



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

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May 9, 2014

AGENDA DATE: May 20, 2014

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

SUBJECT: OPEN PUBLIC REVIEW PERIOD FOR DRAFT ECONOMIC VITALITY STRATEGY

Members of the Board:

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

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

Key Goals and Strategies

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

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

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

Stakeholder and Public Review of Draft Economic Vitality Strategy

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

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

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

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

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

Nature of the Economic Vitality Strategy Document

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

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

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

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

Sustainability Manager Position for Climate Action and Sustainability Initiatives

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

Sincerely,

Kathy Previsich

Kathy Molloy Previsich
Planning Director

RECOMMENDED:

Susan A. Mauriello
SUSAN A. MAURIELLO
County Administrative Officer

Attachment: Economic Vitality Strategy May 2014 Public Review Draft



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



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Introduction

Overview of the Economic Vitality Strategy

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

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

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

Core Values: Sustainability and Community Investment

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

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

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

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

Presentation of Key Goals

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

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

Organization of Strategy

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

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

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Goal 1: Create Shared Vision and Organize for Action

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

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

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

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

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

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

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STRATEGIES FOR CREATING SHARED VISION & ORGANIZING ACTION

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

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

Strategy 1.2 Organize County Economic Vitality Staffing and Resources

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

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

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

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

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

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

SAT Criteria (project meets one or more):

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

Strategy 1.3: Facilitate Regional Economic Vitality Partnerships & Support Systems

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

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

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

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

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

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

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

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

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

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

Strategy 1.6: Identify Appropriate Metrics to Track Economic Vitality

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

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

Goal 2: Support Sustainable Development and Availability of Housing

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

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

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

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

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

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

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

STRATEGIES TO SUPPORT SUSTAINABLE DEVELOPMENT

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

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

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

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

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

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

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

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

Strategy 2.5: Continue Removing Regulatory Obstacles/Streamlining Permit Process

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

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