



SANTA CRUZ COUNTY COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

2013 ANNUAL UPDATE

FEBRUARY 11, 2014

Prepared by
Workforce Investment Board of Santa Cruz County
County of Santa Cruz Planning Department



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EXECUTIVE SUMMARY

INTRODUCTION

This Comprehensive Economic Development Strategy (CEDS) was prepared on behalf of Santa Cruz County under the auspices of the Workforce Investment Board (WIB) with the participation of four incorporated cities and the County Planning Department. In addition to these jurisdictions, the CEDS Committee includes five other business entities and institutional partners. The CEDS Committee and the WIB Board worked extensively through the fiscal year to implement the CEDS and to prepare this Annual Update, documenting the progress each participating jurisdiction has made.

ECONOMIC CONDITIONS

Santa Cruz County has continued to see a falling unemployment rate with accelerated job growth in 2013 over 2012. Major governmental revenues rose for all jurisdictions this year; although non-residential building development trends remain weak. There are several encouraging economic indicators for the year so far in 2013.

- Hotels and motels saw 60 percent occupancy for the first 10 months of the year.
- The number of mortgage holders defaulting on payments, which topped 2,000 in 2009, has fallen to 208 as of December 27, 2013.
- Homeowners have seen homes appreciate in value and have been able to refinance at historic low interest rates.
- Tourism is up statewide which positively benefits Santa Cruz County.

PERFORMANCE ON CEDS GOALS

This Annual Update provides information on 15 performance measures designed to gauge progress on the six CEDS Goals, outlined below:

GOAL 1: WORKFORCE DEVELOPMENT

Maximize human and business capital by promoting a well-trained workforce for Santa Cruz County employers, ensuring individual economic security and community vitality. Provide Santa Cruz County employers with a reliable pipeline of well-qualified workers. Provide Santa Cruz County residents with access to the education and job-training opportunities necessary to attain and succeed in jobs available through Santa Cruz County employers. Develop and maintain an adequate stock of affordable housing to ensure that all segments of the workforce have satisfactory housing options in Santa Cruz County.

Performance Measure #1: Unemployment rate

The County average annual unemployment rate for 2013 is estimated at 10.4 percent, down from 11.1 percent in 2012. This fall in unemployment is similar to the state trend, which is estimated to have decreased from 10.4 percent in 2012 to 10.3 percent in 2013.

GOAL 2: REGIONAL PROSPERITY

Ensure regional economic vitality by supporting the growth of firms that fill important niches in the County's economic base, that have the potential to catalyze broader economic growth, and that provide opportunities for career advancement and higher wages.

Performance Measure #2: Job growth in all industries and in cluster industries

Jobs in the County are projected to increase by an estimated 4,023 jobs between 2012 and 2013. This remains more than one percent below the most recent peak in wage and salary employment in 2007. Among the industry clusters, Government, Health Care and Social Assistance, Retail, Manufacturing, Hospitality, and Professional Services all achieved significant increases in 2013.

Performance Measure #3: Jobs retained

Efforts through the Small Business Development Center (SBDC) and the individual jurisdictions resulted in retention of about 22 threatened jobs as of December, 2013.

Performance Measure #4: Number of plant closures

Plant closures continued in 2013, resulting in the loss of more than 524 jobs as of September 30, 2013.

Performance Measure #5: Building permit trends for non-residential construction/additions

The value of non-residential building permits decreased to about \$42 million in 2013, down from \$49 million in 2012. This decrease resulted from reduced commercial and additions and alterations permits. Other non-residential permits rose by \$8.4 million to \$13 million in 2013.

Performance Measure #6: Growth in Transient Occupancy Tax (TOT) and sales tax revenues

Both lodging revenues and taxable sales continued upward trends in 2013.

GOAL 3: QUALITY OF LIFE

Increase the region's attractiveness to new business and improve quality of life by supporting the further development and improvement of affordable housing choices and community services, including public safety, lifelong learning, parks and recreation, visual and performing arts, and cultural heritage.

Performance Measure #7: Number of visitors at state parks, including beaches, located in Santa Cruz County

The number of visitors to State Parks and Beaches increased in FY 11-12, after two years of decline. This is the most recent published data.

Performance Measure #8: Number of days beaches closed due to environmental hazards

There were no beach closures in 2012 and the County experienced a decrease in posting days for bacteria on beaches. 2013 data is not yet available.

Performance Measure #9: Number of licensed child care slots

The County experienced a 2.17 percent decrease in total child care slots between 2011 and 2012. 2013 data is not yet available.

Performance Measure #10: Number of affordable housing units constructed

Approximately 1,222 affordable units are under construction or were retained through efforts of the local jurisdictions, including homebuyer assistance programs in 2013.

GOAL 4: INFRASTRUCTURE

Repair or reconstruct aging infrastructure and build new infrastructure where needed to provide for the needs of existing and new businesses and residents.

Performance Measure #11: Progress on a Capital Improvement Program (CIP) Projects

Several jurisdictions report completing infrastructure projects directly related to economic development as further described in pages 15 and 16 of this document.

GOAL 5: FISCAL HEALTH

Support the ongoing fiscal health of every community within Santa Cruz County.

Performance Measure #13: Projects completed with positive net fiscal impact

The City of Santa Cruz in particular reports several industrial projects completed during the year, including the Santa Cruz Warriors Basketball Facility in downtown and the 395,400 sq. ft. USGS Pacific Coastal and Marine Science Center. In addition, the expansion of multiple businesses in Watsonville and the re-tenanting of portions of the Borland campus in Scotts Valley improved fiscal conditions in those jurisdictions.

Performance Measure #14: Planning projects completed to meet objective of the goal

The County of Santa Cruz adopted completed multiple amendments to its County Code to facilitate development. The City of Capitola completed its Draft General Plan and companion Environmental Impact Report. The City of Scotts Valley has continued to issue permits for the Town Center and Woodside developments. The Cities of Watsonville and Santa Cruz have multiple projects under development. These developments will increase its property values and tax revenue, with a positive effect on fiscal health.

GOAL 6: BUILD COLLABORATION

Build collaborative networks for economic development between government, industry, and academia that will leverage each other's strengths for improved economic vitality and quality of life for County residents and businesses.

Performance Measure #15: Projects completed to meet the objective of the goal

The jurisdictions continue to collaborate on the CEDS, regional broadband, and Central Coast marketing efforts. In addition, the jurisdictions collaborate with the local and countywide chambers of commerce and the Business Council, as well as other economic development associations and organizations. The County sponsored several focus groups and stakeholder meetings, held in locations throughout the County, as part of the process of developing a new Economic Vitality Strategy.

REGIONAL COUNTYWIDE PARTICIPATION IN THE CEDS

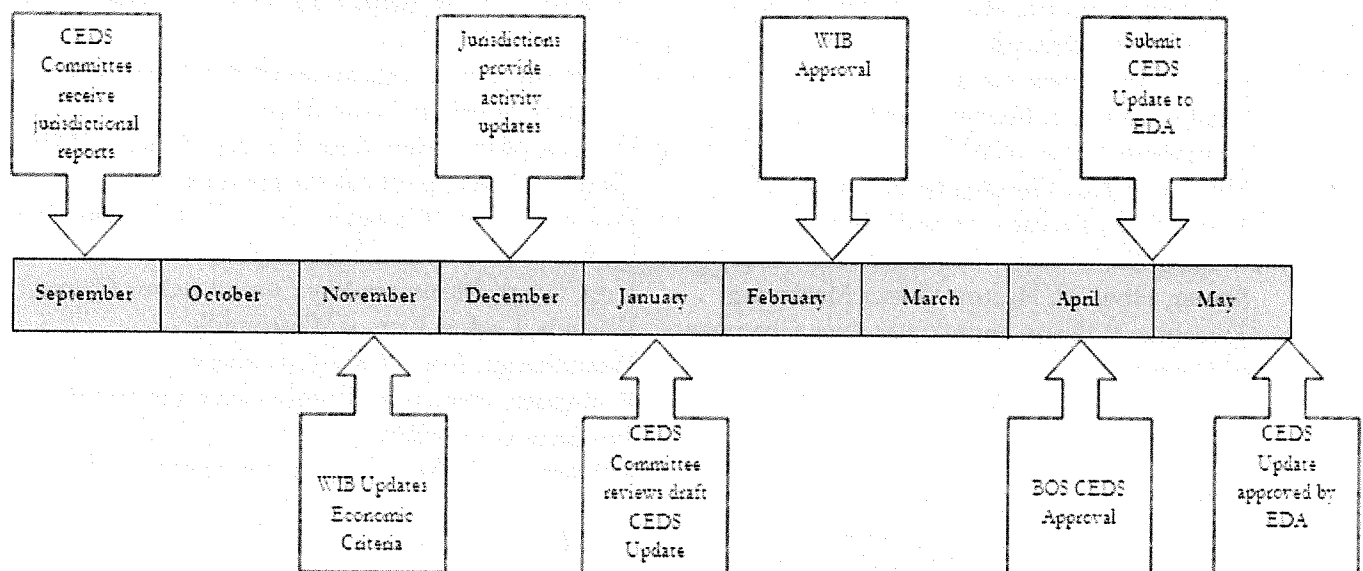
THE PLANNING PROCESS

The development of the Santa Cruz County CEDS involved participants from the private and public sectors. The County Board of Supervisors acted as the planning organization and authorized the Santa Cruz County Workforce Investment Board (WIB) to develop the CEDS and serve as the Strategy Committee. The WIB Board currently has 38 members, of which 19 are representatives from the private, for-profit sector. Members from the private sector include representatives from the following firms or organizations: B2B Co.; Bridge Bank; Chaminade Resort and Spa; Dominican Hospital; Driscoll's; First Alarm; Good Times; Hutton Sherer Marketing; Lighthouse Bank; Pacific Gas and Electric; Palo Alto Medical Foundation; Photography by Elyse Destout; S. Martinelli and Co; Safeway; Santa Cruz Area Chamber of Commerce; Santa Cruz Seaside Co.; Seagate Technology; Target; and Wonderfully Raw Gourmet.

The WIB has selected five of its members to serve on the CEDS Committee along with WIB staff and one city official from each of the five jurisdictions in the County. The CEDS Committee meets three times a year to conduct business related to implementation of the CEDS plan.

The process of completing the 2013 Annual CEDS Update followed the nine-month timeline illustrated below. The CEDS Committee discussed the CEDS Update at both its September meeting in 2013 and its January meeting in 2014.

PROCESS



PLANNING ORGANIZATION

2013 Santa Cruz County Board of Supervisors

John Leopold, First District Supervisor
Zach Friend, Second District Supervisor
Neal Coonerty, Third District Supervisor
Greg Caput, Fourth District Supervisor
Bruce McPherson, Fifth District Supervisor

2014 Santa Cruz County Board of Supervisors

John Leopold, First District Supervisor
Zach Friend, Second District Supervisor
Neal Coonerty, Third District Supervisor
Greg Caput, Fourth District Supervisor
Bruce McPherson, Fifth District Supervisor

STRATEGY COMMITTEE

WORKFORCE INVESTMENT BOARD MEMBERS

Private

Chair: Slack, Ron, Good Times
Vice Chair: Siegel, Carol H., Santa Cruz Seaside Co.
Aman, Alan, CEO Palo Alto Medical Foundation
Cheney, Jack, Wonderfully Raw Gourmet
Conner, Carolyn, Safeway
Custodio, Valerie, Target
Delk, Marshall, Lighthouse Bank
Destout Elyse, Photography by Elyse Destout
Elliot, Russ, Bridge Bank
Gundersgaard, Jon, Seagate Technology
Heien, Janet, Driscoll's
Hood, Dave, First Alarm
Lambert, Julie, S. Martinelli & Co.
Mangelsen, Steve, B2B CFO
Miranda, Vicki, Dominican Hospital
Morse, Rob, Pacific Gas and Electric
O'Laughlin, Denise, Chaminade Resort & Spa
Sherer, Howard, Hutton Sherer Marketing
Tysseling, William, Santa Cruz Area Chamber of Commerce

Public

Arsenault, Paul, Sheet Metal Workers Local Union No. 104
Ayyad, Alia, Center for Employment Training
Berry-Wahrer, Diane, Department of Rehabilitation
Caput, Greg, Santa Cruz County Supervisor
Carroll, Jack, Watsonville/Aptos Adult Education
Collins, John T. II, Sr. Vice President, Goodwill Industries
Cuevas, Christina, Community Foundation Santa Cruz County
Dion, James, Employment Development Department
Espinola, Cecilia, Santa Cruz County Human Services Department
Hartmann, Andy, International Brotherhood of Electrical Workers Local 234
Hodges, Mark, Santa Cruz County Office of Education - Regional Occupational Program (ROP)
Johnson-Lyons, Christine, Community Action Board
Kates, Corrie, City of Scotts Valley
Lara, Cesar, Monterey Bay Central Labor Council
Palacios, Carlos, City of Watsonville
Pfothhauer, Rock, Cabrillo College
Rodriguez, Francisco, Pajaro Valley Federation of Teachers Local 1936
Williamson, Robert, IATSE, Local 611

CEDS COMMITTEE

Ando, Steve, City of Scotts Valley
Dlott, Jo Anne, SureHarvest
Goldstein, Jamie, City of Capitola
Gundersgaard, Jon, Seagate Technology
Lipscomb, Bonnie, City of Santa Cruz
Overmeyer, Kurt, City of Watsonville
Previsich, Kathy, County of Santa Cruz
Siegel, Carol, Santa Cruz Seaside Co.
Slack, Ron, Good Times
Tysseling, Bill, Santa Cruz Area Chamber of Commerce

JURISDICTIONAL ALTERNATES

Hall, Joe, City of Santa Cruz
Kates, Corrie, City of Scotts Valley
Mason, Barbara, County of Santa Cruz

WIB STAFF

David Mirrione, WIB Director

CEDS GOALS AND PERFORMANCE MEASURES

The Santa Cruz County CEDS plan sets forth six goals that articulate the County's broad, general expectations regarding economic development programs and activities. For each goal, the CEDS defines a set of performance measures. This part of the 2013 CEDS Update provides the most current data available to indicate how the County is progressing on these measures.

The six goal areas are:

1. Workforce Development
2. Regional Prosperity
3. Quality of Life
4. Infrastructure
5. Fiscal Health
6. Partnerships

GOAL 1: WORKFORCE DEVELOPMENT

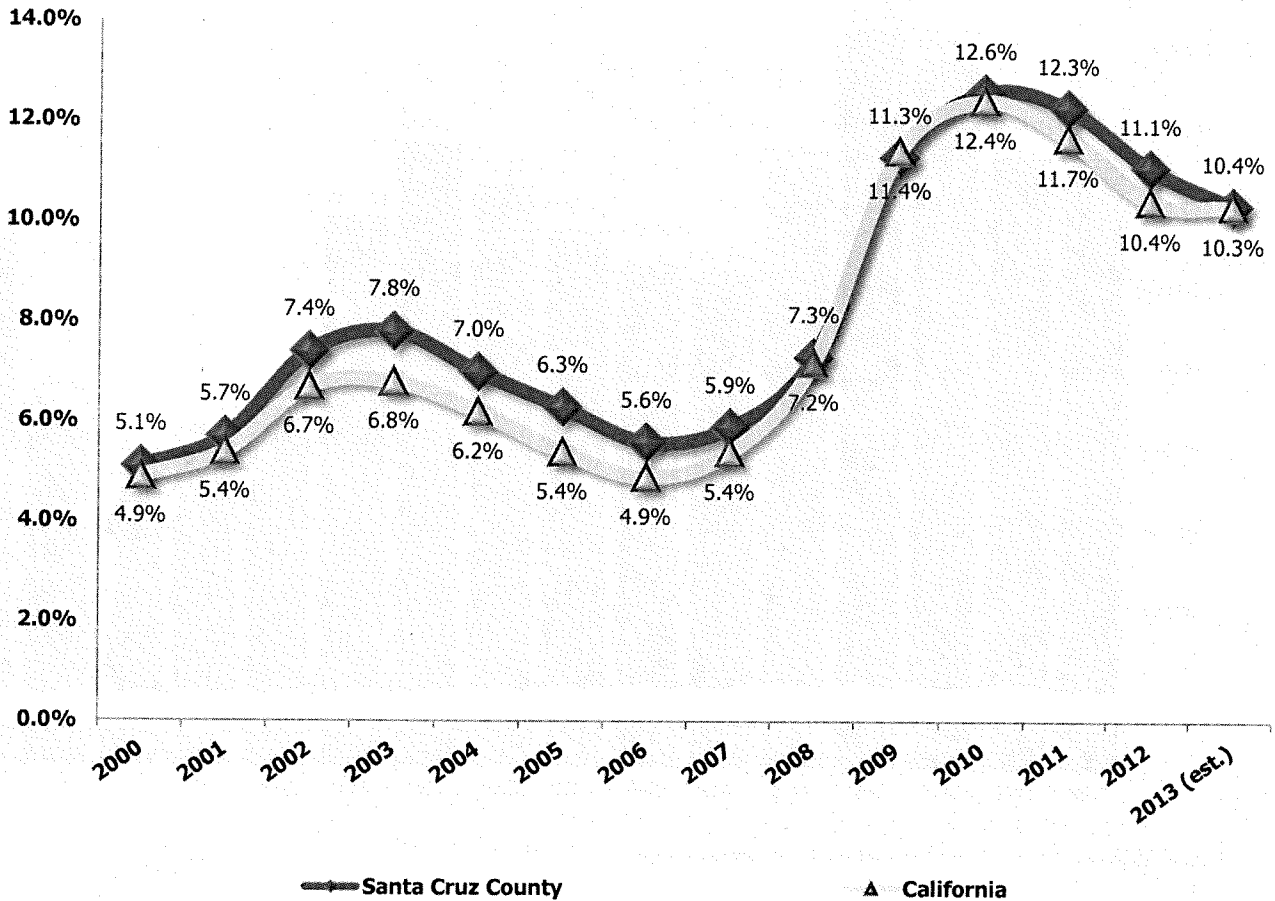
Maximize human and business capital by promoting a well-trained workforce for Santa Cruz County employers, ensuring individual economic security and community vitality. Provide Santa Cruz County employers with a reliable pipeline of well-qualified workers. Provide Santa Cruz County residents with access to the education and job-training opportunities necessary to attain and succeed in jobs available through Santa Cruz County employers. Develop and maintain an adequate stock of affordable housing to ensure that all segments of the workforce have satisfactory housing options in Santa Cruz County.

Performance Measures

Measure #1: Unemployment rate

Figure 1 shows the recent trends in unemployment rates for the County and the state average. The curves represent annual averages and show a continued downward trend this past year after several years of increasing unemployment. As of October, the 2013 estimated County unemployment rate was 7.5 percent, compared to the October 2012 rate of 8.7 percent. Statewide, the October 2013 unemployment rate is estimated at 8.3 percent, compared to the national rate of 7.0 percent.

**FIGURE 1
UNEMPLOYMENT RATE FOR SANTA CRUZ COUNTY & CALIFORNIA**



Source: California Employment Development Department, Labor Market Information Division

GOAL 2: REGIONAL PROSPERITY

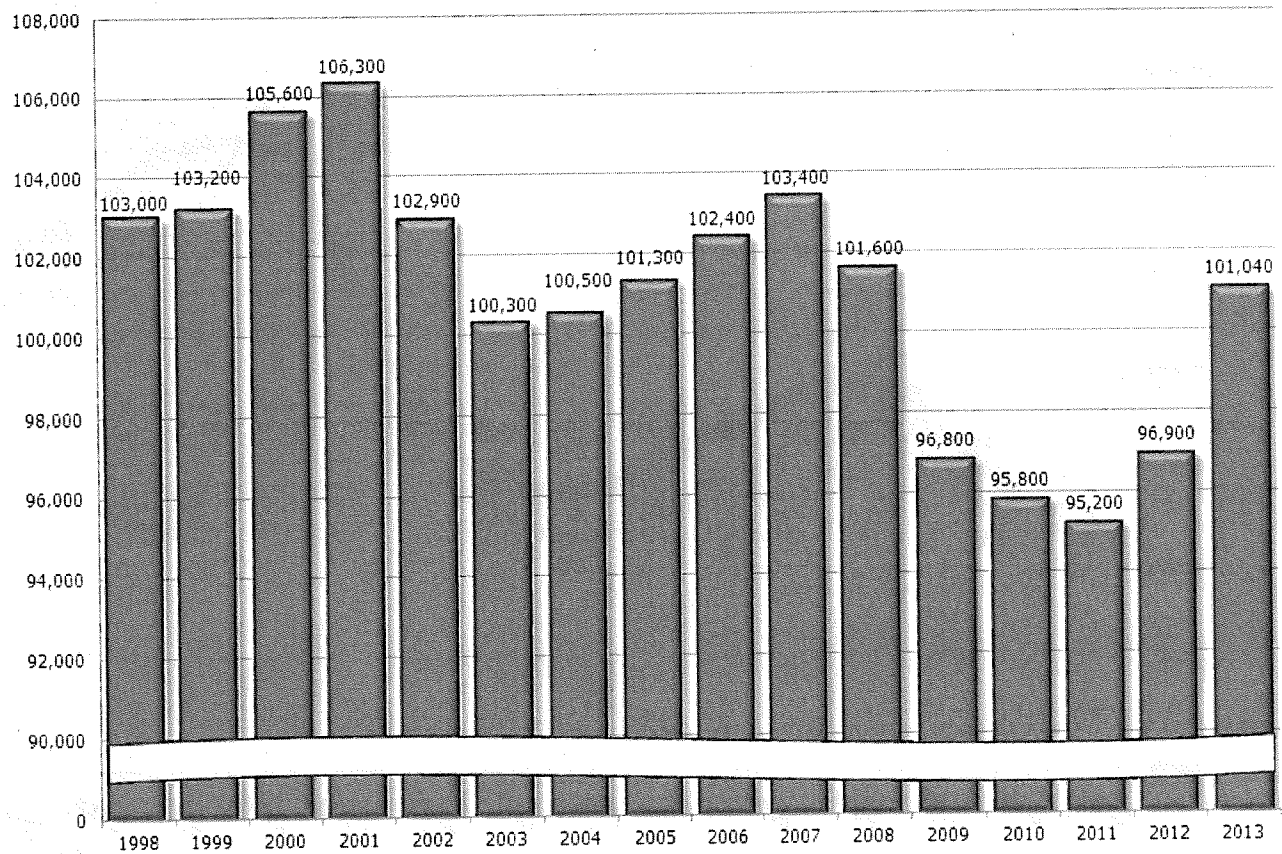
Ensure regional economic vitality by supporting the growth of firms that fill important niches in the County's economic base, that have the potential to catalyze broader economic growth and that provide opportunities for career advancement and higher wages.

Performance Measures

Measure #2: Job growth in all industries and in cluster industries

Job growth in 2012 was moderate, adding 800 jobs over the low-point of 2010. However, through the first nine months of 2013, wage and salary employment was up 4.2 percent over the similar period in 2012, leading to projections of over 4,140 new jobs in 2013 (Figure 2). (Wage and salary employment does not include self-employed business proprietors.)

FIGURE 2
TOTAL WAGE AND SALARY EMPLOYMENT, SANTA CRUZ COUNTY

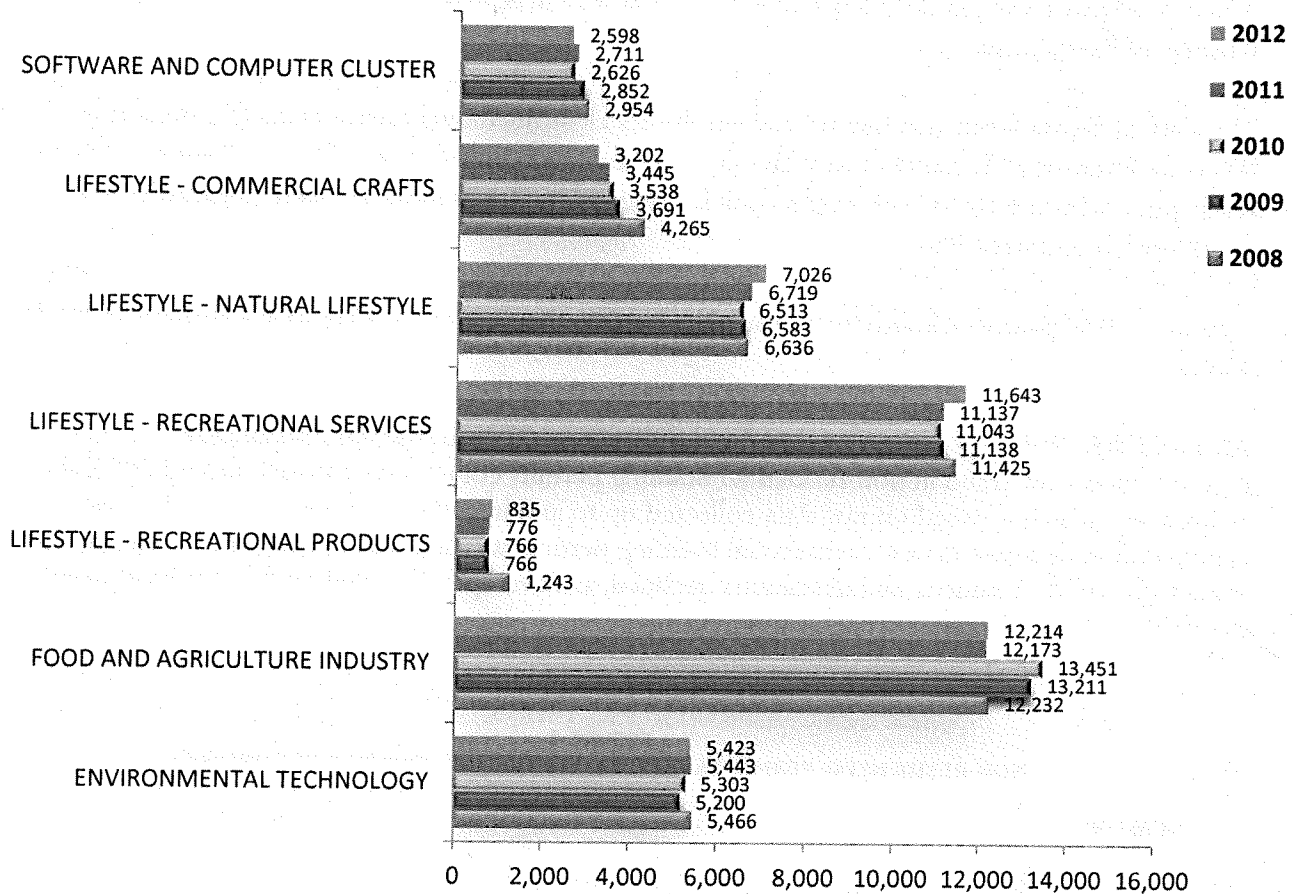


Source: California Employment Development Department, Labor Market Information Division

The more detailed industry data needed to show cluster-level employment changes are only available through 2012 at this time. As shown in Figure 3, the Lifestyle (Natural Lifestyle, Recreational Services, and Recreational Products) and the Food and Agriculture cluster had minor growth. The Software and Computer, Lifestyle-Commercial Crafts, and Environmental Technology clusters showed minor declines.¹

¹ It should be noted that large employers, especially in the food processing and lifestyle clusters, may hire through employment agencies, which would reduce employment counts in the cluster NAICS categories. Farm labor management, however, is counted in Figure 3.

FIGURE 3
INDUSTRY CLUSTER EMPLOYMENT, 2008-2012



Source: EMSI Dataset 2012.1

Measure #3: Jobs retained

Through a Rapid Response contract with the Workforce Investment Board of Santa Cruz County, the Central Coast Small Business Development Center at Cabrillo College (SBDC) operates a layoff aversion program, “Retain Your Employees”, which assists businesses that are at risk with services designed to strengthen the business and save jobs. SBDC assists with business plans and projections and securing of capital, where appropriate. In some instances, SBDC facilitates the purchase of the business by existing employees. From January 1 through June 30, 2013, 10 businesses were served, and 12 jobs were preserved.

Measure #4: Number of plant closures

Business closures occurred in Santa Cruz County in 2014, but at a rate less than the height of the recession in 2009 (data through September, 2013). Job counts associated with each business loss are shown in parentheses where available.

The **City of Watsonville** experienced a number of business closures this past year, including EKT Farms (245), Blockbuster Video (6), and Hostess (20).

Aptos Academy closed in 2013 for a total of 12 lost jobs in **Aptos**, a community in unincorporated **County of Santa Cruz**.

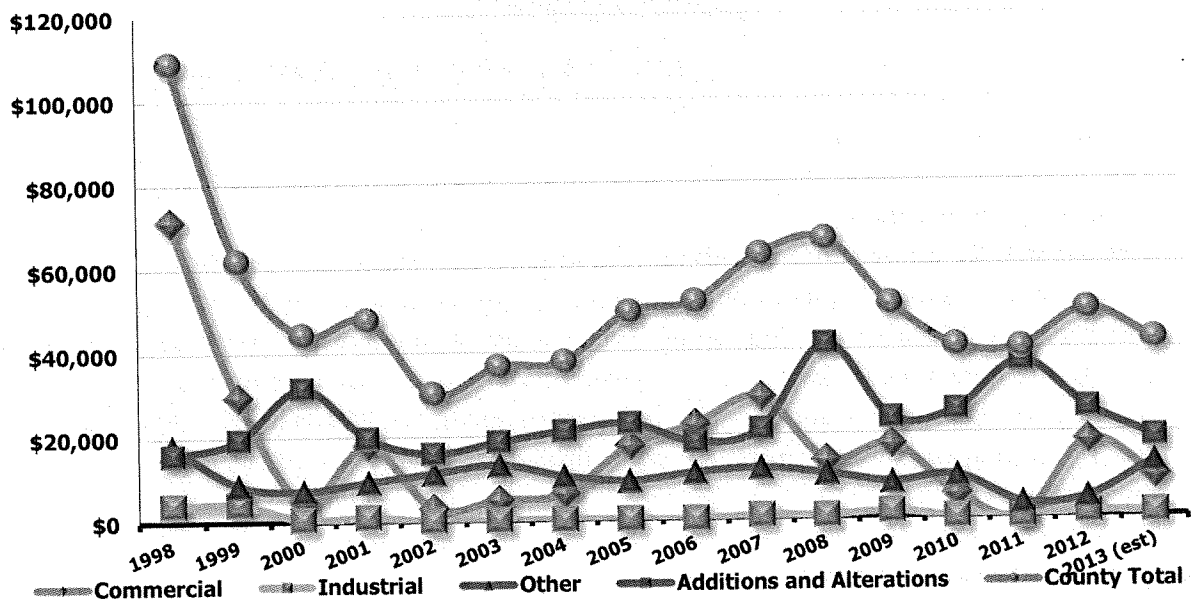
The **City of Santa Cruz** also had several employers close, including Deli-Licious (5), Bead It (8), Tom's Westside Pharmacy (5), Santa Cruz Glass (3), La Mission Restaurant, and Dave's Gourmet Albacore restaurants, with the last two closing so quickly that no employee numbers were available to the Workforce Investment Board.

A local medical practice closed due to the physician's retirement in the **City of Capitola** with the loss of 3 jobs.

Measure #5: Building permit trends for non-residential construction/additions

Figure 4 shows the trend in non-residential building permits countywide through of end 2013, the estimate for which is based on raw data collected up to and including October, 2013. The County experienced a decrease in new commercial building permits which led an overall decrease in permit value from 2012. Additions and alterations declined, as developers focused on more minor projects classified as "Other".

FIGURE 4
NON-RESIDENTIAL PERMIT VALUATION, SANTA CRUZ COUNTY (\$THOUSANDS)



Source: California Construction Industry Research Board, 2013

Measure #6: Growth in Transient Occupancy Tax (TOT) and sales tax revenues

Lodging revenues increased substantially over the prior year, and have now shown at least two years of improvement over the downturn during the recession (Table 1). Similarly, sales taxes showed an additional 3.0 percent growth over the prior year (Table 2).

TABLE 1
TRANSIENT OCCUPANCY TAX BY JURISDICTION
SANTA CRUZ COUNTY & CALIFORNIA (in '000s)

Jurisdiction	FY 98/99	FY 10/11	FY 11/12	FY 12/13	% Change: 11/12 - 12/13	% Change: 98/99 - 12/13
Capitola	\$286	\$598	\$912	\$1,073	17.65%	275.17%
Santa Cruz	\$2,716	\$4,217	\$4,626	\$5,344	15.52%	96.76%
Scotts Valley	\$101	\$570	\$713	\$782	9.68%	674.26%
Watsonville	\$281	\$591	\$708	\$725	2.40%	158.01%
Unincorporated	\$3,118	\$4,048	\$4,605	\$4,515	-1.95%	44.80%
Santa Cruz County	\$6,503	\$10,024	\$11,563	\$12,439	7.58%	91.28%
California	\$899,720	\$1,318,000	\$1,456,000	\$1,594,000	9.48%	77.17%

Source: Dean Runyan Associates and Local Jurisdictions. State percentage change is for prior year.

Note: Figures may not add due to rounding.

TABLE 2
ANNUAL TAXABLE SALES BY JURISDICTION,
SANTA CRUZ COUNTY (in '000s)

Jurisdiction	FY 98/99	FY 10/11	FY 11/12	FY 12/13	% Change: 11/12 - 12/13	% Change: 98/99 - 12/13
Capitola	\$419,491	\$405,665	\$437,529	\$488,325	11.6%	16.4%
Santa Cruz	\$676,535	\$790,157	\$637,196	\$672,173	5.5%	-0.6%
Scotts Valley	\$164,876	\$154,826	\$230,811	\$231,277	0.2%	40.3%
Watsonville	\$340,271	\$517,550	\$750,716	\$736,253	-1.9%	116.4%
Unincorporated	\$829,264	\$1,104,137	\$1,044,595	\$1,078,861	3.3%	30.1%
Santa Cruz County	\$2,430,437	\$2,972,335	\$3,100,847	\$3,206,888	3.4%	31.9%

Source: California State Board of Equalization: Report of Taxable Sales in California: 1998-2012, HDI. Companies 2013

GOAL 3: QUALITY OF LIFE

Increase the region's attractiveness to new business and improve quality of life by supporting the further development and improvement of affordable housing choices and community services, including public safety, lifelong learning, parks and recreation, visual and performing arts, and cultural heritage.

Performance Measures

Measure #7: Number of visitors at state parks, including beaches, located in Santa Cruz County

The number of visitors to State Parks increased in FY 11-12, after two years of decline. As in previous years, "Mountain" and "Pajaro Coast" sectors visitor figures have gone up, while visitors to the "San Mateo Coast" sector declined slightly. The "Pajaro Coast" sector extends up from the southern Santa Cruz County line to include Natural Bridges State Beach and Wilder Ranch State Park, as well as Seacliff and New Brighton State Beaches, among others. Thus the "Pajaro Coast" sector includes most of the coastal areas/beaches in Santa Cruz County. The "San Mateo Coast" sector includes Año Nuevo State Park and extends north into San Mateo County to Pacifica State Beach. The "Mountain" sector includes the inland mountain areas of Big Basin and Henry Cowell Redwoods State Park, as well as areas further east.

TABLE 3
VISITOR ATTENDANCE CALIFORNIA STATE PARKS,
SANTA CRUZ DISTRICT: FY 2007-08 to FY 2011-12

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Mountain Sector	1,673,842	1,751,285	1,587,706	1,500,008	1,706,980
Pajaro Coast Sector	6,577,556	3,736,805	2,344,378	2,858,010	3,353,850
San Mateo Coast Sector	2,591,470	2,704,162	2,570,043	2,369,382	2,105,086
Total	10,842,868	8,192,252	6,502,127	6,727,400	7,284,916

Source: California State Parks Statistical Report

Note: Figures may not add due to rounding.

Measure #8: Number of days the beaches closed due to environmental hazards

As indicated below, Santa Cruz County continued to avoid beach closures and experienced a decrease of days the beaches were posted with warnings for high bacteria levels, from 154 in 2011 to 134 in 2012. 2013 data is not yet available.

TABLE 4
NUMBER OF DAYS OF BEACH CLOSURES AND POSTINGS,
SANTA CRUZ COUNTY: 2008-2011

	2008	2009	2010	2011	2012
Days of Closure (due to sewage)	0	0	0	0	0
Days of Posting (due to bacteria levels)	117	220	142	154	134

Source: Santa Cruz County: Environmental Health Services

Measure #9: Number of licensed child care slots

2012 showed a minor decrease in child care slots in Santa Cruz County, nearly at levels seen in 2007 when 8,674 slots were available (Table 5). 2013 data is not yet available, but further improvement is needed as population and the need for child care has continued to increase since 2007.

Table 5
LICENSED CHILD CARE SLOTS IN SANTA CRUZ COUNTY

	2007	2008	2009	2010	2011	2012	Percent Change
Total	8,674	7,879	8,142	8,149	8,761	8,571	-1.19%

Source: Santa Cruz County Community Assessment Project, Year 19, 2013

Measure #10: Number of affordable housing units constructed

The **City of Santa Cruz** had seven Measure O units. One affordable housing development at 110 Lindberg Street (Riverwalk Apartments) a 21-unit affordable housing project, is near the building permit issuance. This was the last affordable housing project assisted through the former Redevelopment Agency's Affordable Housing Fund. As of June 2010 the Agency has assisted in the construction and preservation of 947 housing units, most of which are for low- and very low-income households.

The **City of Capitola** had one affordable for sale unit constructed in 2013.

The **County of Santa Cruz** issued four Measure J permits in the Silver Oaks project and three Measure J permits in the Cabrillo Commons project during 2013. Completed projects in 2013 include 88 rental units at the Schapiro Knolls Housing Project in unincorporated Watsonville, 40 rental units at the Aptos Blue project in Aptos, and 19 ownership units at the Canterbury Project in Aptos. Currently under construction are 7 units with Habitat for Humanity in unincorporated Live Oak. In addition, the County preserved affordability on four units through acquisition and resale during 2012/13.

The **City of Scotts Valley** completed 11 affordable units in 2013.

The **City of Watsonville** has 32 completed new affordable units in 2013.

GOAL 4: INFRASTRUCTURE

Repair or reconstruct aging infrastructure and build new infrastructure where needed to provide for the needs of existing and new businesses and residents.

Performance Measures

Measure #11: Progress on a Capital Improvement Program (CIP) projects

Both the recession and the impending loss of redevelopment funds have had an effect on the ability of local jurisdictions to fund infrastructure improvements.

The **City of Capitola** completed the following projects:

- Brommer Street/41st Avenue Intersection Improvements: improved commercial vehicle access in intersection.
- Lower Pacific Cove Parking Lot development: increased public parking for Capitola Village and Upper Village commercial districts.

The **County of Santa Cruz** completed the following projects:

- Upper Porter Street Improvements
- New 16 bed Behavioral Health Center
- Center for Public Safety Forensic Sciences Building
- Polling for Potential Parks and Library Ballot Measures.

The **County of Santa Cruz** made significant progress on the following projects:

- Center for Public Safety Operations and Administration Buildings
- McGregor Neighborhood Park
- Heart of Soquel Park
- Chanticleer Neighborhood Park Improvements

The **County of Santa Cruz** also enabled Comcast to expand cable and internet services to approximately 700 homes in the Summit area, 250 in the north Rodeo Gulch area and 150 in Davenport. This expansion provided advanced telecommunications services, including potential for fostering distance learning, facilitating home-based businesses and/or telecommutes, and fostering other e-commerce, e-government, telemedicine, and overall economic development.

The **City of Santa Cruz** completed the following projects:

- Highway 1&9 intersection improvements planning
- Highway 1 San Lorenzo River Bridge Replacement Project planning
- Riverside Avenue Streetscape and Utility Undergrounding Improvements
- Murray Street Bridge Replacement
- Design of the Soquel/Hagemann and construction of the Parkway/Frederick intersections improvements

The Santa Cruz Harbor has been engaged in a Tsunami Recovery Project, directing the repair of numerous docks damaged in the recent Tsunami event.

The **City of Scotts Valley** has completed street improvements on Scott Valley Drive and Mt. Hermon Drive, both of which are major commercial thoroughfares in the City.

The **City of Watsonville** completed:

- Roundabout installation at Clifford and Pennsylvania
- Airport Blvd. Freeway interchange pavement rehab
- Several water main projects
- City-wide fiber-optic infrastructure project

GOAL 5: FISCAL HEALTH

Support the ongoing fiscal health of every community within Santa Cruz County.

Performance Measures

Measure #13: Projects completed with positive net fiscal impact

The **City of Capitola** reports that Toyota has plans to remodel its dealership in 2014, and that a project that would site a Senior Living Apartment Complex on 38th Avenue was approved by the City Council.

The **City of Santa Cruz** reports the following specific projects (highlights):

- Tannery Arts Center Phase III – Digital Media and Creative Arts Center (1060 River Street) Kron House Rehabilitation, now houses the Arts Council Santa Cruz County
- Santa Cruz Warriors Basketball Facility (22 Front Street) 33,000 sq. ft. basketball arena
- USGS Pacific Coastal and Marine Science Center (400 Natural Bridges Drive) 60,000 sq. ft. + research center
- 605 Beach Street, new 16,000 sq. ft. office building
- 1301 Mission Street, new 18,000 sq. ft. Medical Office Building
- Westside Addition Project: two industrial buildings under construction, part of a larger 395,400 sq. ft. industrial project, to include a 197,100 sq. ft. residential component encompassing 248 residential units

The **City of Scotts Valley** reports that reuse of the vacant former Borland campus should spur new business activity by businesses seeking to lease that unique space.

The **City of Watsonville** reports several new projects, including

- Expanding Businesses: Wonderfully Raw Gourmet (5,000 sq. ft., 10 employees), Driscoll's Berries (20,000 sq. ft., 15 employees), Martinelli's (60,000 sq. ft. 5 employees)
- Construction Projects: AM/PM construction back on track – (Green Valley and Holohan), 7-11 (Freedom Blvd.), Martinelli Business Center Complete, New Retail Store adjacent to Grocery Outlet (Main & Auto Center), New Auto Center Sign, Start of United Flight Services new facility (14,000 sq. ft. at the Airport)

Measure #14: Planning projects completed to meet objective of the goal

The **City of Capitola** completed the preparation of their Draft General Plan and companion Environmental Impact Report (EIR).

The **County of Santa Cruz** was successful in amending the County Code to facilitate development including:

- New Nonconforming Uses and Structures Ordinance

- Amended Parking Requirements for general retail, professional office and medical office
- Added a Minor Exceptions provision
- Expanded height exception provisions
- New Vacation Rental Ordinance
- Modification of setback standards
- Adopted new Water Efficient Landscape Ordinance (WELo)
- Provide for Sign Exception Process, rather than variance process
- Modernization of select development standards related to hotels to reflect current industry standards (in process)

In the **City of Watsonville** reports the following specific projects:

- Manabe Ow Business Park Specific Plan has been completed.
- Citywide fiber optic cable installation nearing completion.
- Disc Golf Association purchased a Nordic Naturals warehouse

The **City of Santa Cruz** reports the following specific projects:

- Riverfront/Lower Pacific Plan and Parking Study
- Implementation of Motel Façade Improvement Program

The **City of Scotts Valley** has issued permits for the Town Center Collection and Woodside development. These commercial and residential projects meet **Scotts Valley's** General Plan objectives for economic development.

GOAL 6: BUILD COLLABORATION

Build collaborative networks for economic development between government, industry, and academia that will leverage each other's strengths for the improved economic vitality and quality of life of the County and its residents.

Performance Measures

Measure #15: Projects completed to meet the objective of the goal.

The **City of Capitola** has provided funding to Capitola-Soquel Chamber of Commerce to facilitate their economic development activities.

The jurisdictions continue to collaborate in implementing the CEDS, including the **Cities of Capitola and Scotts Valley**. In addition, the other jurisdictions report the following additional collaborative efforts.

The **City of Santa Cruz** has undertaken a number of efforts that have resulted in collaboration with local and regional partners:

- California Advanced Services/California Emerging Technology Fund Broadband Planning/Policy Work (2012-2015 funded work plan)
- Silicon Valley Economic Development Alliance/County of Santa Clara/County of Santa Cruz/Town of Los Gatos/Cities of Scotts Valley, Watsonville, Capitola /Other interested parties-- Code for America/OpenCounter projects to bring business permitting online. Exporting the OpenCounter application to other communities
- Central Coast Small Business Development Center - contract for services to assist small business development
- Santa Cruz City/County Library System/SBDC/Downtown Association - Brown Bag Business Seminar at the Library
- The City of Santa Cruz' Economic Development Team is collaborating with UCSC to produce a 16 page special pullout edition of the Silicon Valley Business Journal focusing on Santa Cruz. The focus of the special publication is the Santa Cruz tech scene with specific emphasis on collaborative efforts by the City, University and the business community to create and support emerging tech in the community. The publication will feature 6-8 articles highlighting emerging local tech companies in Santa Cruz, tech initiatives on campus and collaborations with the City and business community to create and sustain a vibrant and diverse tech community in Santa Cruz.
- MOST Program - mental health outreach worker co-funded with County of Santa Cruz
- Furthered development of technology promotion and economic development activities especially in partnership with the University of California, Santa Cruz
- Provided a variety of acquisition and advisory services to the Santa Cruz Metropolitan Transit District for the Pacific Station Project.
- Agency staff served on the Chamber of Commerce's Economic Development Council, the County of Santa Cruz's Comprehensive Economic Development Strategy Board, the Workforce Investment Board, and other non-profit cultural and business organizations.

The **County of Santa Cruz** participates with the Santa Cruz Area Chamber of Commerce, the San Lorenzo Valley Chamber of Commerce, the Capitola/Soquel Chamber of Commerce, the Pleasure Point Business Association, the Santa Cruz Realtors Association, Pajaro Valley Realtors Association, Pajaro Valley Community Development Corporation, Santa Cruz Business Council, Central Coast Small Business Development Center, multiple employment organizations, economic development professionals from our incorporated cities, and several other organizations vital to the economic health of the County.

The **County of Santa Cruz** has undertaken a Sustainable Santa Cruz County/Transit Corridor Planning Project and has engaged with numerous stakeholders including economic development representatives

from each of the cities, the chambers, business councils, residents and area businesses in this endeavor. In addition, the County has engaged in an Economic Vitality Strategy planning process with our collaborative partners in the cities, the chambers and business associations, and the region, including education institutions, with the goal of developing a plan that will guide the County's economic vitality efforts over the next several years.

All of the County jurisdictions participated with the Santa Cruz County Regional Transportation Commission's (SCCRTC) project to develop a Monterey Bay National Marine Sanctuary Scenic Trail System, a coastal and rail trail system which connects a web of coastal trails to the SCCRTC owned rail line that runs from the North to the South county lines. The Sanctuary Scenic Trail web of routes was approved by the Commission in 2013.

The **City of Watsonville** has:

- Held a series of planning meetings to enhance the downtown area with assistance from economic development staff from the County and the cities of Capitola, Santa Cruz, Morgan Hill and Gilroy.
- Worked with Santa Cruz on the Community Leadership Visit.
- Worked with Wetlands Watch, Farm Bureau and Watsonville Pilots Association on several planning efforts.

CEDS REGIONAL PRIORITIES AND PROJECTS

REGIONAL PROJECT PRIORITIES

Regional priorities for EDA project funding include the following projects (listed in alphabetical order), with progress updates:

- **7th and Brommer Street (County of Santa Cruz):** Visitor accommodations with public use component or other commercial use of this site.
- **17th/Capitola Road (County of Santa Cruz):** Potential commercial retail, public/quasi-public, mixed use or other commercial use of site.
- **Aptos Village Improvement Project (County of Santa Cruz):** Construction of mixed-use transit oriented development, roadway, and railroad improvements.
- **Business/Technology Incubator (City of Santa Cruz)**
- **Santa Cruz Municipal Wharf Improvements (City of Santa Cruz)**
- **Capitola Village Parking Facility (City of Capitola):** The City has completed a study on a parking structure and is in the process of constructing a surface parking lot that will facilitate commercial and retail growth.
- **Downtown Watsonville Revitalization (City of Watsonville):** The City continues to make improvements to the downtown area, including completing a number of Sign and Façade improvement projects and installing sidewalk improvements, as funding has become available. Construction on the initial phase for streetlight replacement (Riverside to Beach Street) has been completed.
- **Manabe-Ow Industrial Park Infrastructure Improvements (City of Watsonville):** This project is the City's priority for potential EDA funding. The Environmental Impact Report and Specific Plan were approved by the City Council in October 2010.
- **Pajaro River Levee Reconstruction (County of Santa Cruz):** Flood control, reconstruction of levee, and maintenance project.
- **San Lorenzo River Flood project (City of Santa Cruz):** Flood control, reconstruction of levee, and maintenance project.
- **Capitola Mall Improvements (City of Capitola):** The City is partnering with Capitola Mall Management to improve vehicle and transit access to the mall to facilitate commercial growth.
- **Scotts Valley Town Center (City of Scotts Valley):** The Town Center Specific Plan was expanded to encompass undeveloped portions of the previously adopted Skypark Specific Plan area. The Environmental Impact Report for the Town Center Specific Plan has been approved

by the City Council and cleared all appeal periods. The first project in the Specific Plan Area, the residential high density Town Center homes project, is under construction and expected to be completed sometime in 2013.

- **Tannery Arts Center (City of Santa Cruz):** 100 units were completed and are now occupied. The project's next phases consist of Artist's Working Studios/Digital Media Center; a Performing Arts Theater and Community Education Building.
- **Rail Line Transit Trail Corridor:** The Santa Cruz Regional Transportation Commission acquired this key transportation corridor in May of 2012, which will allow greater transportation options to the more than 80 parks, 25 schools and over half of the county's population who live in census blocks within 1 mile of the corridor. The proposed "Rail Trail Project", which encompasses 32 miles, is envisioned to be built in segments over the next several years. The ribbon cutting ceremony was held on November 17, 2012.

FULL LIST OF CEDS PROJECTS BY JURISDICTION

The Santa Cruz County CEDS was approved by EDA in April 2008, covering the 2007 program year. The County has subsequently submitted five annual updates, all of which have been approved by EDA. Two annual updates, for program years 2008 and 2009, included changes to the list of Regional Project Priorities, but did not include revisions to the complete project list included in the original 2007 CEDS. In each of the past several update years, several of the jurisdictions had completed some of the economic development projects listed in the CEDS and were interested in adding new projects that had become local priorities in the intervening time. The current project lists are provided below:

CITY OF CAPITOLA	
Public Sector	Private Sector
<ul style="list-style-type: none"> ■ Capitola Mall infrastructure and circulation improvements ■ Sidewalk installation along Park Avenue, Monterey Avenue, and Jade Street ■ Capitola Village circulation improvements ■ Capitola Village parking structure ■ Library and Civic Center improvements ■ Mixed-use opportunities on 41st Avenue ■ Transportation improvements on 41st Avenue ■ Resignalization of 41st Avenue and Capitola Road ■ Bay Ave/Capitola Avenue Roundabout construction ■ Park construction (various) 	<ul style="list-style-type: none"> ■ McGregor site development ■ Capitola Inn renovation/reuse ■ Redtree Properties site development ■ Capitola Mall renovation ■ Village Hotel (theater site) and Meeting Rooms ■ Capitola Mall improvements ■ Monarch Cove Resort rehabilitation

CITY OF SANTA CRUZ

Public Sector

- Downtown parking at Cedar Street
- Metro Center
- Conference hotel at beach
- Technology Park infrastructure
- Parking south of Laurel
- Parking Mission Street
- Parking beach area transportation
- Street improvements Soquel/Cayuga
- Parking eastside Santa Cruz
- Street improvements eastside
- Intersection improvements Morrissey/Soquel
- Technology Park west side
- Business incubator/tech transfer
- Clean tech initiatives
- High tech industry infrastructure
- UCSC/City Partnership: Project for Innovation and Entrepreneurship (PIE)
- Grow Santa Cruz Loan Program
- Hwy 1/9 improvements
- Hwy 1 Bridge widening
- Riverside Avenue Undergrounding of Utilities/Street improvements
- Ocean Street Study Area improvements
- Wayfinding/Signage improvements
- Riverfront and Lower Pacific Avenue improvements
- Santa Cruz Municipal Wharf improvements
- San Lorenzo River Flood Control Project

Private Sector

- Terrace Point Marine Research Center
- Downtown commercial/office development
- Beach area conference hotel
- Downtown major retail anchor
- Grow Santa Cruz Loan Program
- Riverside Avenue Undergrounding of Utilities/Street improvements
- UCSC Inn rehabilitation/development
- Ocean Street Study Area improvements
- Riverfront and Lower Pacific Avenue improvements

CITY OF SCOTTS VALLEY

Public Sector	Private Sector
<ul style="list-style-type: none"> ■ Scotts Valley Town Center project with mixed use retail, office and residential ■ Completion of the remaining commercial elements of the Skypark Specific Plan ■ Mid-Town interchange (Highway 17) ■ SR17/Glen Canyon Road culvert improvements ■ Community pool ■ Corporation yard renovation ■ Improvement of a 7 acre public park at the Glenwood property ■ Recycled water line extensions ■ New Police Department facility ■ Undergrounding of utilities in various locations throughout the City ■ Improvements at the future park site within the Polo Ranch project, including renovation of the historical Polo Barn ■ Granite Creek Road/Scotts Valley Drive interchange (Highway 17) ■ Erba Lane realignment 	<ul style="list-style-type: none"> ■ Scotts Valley Town Center project with mixed use retail, office, and residential ■ Completion of the remaining commercial elements of the Skypark Specific Plan ■ Relocation of a propane facility from the Skypark area ■ Retail/restaurant and office development in the Gateway Specific Plan area ■ Reclamation of the abandoned quarry site on Scotts Valley Drive ■ Retail Development on El Pueblo Drive ■ Phase II of the expansion of the Enterprise Technology Center ■ Polo Ranch residential project (40 units) ■ Habitat For Humanity developments off of Scotts Valley Drive (6 units & 3 units) ■ Master planning process and student residences at Bethany College ■ Commercial/Retail Development at Glen Canyon and Mt. Hermon Roads ■ Leasing of former Borland Property

CITY OF WATSONVILLE

Public Sector

- Manabe-Ow Industrial Park infrastructure improvements
- Downtown area plan & revitalization
- Ongoing implementation of economic gardening program
- Freedom Boulevard road reconstruction
- Manabe-Ow area City wetlands improvements/restoration
- Stoesser Promenade improvements
- Completion of public improvements for Auto Center Drive/Main Street
- Atkinson Lane Specific Plan
- Downtown sign and façade improvement loan program
- Third fire station
- Brownfields assessment and cleanup
- Hotel/convention center development
- Transitional housing facility
- Green Valley Road reconstruction
- Traffic signal synchronization project
- Water main, storage facilities, and pumping stations upgrades
- Sewer main and pump station upgrades
- Freeway interchange
- Access Road development/improvements for airport
- Airport area master plan/develop
- Corralitos Creek fish habitat enhancement and filter plant upgrade project
- Pajaro River levee improvements
- Wetlands restoration
- Implement park accessibility program and improvements
- Implement citywide park masterplan
- Completion of additional phases of Wetlands Trail master plan
- Implementation of Public Art Program

Private Sector

- Manabe-Ow Industrial Park
- Downtown revitalization projects
- Auto Center Drive improvements
- Airport area commercial/industrial development
- Sakata Lane light manufacturing property development
- Residential developments: Atkinson Lane, Loma Prieta Terrace, Riverside Marchant Townhomes, and Longview Apartments
- Industrial development on Airport Blvd.
- Rehabilitation of Fox Theatre
- Downtown mixed use development (Main Street)
- Freedom Blvd. mixed use development
- Commercial Kitchen and Food Processing Incubator

COUNTY OF SANTA CRUZ

Public Sector	Private Sector
<ul style="list-style-type: none"> ■ Pajaro River levee reconstruction project ■ Felton Branch Library ■ Public Safety Firearms Range/Training Facility ■ Solar Energy Projects in Public Buildings ■ Zero Waste Eco Park ■ Twin Lakes Beach Front improvements ■ 17th/Capitola Road Potential commercial retail, public/quasi-public, mixed use or other commercial use of site ■ 7th Avenue/Brommer Street Hotel-Visitor Serving-Public/Quasi-Public improvements ■ Soquel Avenue/Soquel Drive Multi-Modal Transportation improvements, including enhanced transit facilities ■ Rio Del Mar Esplanade drainage & turnout ■ Seacliff/State Park Drive streetscape improvement project and public parking facilities ■ Soquel Village Plan parking lot, park, and flood control ■ Santa Cruz Harbor Area improvements and Visitor Serving facilities (Port District area) ■ Aptos Village Plan, traffic lights, railroad crossings, and public improvements ■ Various integrated Watershed restoration projects throughout County road system ■ Hi-Tech Industry and Business Infrastructure including broadband expansion ■ Technical Assistance for Cottage Food Businesses ■ Pinto Lake Water Quality Project ■ Pajaro Dunes roadway and flood 	<ul style="list-style-type: none"> ■ Aptos Village Plan Implementation ■ West side of upper 41st Avenue retail ■ Live Oak/Soquel Opportunity Site project improvements ■ Soquel Drive medical district – Dominican/Sutter/PAMF improvements and parking ■ Implementation of Soquel Village plan ■ East Cliff Shopping Center redevelopment ■ 7th Avenue/Brommer Street Hotel-Visitor Serving-Public/Quasi-Public Improvements ■ 17th/Capitola Road Potential commercial retail, public/quasi-public, mixed use or other commercial use of site ■ San Lorenzo Valley Water Operations building ■ Revitalization of the Brookdale Lodge ■ Davenport Cemex site reuse ■ Cottage industry business expansion ■ Agri-tourism Program ■ El Rancito Shopping Center redevelopment and commercial/mixed use improvements

COUNTY OF SANTA CRUZ	
Public Sector	Private Sector
<ul style="list-style-type: none"> control improvements ■ Craft Entrepreneurship Program 	

POLICY DIRECTION FOR NEXT YEAR

The Santa Cruz County CEDS Committee has determined that the major policy directions and implementing actions/projects in the CEDS continue to provide the appropriate direction for regional economic development efforts for the upcoming year. A number of the performance indicators have continued to show improvement as the County joins the state and nation in economic recovery. However, the loss of Redevelopment in California continues to have a substantial impact on the ability of the jurisdictions to move forward with economic development efforts. The loss of this resource has also had a measurable impact on the CEDS process in Santa Cruz County and has resulted in a much less extensive level of participation by several of the jurisdictions. The jurisdictions continue to adjust to the post-Redevelopment landscape for economic development. However, the County of Santa Cruz is currently developing a new Economic Vitality Strategy to identify goals, policies and actions to enhance job growth and economic strengths of our county. This Strategy is scheduled to be completed by June 30, 2014 and implemented over the next several years.

