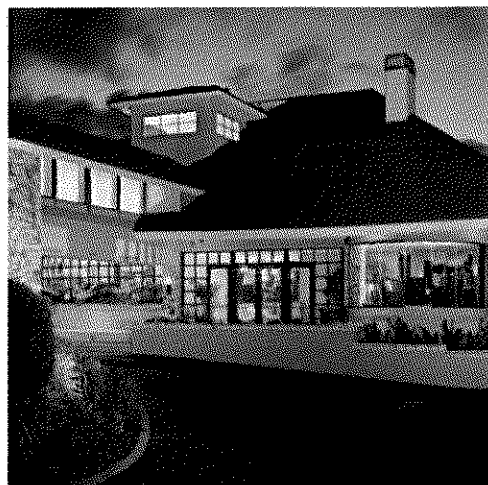
Rooms: \$219-\$449

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

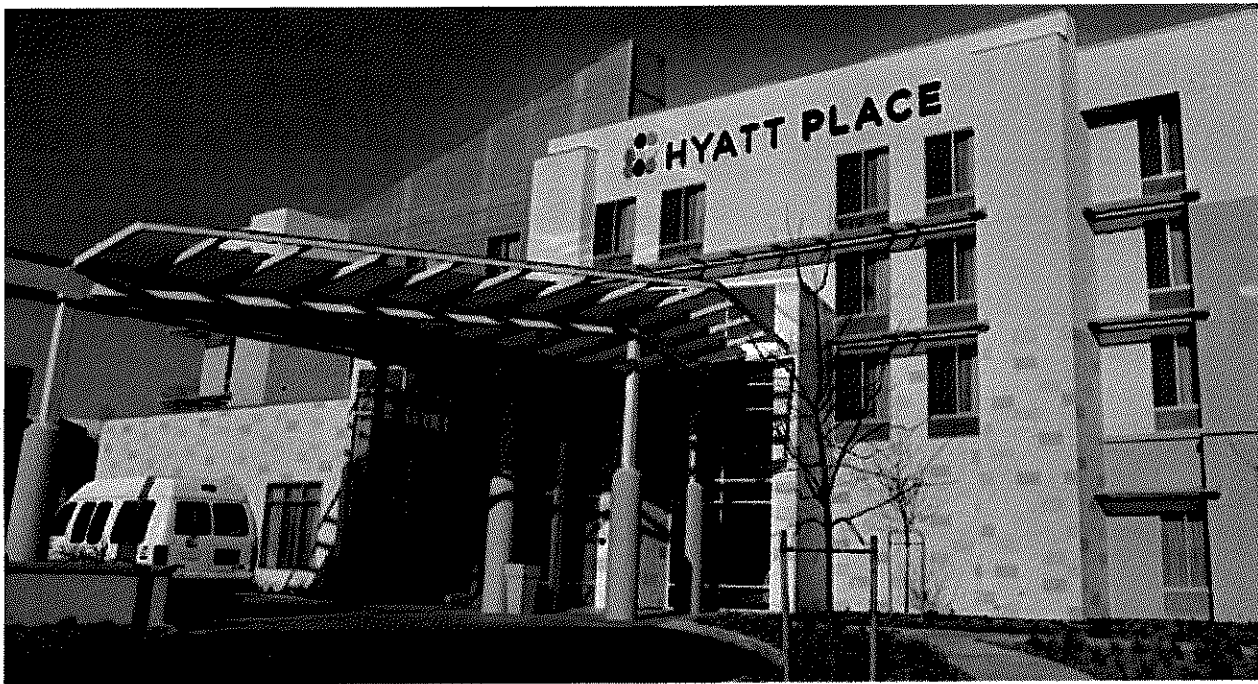
Rooms: \$177-307

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)

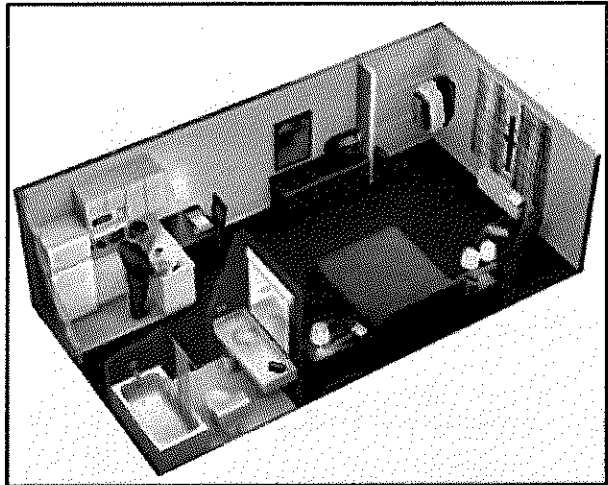
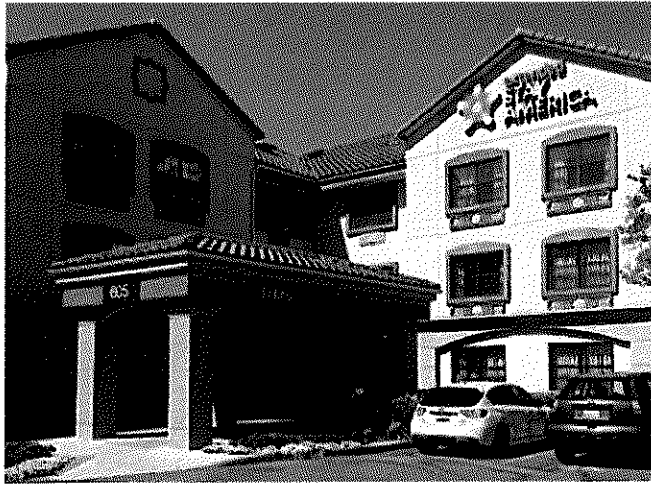
Davis, California



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

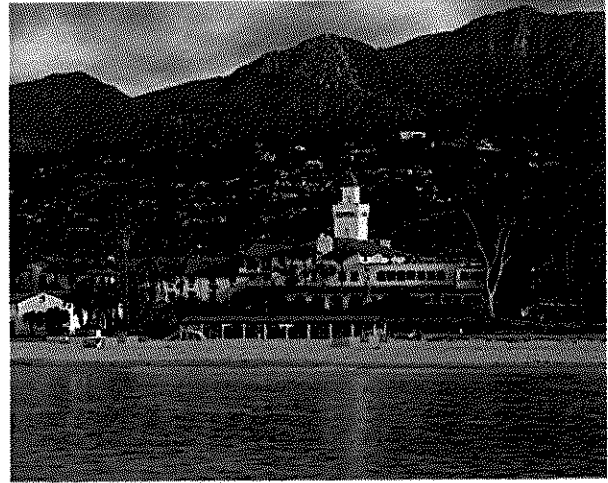
Rooms: \$75-\$95; discount for longer stays

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

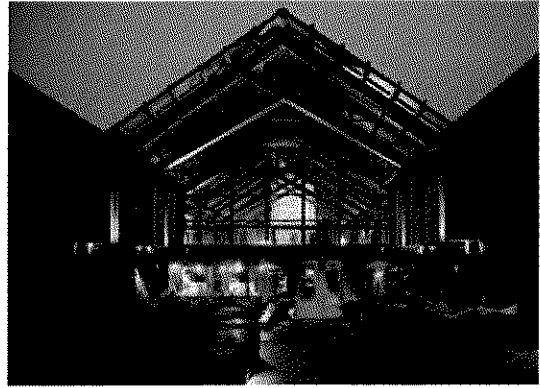
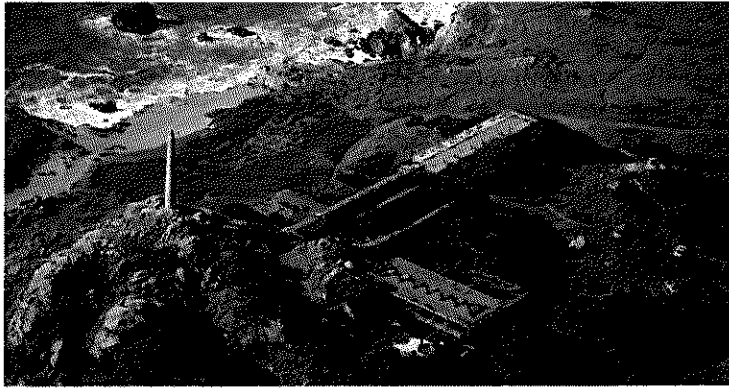
Rooms: \$300-600, Suites: \$650

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

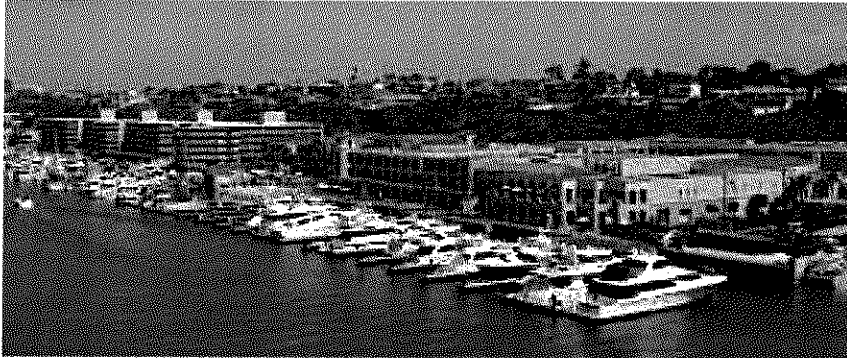
Rooms: \$219-\$269
Suites: \$349

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

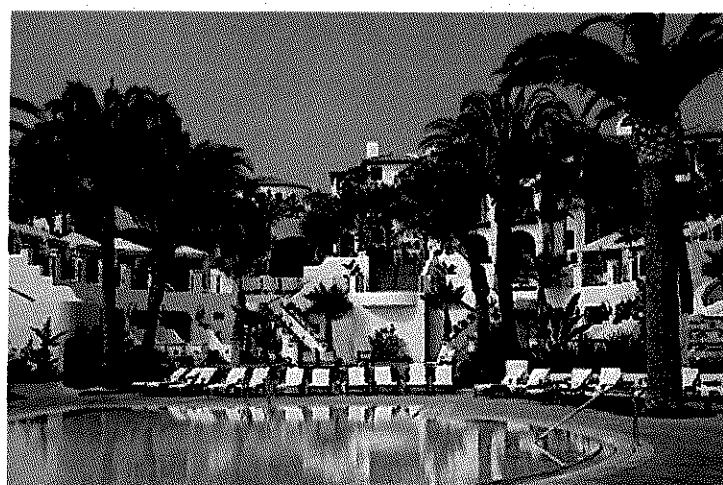
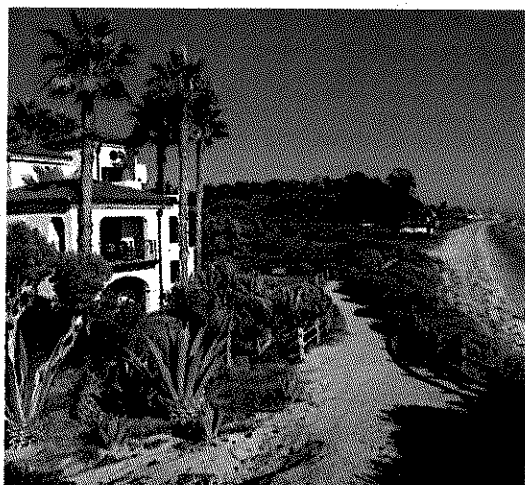
Suites: \$439-\$649

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

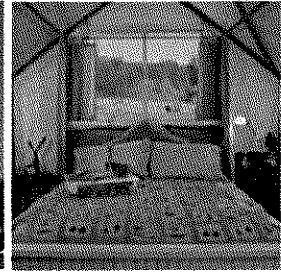
Rooms: \$480-\$1,325
Suites: \$675-\$3,000+

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.