



COUNTY OF SANTA CRUZ

0287

PLANNING DEPARTMENT

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KATHLEEN MOLLOY PREVISICH, PLANNING DIRECTOR

June 5, 2014

AGENDA: June 17, 2014

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

**SUBJECT: ANNOUNCEMENT OF SELECTION OF SANTA CRUZ COUNTY FOR THE
ETSY CRAFT ENTREPRENEURSHIP PROGRAM**

Members of the Board:

Recent data generated through the Economic Vitality Strategy effort reveals that over 8,000 residents of the unincorporated area work from home, which represents 6.5% of the County's workforce. While some are telecommuters, a significant number are operating home-based businesses. Of these, many are artisans producing and selling handcrafted items such as jewelry, woodworks, paintings and sculpture. Businesses are also selling antiques, collectibles, instruments, clothing and many other soft goods online. The County Code allows these businesses as Home Occupations (Code Section 13.10.613). Internet ordering/sales is allowed, consistent with established criteria. The business may be conducted by the full-time residents of the residential unit without a development permit if the criteria are met.

Last year, in order to better understand the composition of this high level of home-based businesses (which is well over the State average), economic development staff contacted the on-line selling platforms that are most commonly used: Ebay, Craigslist and Etsy. Through contact with Etsy, county staff learned from CEO Chad Dickerson that Etsy was at that time testing a new pilot program in two communities, a suburb of Chicago and one in New York. Mr. Dickerson was very interested in Santa Cruz given recent reports that Santa Cruz ranks fifth in the nation for the number of artists per capita. He connected staff to the Etsy Policy Division to discuss the possibility of Santa Cruz County becoming the next pilot community for their new "Craft Entrepreneurship Program" (CEP).

After working with Etsy staff, in April 2014 Santa Cruz County was selected as one of the next pilot programs, which was jointly announced by Chad Dickerson and Chelsea Clinton at the Fast Company Innovation Uncensored Conference in New York City.

Through use of in-kind staff resources only, Santa Cruz County has been able to foster two Etsy educational programs in partnership with the Central Coast Small Business Development Center (SBDC).

CRAFT ENTREPRENEURSHIP PROGRAM (CEP) DESCRIPTION

The first program will be the Craft Entrepreneurship Program, which will be launched in Watsonville. The program will offer micro-business training to underemployed, low-income adults with existing artistic skills. The participants will engage in a training program that will guide them through becoming craft entrepreneurs and selling their products to new markets. The program will use Etsy's platform for selling creative goods, and will be structured as a real-world learning lab which also leverages expertise from partner organizations linked to the program. Participants learn the basics of starting and running an online business, including pricing, basic accounting, sales tax requirements, product photography, and marketing.

The CEP gives participants viable paths to supplemental income. The CEP will be comprised and supported by twelve organizations:

- County of Santa Cruz
- Central Coast Small Business Development Center (SBDC)
- Cabrillo College
- Digital Nest
- Second Harvest Food Bank
- Santa Cruz County Workforce Investment Board (WIB)
- El Pajaro Community Development Corporation (CDC)
- Regional Arts Association
- Service Corps of Responsible Executives (SCORE)
- California Association of Micro-Enterprise Organizations (CAMEO)
- Opportunity Fund
- Santa Cruz Arts Council

The classes will be held at the Cabrillo College Extension Computer Lab in Watsonville. Enrollment will be thirty students with the first classes taught in English with Spanish translation available, and all Spanish classes starting in February. Each training consists of six classes, five over the first two weeks and then one eight weeks later, to provide guidance to the participants. One-on-one counseling will be offered to the participants by the SBDC and members of SCORE. Micro-enterprise funding will be available through program partners – the CDC, CAMEO and the Opportunity Fund. For businesses that choose to grow, additional education will be offered and access to SBA financing will be administered by the SBDC.

ETSY REGIONAL TRAINING PROGRAM

Traditional retail has changed considerably over the past ten years and the definition of retail will continue to be in flux as the online retailing community continues to expand and provide a secure comfort level with shoppers. This is where the second component of the Etsy trainings will come into play. The second Etsy sponsored program will provide regional training meetings for anyone who is currently a seller or anyone who would like to learn how to sell on the Etsy platform. Currently, there are approximately 400 Etsy sellers in Santa

Cruz County, with the majority of art-related items within the jewelry category. The Etsy website also has platforms for vintage items, clothing, wedding supplies, and home and living categories.

The program is still under development, but features would include a "meet-up" group for all Etsy sellers so that business services can be delivered through the SBDC and SCORE. Regional trainings throughout the County (possibly through libraries and community rooms) would provide beginning "101 Training" to potential sellers, as well as more advanced training for long term sellers.

Etsy indicates that the most important part of the program to help businesses increase sales is photography training, since the major impetus for a customer to be drawn to select an item for purchase is an outstanding photograph. Under consideration is the use of the renovated photography lab at Cabrillo College. In other communities, Etsy is also piloting trainings at local libraries, including providing photography equipment. This could potentially be added to the Adult Education offerings at Cabrillo College and perhaps the County's Parks and Recreation programming or through the library system. Efforts will also be made to work with logistics such as mail services (USPS, UPS, FedEx, etc.), bulky item shipping (sculptures, paintings, large pottery, etc), and shipping/art supply companies (Palace Office Supply, Office Depot, Staples, Lens, etc.) in order to further enhance the success of the program.

The goal of the second Etsy program would be to operate the pilot program for one year (as cultivated by the County and program partners listed above), provide results to Etsy, and then to report to the National Small Business Development Center Conference in San Francisco in 2015. As this is a pilot program, Etsy is interested in many of the products and services that will be offered to the participants, especially given that this program will be emulated in other areas of the United States.

The first classes for the CEP are scheduled for mid-August and all classes will be free to the community.

RECOMMENDATION

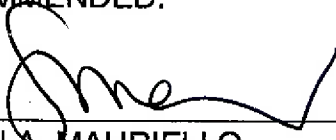
It is recommended that your Board accept and file this report. No action is required.

Sincerely,



Kathy M. Previsich
Planning Director

RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer

cc: Rachel Greenwald, Etsy
Teresa Thomae, Central Coast Small Business Development Center
Rock Pfothenhauer, Cabrillo College
Jacob Martinez, Digital Nest
Willie Elliot-McCrea, Second Harvest Food Bank
David Mirrione, Santa Cruz Workforce Investment Board
Carmen Herrera-Mansir, El Pajaro Community Development Corporation
Dawn Teall, Regional Arts Association
Al Carmen, Service Corps of Responsible Executives
Claudia Viek, California Association of Micro-Enterprise Organizations
Mary Perdomo, Opportunity Fund
Michelle Williams, Santa Cruz Arts Council
Bill Tyselling, Santa Cruz Area Chamber of Commerce
Karen Hibble, Aptos Chamber of Commerce
Toni Castro, Capitola/Soquel Chamber of Commerce
Mary Anderson, San Lorenzo Valley Chamber of Commerce
Justin Acton, Boulder Creek Business Association
Derek Rupp, Pleasure Point Business Association
Nicole Pini DeLauder, Scotts Valley Chamber of Commerce
Joe Foster, Santa Cruz County Business Council
Betsey Lynberg, Parks Division, Department of Public Works
Teresa Landers, Santa Cruz County Libraries