SANTA CRUZ COUNTY COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

DECEMBER 31, 2007

Prepared for

Santa Cruz County Workforce Investment Board
County of Santa Cruz Human Resources Agency

Prepared by

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INTRODUCTION

This CEDS was prepared on behalf of Santa Cruz County under the auspices of the Workforce Investment Board (WIB) with the participation of each of the four incorporated cities and the County Redevelopment Agency. In addition to these jurisdictions, the CEDS Committee includes eight other business entities and institutional partners. The CEDS Committee and the WIB Board engaged in an extensive process that included eight meetings to develop and review each component of the CEDS.

ECONOMIC CONDITIONS

EMPLOYMENT TRENDS

As with the statewide economy, Santa Cruz County's job base has been strongly affected by the downturn in technology sectors. Employment in the County peaked in 2001, but then lost more than 6,000 jobs (5.6 percent) by 2003. While the state jobs base has since recovered beyond its peak level, in Santa Cruz County the recovery has been much slower. Santa Cruz County's largest employment sectors are retail trade, government, professional services, education and health services, and leisure and hospitality. In general, manufacturing, information, and finance have had the largest employment percentage declines since 1997. Despite these trends, unemployment rates in Santa Cruz County have generally been lower than the state as a whole; however, Watsonville consistently experiences double-digit unemployment, far exceeding the State.

CLUSTER ANALYSIS

Santa Cruz County has traditionally featured an economy driven by concentrated activity in distinct clusters of industries. Key clusters include the following:

- Software and Computers
- Lifestyle, with components of Commercial Crafts, Natural Lifestyle, Recreational Services, and Recreational Products
- Food and Agriculture.

Together, the industry clusters in the analysis accounted for 39,738 jobs in Santa Cruz County in 2005, a decline of about 9.6 percent from 1992. In particular, the strength of the software and computers, and food and agriculture industry clusters has eroded as business activity shifts into other sectors. There is also some industry restructuring occurring. Although agricultural employment has declined 30 percent since 1992, agricultural production has increased in value, with the largest growth occurring in higher value berry crops such as raspberries and strawberries.

The components of the lifestyle cluster have performed better as a whole, but have not kept pace with growth trends across the rest of the country.

Economic development agencies in the County are also working with the construction and health care sectors, both of which provide important employment opportunities but are less concentrated than the clusters described above.

Population and Labor Force

Between 1998 and 2007, Santa Cruz County's population grew 6.1 percent, less than half the 13.4 percent growth for California as a whole. Within Santa Cruz County, the largest growth occurred in Watsonville, which expanded by over 38 percent during this period.

The labor force in the County has more closely approximated the trend shown with the countywide employment, declining by about 7,600 workers between 2001 and 2003. It has regained about half this loss by 2006. In general, Santa Cruz County's labor force has a higher educational attainment than the state and national averages. However, in recent years, the high school graduation rates have declined.

Geography and Environment

Santa Cruz County is situated between two distinct California regions: Silicon Valley and the Monterey Peninsula. Santa Cruz, the county seat, is 30 miles south of San Jose and 70 miles south of San Francisco and Oakland. Many Santa Cruz County residents commute to high tech jobs in San Jose and other Silicon Valley cities. While a few high tech companies have had local operations within Santa Cruz County at one time or another, many have re-located or downsized their local workforce recently.

The area's key economic strength has and continues to be agriculture as its location provides a unique growing environment for high-value crops such as cut flowers, landscape plants and berries. The county is situated in a unique geographic area bordered on one side by the Pacific Ocean, and on the other side by the Santa Cruz Mountains. The area has a typically Mediterranean climate with warm, dry summers and cool, wet winters. The average high temperature in the summer is 70 degrees Fahrenheit and the average low in winter is 38 degrees. Average annual precipitation, which falls between the months of October and May, is 22 inches of rain. The growing season is about ten months long with 260 days of sunshine.

The blend of waterfront coastlines and mountainous forests also makes the area a popular attraction for visitors, as well as a desirable location to live. Next to agriculture and food processing, tourism is a very important component of the county's economy (see Table 1). Much of the mountainous terrain and coastline area is protected open space. Coupled with the County's site characteristics, this creates limited space for development. Tension between the need to sustain or improve economic vitality through agricultural, commercial and residential development and preserve open space and areas for recreation drives much of the area's public debates.

Santa Cruz County has maintained a consistently higher rate of waste diversion compared to the state as a whole. In addition, Santa Cruz County has maintained a relatively low number of days exceeding the state mandates for air pollution. A potentially significant issue with Santa Cruz County is its water capacity and usage. Out of the eight water agencies operating in the County, three of them have water usage rates that are over their water capacity, and four of the other water agencies currently operate near or at their water capacity.

Transportation Access

Santa Cruz County is traversed by two major highways, California State Highway 1 and Highway 17, in addition to other arterials. These highways serve industry and local households. The existing street and highway network is very impacted in many places, and AMBAG has identified specific problem spots along Highways 1, 9, 17, 129, and 152. Highway 1 (Mission Street segment), Highway 9 (through San Lorenzo Valley), and Highway 17 (through Santa Clara County line) were all identified as having "F" level-of-service (LOS) ratings, which indicates heavily gridlocked traffic conditions.

SWOT ANALYSIS

With these economic conditions in mind, the County has identified the following strengths, weaknesses, opportunities, and threats.

Strengths

- Tourism industry
- Retail sector
- Agriculture sector
- Highly trained workforce in much of the County
- Recreation products cluster
- Health care industry
- Active civic & non-profit sector

Weaknesses

- High housing prices
- Limited space for growth
- Agricultural workers lack skills to move into year-round non-agriculture jobs.
- Declining high school graduation rates
- Aging infrastructure: deferred maintenance of transportation and other infrastructure as well as lack of investment in new water supplies

Opportunities

- Tourism-
  - Increased visitor stays
  - Increased retail spending
  - Market to higher-earning households
- Emerging industries
- Technology transfer
- Creative sector

Threats

- Globalization
- Increasing housing prices
- Limited water supply
- Further degradation of local and regional infrastructure
- Urban use – agricultural use conflicts
- Community – university conflict

CEDS GOALS AND OBJECTIVES

This plan sets forth six goals that articulate the County's broad, general expectations regarding economic development programs and activities. These goals and objectives establish the policy framework that supports future grant applications to EDA for funding of economic development projects. The CEDS also provides a set of specific objectives and measurable performance criteria for each goal.

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.

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.

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.

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.

GOAL 5: FISCAL HEALTH

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

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.

PRIORITY – SETTING CRITERIA

The County has established the following criteria to be used by the CEDS Committee to rank project proposals for EDA funding in Santa Cruz County. The criteria are presented in rank order.

1. Policy Criteria
   a. Consistency with CEDS goals and objectives
   b. Consistency with applicable City/County economic strategic plan or approved community/general plan
2. Job Creation Criteria
   a. Potential total new jobs created
   b. Potential new jobs with higher than median wage for each potential occupation category
   c. Potential jobs saved/retained
3. Potential additional private sector investment
4. Potential regional economic impact
5. Fiscal Impact Criteria
   a. Potential net fiscal impact
   b. Potential sales tax generated
   c. Potential transient occupancy tax generated
   d. Potential property tax generated
6. Workforce Criteria
   a. Increases workforce skills
   b. Increases access to workforce training
7. Positive or minimal impact on environment
8. Positive impact on transportation access/infrastructure/affordable housing
9. Promotes sound management of physical development
10. Promotes in-fill or reuse of existing structures
11. Increases access or use of high-speed telecommunications

REGIONAL COUNTYWIDE PARTICIPATION IN DEVELOPMENT OF THE CEDS

INTRODUCTION TO THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

Investments in public infrastructure are a necessary antecedent to community economic vitality. Realizing this, the federal Economic Development Administration is authorized to make grants to communities needing assistance with these investments. A Comprehensive Economic Development Strategy (CEDS) is required by the Public Works and Economic Development Act of 1965 and Economic Development Administration (EDA) Regulations as a precondition of EDA assistance for public works projects and economic adjustment grants. An approved CEDS must be in place before a jurisdiction within Santa Cruz County may apply for an EDA grant for the purposes of economic development. While the CEDS should be consistent with existing community economic development vision and goals, the CEDS is not meant to take the place of an individual community's economic development vision or plan. An individual community may have an economic development plan that articulates more specific goals and objectives. The CEDS stays in effect for five years. An annual report must be filed by the Santa Cruz County CEDS Committee that outlines progress made toward achieving the goals identified in this plan.

The EDA has a set of guidelines by which it selects potential projects for funding. These guidelines direct that projects for which communities are applying for EDA grant funds must be market-based, proactive, reflect awareness of economic changes, maximize private investment, result in higher-skilled and higher-paid workers, maximize tax-payer return and involve the participation of local agencies, both public and private.

Typical EDA-funded projects include construction of necessary public infrastructure, including water systems, wastewater treatment systems, roadways, bridges, parking garages, lighting, and signage. They also include the development of business incubators, libraries, training centers and technology transfer activities.

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 has 31 members, of which 16 are representatives from the private, for-profit sector. Members from the private sector included representatives from the following firms or organizations: Hutton Sherer Marketing Advertising Design; Sheet Metal Workers Union; Bustichi Construction; Santa Cruz Seaside Company; O'Neill, Inc.; Driscoll Strawberry Associates, Inc.; First Alarm; West Marine, Inc.; Martinelli and Co.; United Transportation Union; Sutter Santa Cruz;

Thuridion Software Engineers; Coast Commercial Bank; Good Times; Santa Cruz Area Chamber of Commerce; and Granite Construction.

The WIB selected nine 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 process of developing the CEDS followed a four-month timeline illustrated below. The consulting team met weekly with the CEDS Project Team, comprised of city officials and WIB staff to review and discuss draft sections of the CEDS which were then forwarded to the full CEDS Committee for review. The CEDS Committee met bi-weekly to review and discuss these draft sections and to review the final draft of the CEDS before being forwarded to the full WIB Board and to the County Board of Supervisors.

Significant milestones during the planning process were meetings with the full WIB Board and the full CEDS Committee. These included the meetings of September 12, September 26, October 10 and October 24. In all cases, meetings were noticed and attended by interested members of the public in addition to committee members and meetings were facilitated to allow maximum input from all attendees.

On September 12 the CEDS Committee were presented findings from the consulting team's analysis of the region's economic strengths, weaknesses, opportunities and threats and the findings of the economic base cluster analyses. CEDS Committee members suggested modifications and additions as well as discussed the region's opportunities and constraints.

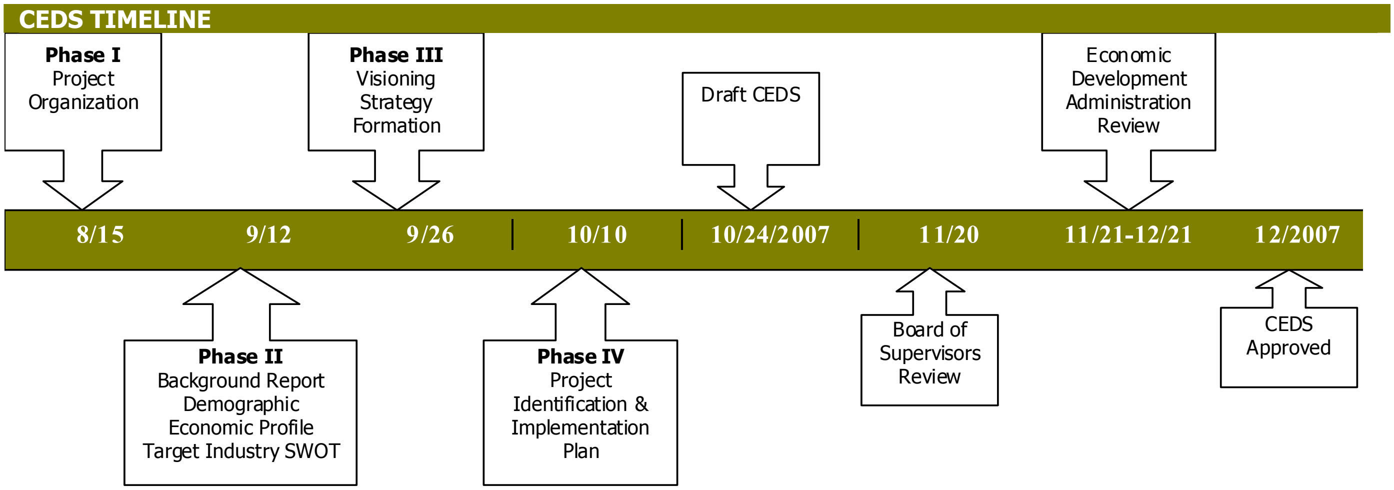
The second major milestone was the September 26th meeting, which included the entire WIB Board as well as the entire CEDS Committee. The purpose of this meeting was to discuss a draft of the CEDS goals and strategies.

At the October 10th CEDS Committee meeting, the consulting team presented a draft Action Plan that incorporated the goals and strategies discussed and approved on September 26 as well as the private and public sector partners that would take the lead in implementing each strategy and the performance measures used to track its progress.

The CEDS Committee Meeting of October 24, which was also attended by members of the WIB was devoted to review of the entire draft CEDS.

The final draft of the CEDS was presented to the Santa Cruz County Board of Supervisors on November 20, 2007.

PROCESS



PLANNING ORGANIZATION

Santa Cruz County Board of Supervisors
Janet K. Beautz, First District Supervisor
Ellen Pirie, Second District Supervisor
Neal Coonerty, Third District Supervisor
Tony Campos, Fourth District Supervisor
Mark W. Stone, Fifth District Supervisor

STRATEGY COMMITTEE

WORKFORCE INVESTMENT BOARD MEMBERS

Private

Chair: Sherer, Howard, Hutton Sherer Marketing Advertising Design
Arsenault, Paul, Sheet Metal Workers Union
Bustichi, Dene, Bustichi Construction
Dlott, Jo Anne, Santa Cruz Seaside Company
Elliot, Russ, O'Neill, Inc.
Heien, Janet, Driscoll Strawberry Associates, Inc.
Hood, David, First Alarm
Kennedy, Linda, West Marine, Inc.
Lambert, Julie, S. Martinelli and Co.
Morr, Bonnie, United Transportation Union
Nocella, Al, Sutter Santa Cruz
Picard, Tone'e, Thuridion Software Engineers
Quist, James, Coast Commercial Bank
Slack, Ron, Good Times
Tysseling, William, Santa Cruz Area Chamber of Commerce

Public

Ayyad, Alia, Center for Employment Training
Blitzer, Donna, UCSC
Campos, Tony, Santa Cruz County Supervisor
Collins, John T., II, Goodwill Industries
Cuevas, Christina, Community Foundation of Santa Cruz County
Dittrick, Janeen, Employment Development Department
Espinola, Cecilia, Santa Cruz County Human Resources Agency
Gelwicks, Bob, Department of Rehabilitation
Johnson-Lyons, Christine, Community Action Board
Palacios, Carlos, City of Watsonville
Pfotenhauer, Rock, Cabrillo College
Powers, Mary, Santa Cruz Adult School

Wagy, Bill, Granite Construction Co.

CEDS Committee

Ackerman, Marty, City of Watsonville
Ando, Steve, City of Scotts Valley
Arsenault, Paul, Sheet Metal Workers Union #104
Blitzer, Donna, UC Santa Cruz
Cirillo, Ceil, City of Santa Cruz Redevelopment Agency
Collins, John T. II, Goodwill Industries
Comstock, Chuck, City of Scotts Valley
Dittrick, Janeen, Employment Development Department
Dlott, Jo Anne, Santa Cruz Seaside Company
Elliot, Russ, O'Neill, Inc.
Hall, Joe, City of Santa Cruz
Hill, Rich, City of Capitola
Lambert, Julie, Martinelli & Co.
Lynberg, Betsey, Santa Cruz County Redevelopment Agency
Maldonado, Mario, City of Watsonville
Sherer, Howard, Hutton-Sherer Marketing
Slack, Ron, Good Times
Tavantzis, Marcela, City of Watsonville

CEDS Project Team

Ackerman, Marty, and Maldonado, Mario, City of Watsonville
Ando, Steve, City of Scotts Valley
Hall, Joe, City of Santa Cruz
Hill, Rich, City of Capitola
Lynberg, Betsey, Santa Cruz County
Zwart, Kathy, Santa Cruz County Workforce Investment Board

WIB Staff

Kathy Zwart, Director
Lacie Gray, Senior Analyst

Consultants: Applied Development Economics

Doug Svensson, AICP, Principal-in-Charge
Kathryn Studwell, AICP, Project Manager
Peter Cheng, Senior Associate
Tony Daysog, Senior Associate
Joe Flores, Associate
Katherine Fabris, Production Manager

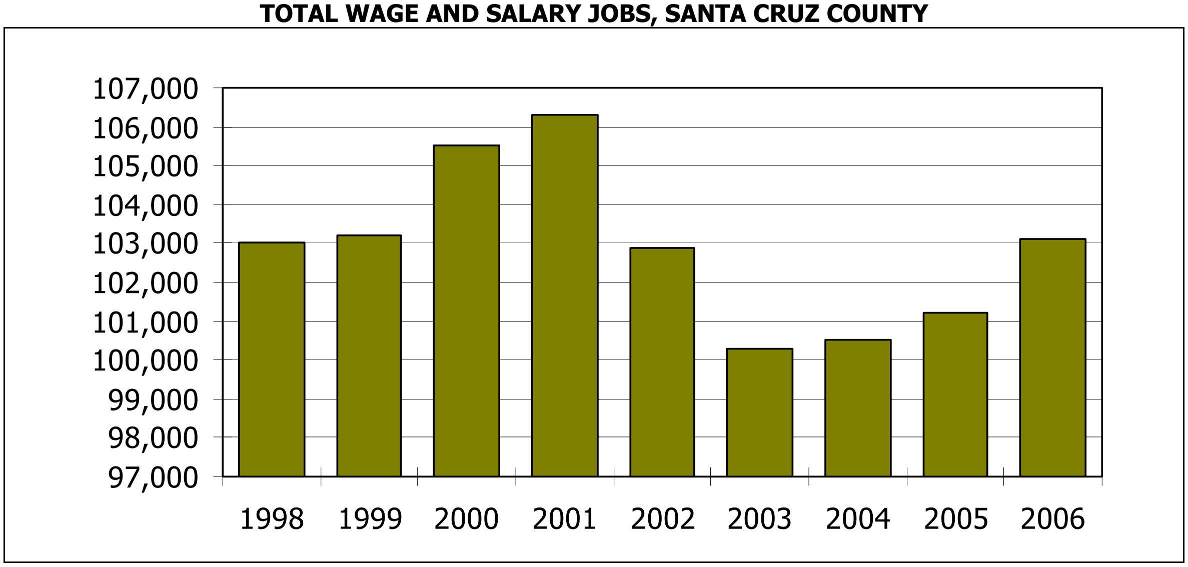
BACKGROUND

ECONOMIC BASE

As a whole, Santa Cruz County's job base has stagnated over the past decade, with growth that has lagged behind the statewide growth trends. Between 1997 and 2006, Santa Cruz County's wage-and-salary employment ranged from a low of 100,300 jobs (2003) and a high of 106,300 jobs (2001). The largest employment decline occurred after the 2001 peak, and had only recovered to 103,100 jobs by 2006 (Figure 1). Santa Cruz County's largest employment sectors are retail trade, government, professional services, education and health services, and leisure and hospitality. In general, manufacturing, information, and finance have had the largest employment percentage declines since 1997.

To some degree, Santa Cruz County's employment trends mirror the statewide trends that also saw stagnant employment growth with employment declines that began at the start of the decade, and a long period of recovery. Unlike with Santa Cruz County, the statewide employment base has fully recovered beyond its peak employment levels (14.5 million jobs in 1999) and reached a new peak employment of 15.5 million jobs in 2006.

FIGURE 1
TOTAL WAGE AND SALARY JOBS, SANTA CRUZ COUNTY



Source: California Employment Development Department, Labor Market Information Division

CLUSTER ANALYSIS

Santa Cruz County has traditionally featured an economy driven by concentrated activity in distinct clusters of industries. The cluster analysis assesses the current state and evolution of these industry clusters, based on short-term and long-term employment trends. These clusters are defined as follows:

- Software and Computers
- Lifestyle (Commercial Crafts)
- Lifestyle (Natural Lifestyle)
- Lifestyle (Recreational Services)
- Lifestyle (Recreational Products)
- Food and Agriculture

Together, the industry clusters in the analysis accounted for 39,739 jobs in Santa Cruz County in 2005 (Figure 2), a decline of about 9.6 percent from 1992. Clearly, the County's economy has evolved considerably over the past decade, and the performance of these industry clusters is an important starting point in evaluating future opportunities and strategic initiatives for Santa Cruz County.

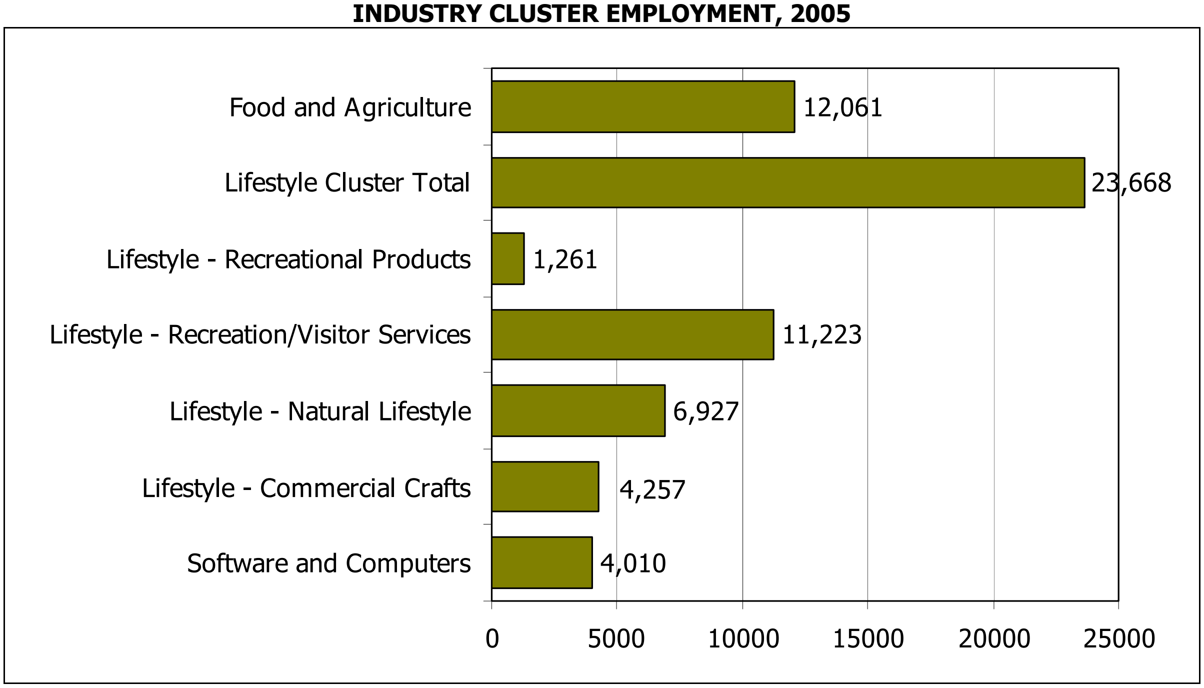
For many years, these industry clusters served as the economic base of the County and a starting point from which opportunities in other industries originate.

However, as the economy in Santa Cruz County has created minimal long-term and short-term net job gains, the strength of the software and computers, and food and agriculture industry clusters in particular has similarly eroded as business activity shifts into other sectors that might not have generated many jobs in the past. The components of the lifestyle cluster have performed better as a whole, but have not kept pace with growth trends across the rest of the country. Figure 3 shows these trends in terms of the level of concentration (location quotient) for each cluster in 1992 and 2005.[1]

The construction and health care sectors also provide important employment and growth opportunities in the County, but their employment concentration is lower than the 1.0 LQ criteria for clusters (.78 and .49, respectively). Please refer to Table B-8 in Appendix B for further analysis of these industries. These industries are included as future economic growth sectors in the opportunities section of the SWOT analysis below.

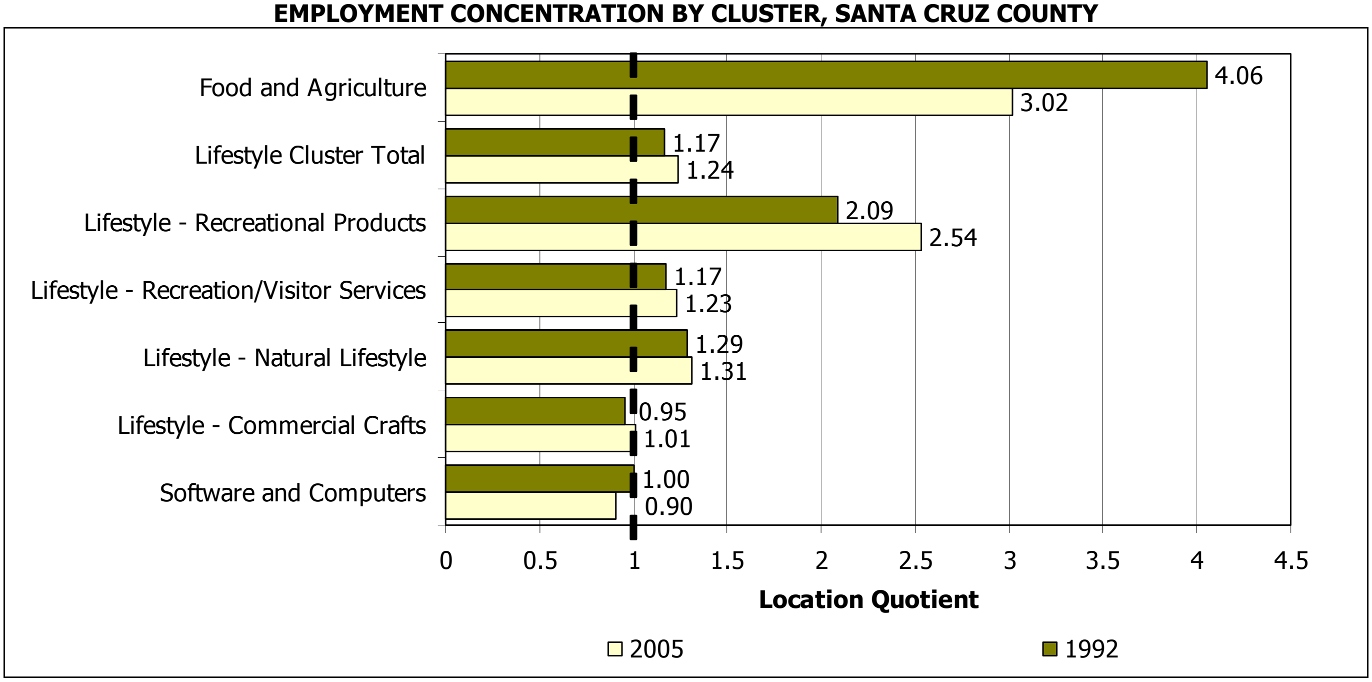
[1] A location quotient of 1.0 indicates the employment concentration for that industry is similar to the nation as a whole. Thus, agriculture was four times more prevalent in Santa Cruz County than in the national economy, but has declined to three times the national average more recently.

FIGURE 2
INDUSTRY CLUSTER EMPLOYMENT, 2005



Source: ADE, Inc. 2007, based on data from the Minnesota IMPLAN Group.

FIGURE 3
EMPLOYMENT CONCENTRATION BY CLUSTER, SANTA CRUZ COUNTY

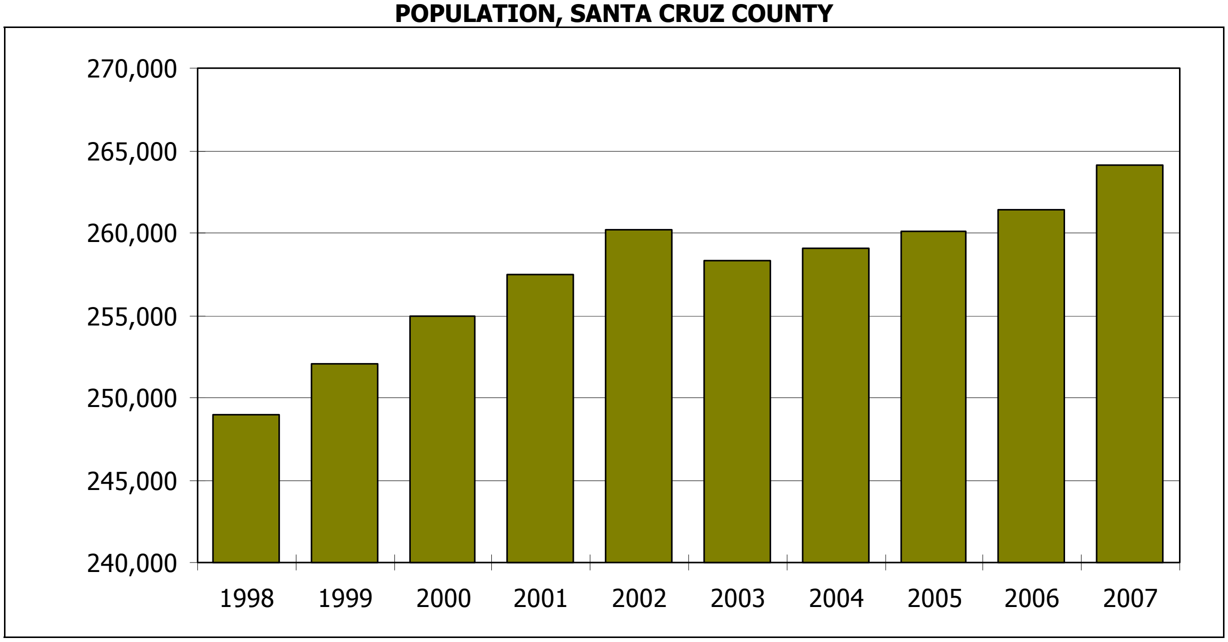


Source: ADE, Inc. 2007, based on data from the Minnesota IMPLAN Group.
Note: A LQ of 1.0 indicates that the employment concentration for that industry is similar to the nation as a whole.

POPULATION AND LABOR FORCE

Between 1998 and 2007, Santa Cruz County's population grew by about 15,100 residents with a growth rate of 6.1 percent during this period (Figure 4). This growth rate is less than half the 13.4 percent growth for California as a whole. Within Santa Cruz County, the largest growth occurred in Watsonville, which expanded by over 38 percent during this period with more than 14,200 new residents and a total population of over 51,200 by 2007. This means that the vast majority of the overall population growth in Santa Cruz County occurred in the southern part of the County.

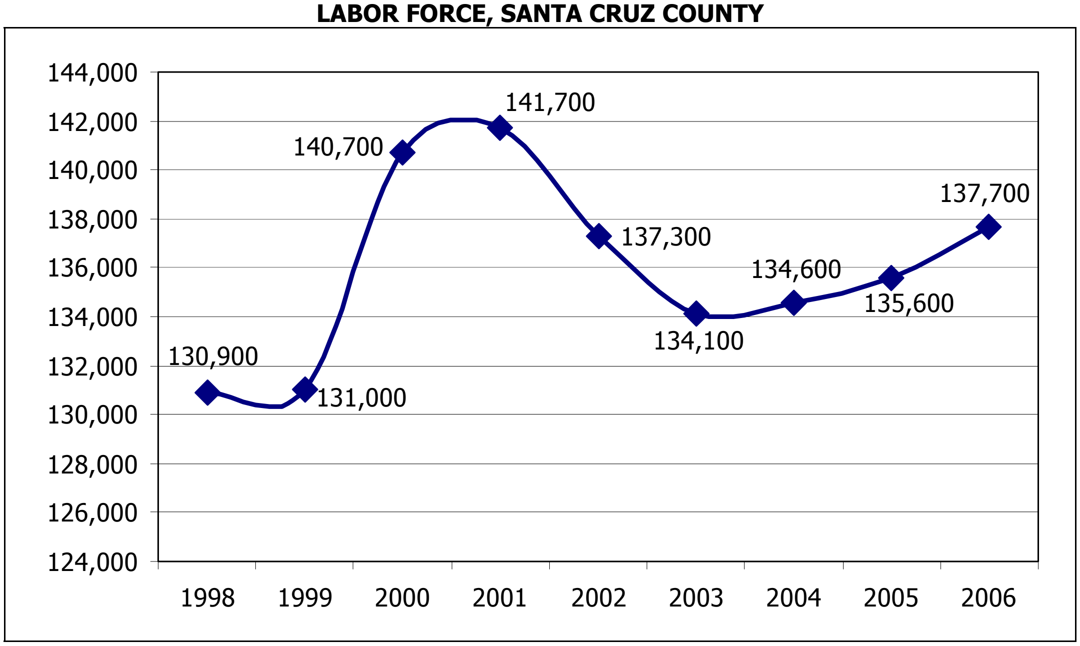
FIGURE 4
POPULATION, SANTA CRUZ COUNTY



Source: 2007 California Department of Finance

The labor force in Santa Cruz County has shown greater fluctuation compared to the population trend. In 1998, the labor force in Santa Cruz County totaled 130,900 workers. By 2001, this increased to 141,700 and rapidly declined by about 7,600 workers through 2003 (Figure 5). This more closely approximates the trend shown with the countywide employment pattern than the overall population trend. More recently, the labor force recovered to 137,700 workers in 2006.

FIGURE 5
LABOR FORCE, SANTA CRUZ COUNTY

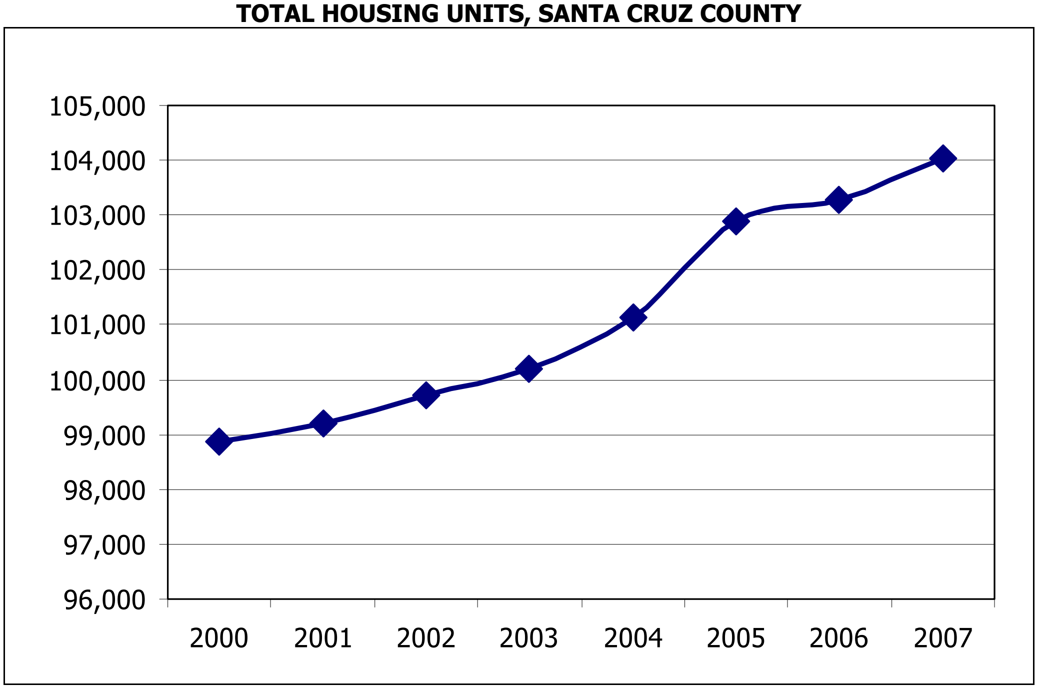


Source: California Employment Development Department, Labor Market Information Division

In general, Santa Cruz County's labor force has a higher educational attainment than the state and national averages. However, in recent years, the high school graduation rates have declined.

Housing in Santa Cruz County has increased alongside the population, growing from 98,873 units in 2000 to just over 104,000 units in 2007 (Figure 6). This 5.2 percent growth rate is significantly lower than the 9.0 percent housing growth rate for California as a whole during this period. This growth rate also averages out to an annual growth rate of about 0.7 percent, which is slightly higher than the 0.5 annual growth rate for population during this same time period.

FIGURE 6
TOTAL HOUSING UNITS, SANTA CRUZ COUNTY



Source: California Department of Finance

WORKFORCE TRAINING

Workforce training is available in five types of settings: through Workforce Investment Act funded training; through partnerships between high school districts and regional occupational programs (ROPs); through adult education programs offered by unified school districts in Santa Cruz and Watsonville; through Cabrillo College; and, through the CalWORKs program, which is also subsidized by federal and state workforce investment funds. Between 2003 and 2007, the welfare-to-work CalWORKs-aided programs assisted between 800 and 1000 persons. During these years, 50 to 74 participants entered employment each year. In addition, about 200 to 270 participants received post job placement services.

Adult education programs provided by the Santa Cruz City School District and the Pajaro Valley Unified School District offer vocational technical career training in several areas. There are specialized vocational programs in nursing assistant, pharmacy technician, electronics and computer repair, software programming, accounting, office management, green gardening and green construction.

GEOGRAPHY AND SETTING

Santa Cruz County is situated between two distinct California regions: Silicon Valley and the Monterey Peninsula. Santa Cruz, the county seat, is 30 miles south of San Jose and 70 miles south of San Francisco and Oakland. Many Santa Cruz County residents commute to high tech jobs in San Jose and other Silicon Valley cities. While a few high tech companies have had local operations within Santa Cruz County at one time or another, many have re-located or downsized their local workforce recently.

The area's key economic strength continues to be agriculture as its location provides a unique growing environment for high-value crops such as cut flowers, landscape plants and berries. The county is situated in a unique geographic area bordered on one side by the Pacific Ocean, and on the other side by the Santa Cruz Mountains. The area has a typically Mediterranean climate with warm, dry summers and cool, wet winters. The average high temperature in the summer is 70 degrees Fahrenheit and the average low in winter is 38 degrees. Average annual precipitation, which falls between the months of October and May, is 22 inches of rain. The growing season is about ten months long with 260 days of sunshine.

The blend of waterfront coastlines and mountainous forests also makes the area a popular attraction for visitors, as well as a desirable location to live. Next to agriculture and food processing, tourism is a very important component of the county's economy (see Table 1). Much of the mountainous terrain and coastline area is protected open space. Coupled with the County's site characteristics, this creates limited space for development. Tension between the need to sustain or improve economic vitality through agricultural, commercial, and residential development and preserve open space and areas for recreation drives much of the area's public debates.

TRANSPORTATION ACCESS

Santa Cruz County is traversed by two major highways, California State Highway 1 and Highway 17, in addition to other arterials. These highways serve industry and local households. The existing street and highway network is very impacted in many places, and AMBAG has identified specific problem spots. All Santa Cruz County highways have been identified as particularly problematic, including Highways 1, 9, 17, 129, and 152.

Highway 1 (Mission Street segment), Highway 9 (through San Lorenzo Valley), and Highway 17 (through Santa Clara County line) were all identified as having "F" level-of-service (LOS) ratings, which indicates heavily gridlocked traffic conditions.

ENVIRONMENT AND RESOURCES

Santa Cruz County has maintained a consistently higher rate of waste diversion compared to the state as a whole. In 2005, Santa Cruz County had a waste diversion rate of 57 percent compared to the statewide average of 52 percent.

In addition, Santa Cruz County has maintained a relatively low number of days exceeding the state mandates for air pollution. In 2006, the County exceeded state air quality standards a total of 18 days. This represents an increase from 2000 and 2001 when the County did not exceed the particulate matter standards on any days.

A potentially significant issue with Santa Cruz County is with its water capacity and usage. Out of the eight water agencies operating in the County, three of them have water usage rates that are over their water capacity. In addition, four of the other water agencies currently operate near or at their water capacity.

OTHER BACKGROUND

- Santa Cruz County's ethnic distribution primarily consists of white and Hispanic/Latino residents, with white residents constituting the fastest growing segment of the population. (see Table A-1, p. 65)
- Unemployment rates in Santa Cruz County have generally been lower than the State as a whole, with the exception of Watsonville, which has double-digit unemployment that far exceeds the State average.
- Poverty rates in Santa Cruz County have generally been slightly below the statewide poverty rate.
- Taxable sales growth has remained stagnant since 2000, with taxable sales only growing from $2.9 billion to $3.1 billion during this time.
- Tourism spending in Santa Cruz County has grown significantly over the past decade (38 percent since 1998). However, while this growth has generated notable increases in payroll and tax receipts, employment has not kept pace.
- Agricultural production has increased in value by more than 45 percent since 1998. The largest growth has occurred in higher value berry crops such as raspberries and strawberries.

ECONOMIC DEVELOPMENT PROBLEMS & OPPORTUNITIES

COUNTYWIDE SWOT ANALYSIS

This CEDS contains an assessment of the region's economic development strengths, weaknesses, opportunities and threats, in other words, a SWOT analysis. The chapter presents the SWOT analysis as it affects the County as a whole. A later chapter of the CEDS, entitled Local Economic Development Priorities and Projects, describes each of the cities and the county unincorporated communities separately in terms of economic characteristics and economic development issues and priorities.

STRENGTHS

The assessment of strengths is based on analysis of existing data sources and discussions at CEDS Committee meetings. Santa Cruz County's key economic strengths consist of:

- Tourism industry
- Retail sector
- Agriculture sector
- Highly trained workforce throughout much of the County
- Recreation products cluster
- Health care industry
- Active civic & non-profit sector

Tourism Industry

Tables 1 and 2, below, show that travel spending in Santa Cruz County increased by 38 percent between 1998 and 2005 and Transient Occupancy Tax (TOT) increased by almost 40 percent during the same time period. Scotts Valley, which had the lowest TOT revenues in 1998, experienced the greatest gain, more than 581 percent.

TABLE 1
TOURISM - GENERATED DOLLARS (MILLIONS)
SANTA CRUZ COUNTY & CALIFORNIA (1998-2005)

SANTA CRUZ COUNTY			
	1998	**2005**	**%Change 1998-2005**
Travel Spending	$436.9	$601.5	37.7%
Earnings Employment	$151.0	$180.8	19.7%
Local Tax Receipts	$11.1	$12.5	12.6%
State Tax Receipts	$19.3	$24.4	26.4%
Total Employment (Number of Tourism Jobs)	**9,230**	**8,380**	**-9.2%**
CALIFORNIA			
	1998	**2005**	**%Change 1998-2005**
Travel Spending	$6,780	$8,850	30.5%
Earnings Employment	$2,160	$2,740	26.9%
Local Tax Receipts	$1,500	$1,900	26.7%
State Tax Receipts	$2,600	$3,400	30.8%
Total Employment (Number of Tourism Jobs)	**892,000**	**910,000**	**2.0%**

Source: Dean Runyan Associates 2007

TABLE 2
TRANSIENT OCCUPANCY TAX BY JURISDICTION ($1,000),
SANTA CRUZ COUNTY & CALIFORNIA (1998-2006)

City/Area	1998	2006	% Change 1998-2006
Capitola	$286	$597	108.4%
Santa Cruz	2,716	3,385	24.6
Scotts Valley	101	689	581.9
Watsonville	281	607	115.5
Unincorporated	3,118	3,687	18.3
County	**$6,503**	**$8,965**	**37.9%**
California	**$899,720**	**$1,361,990**	**51.4%**

Source: Dean Runyan Associates 2007

TOT tax revenues growing, but not as rapidly as State despite recent tax rate increases; Santa Cruz and unincorporated area account for slower growth.

Retail Sector

The retail sector also experienced an increase in activity. Total taxable sales increased by 30 percent between 1998 and 2005 (Table 3). During the same time period, per capita sales increased by almost $3,000 or 25 percent. Compared with the State, Santa Cruz County per capita sales grew more slowly. Per capita sales in California grew 35 percent and are about $14,500 (Figure 7). This presents an opportunity for expansion of retail sales within the County.

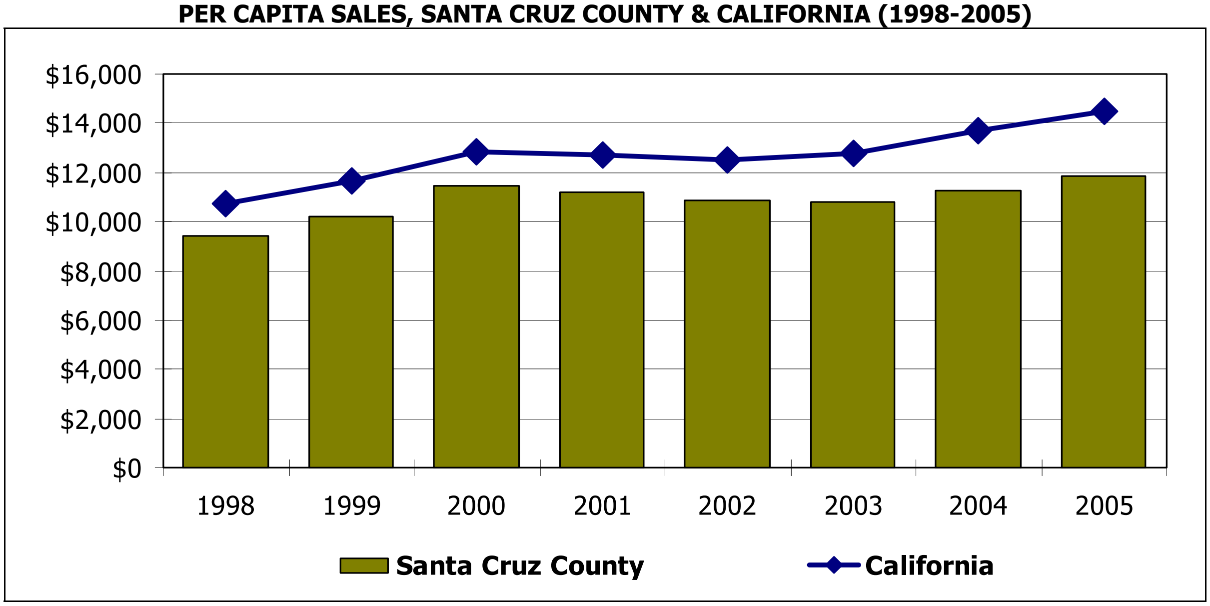
TABLE 3
ANNUAL TAXABLE SALES BY JURISDICTION
SANTA CRUZ COUNTY ($1,000 DOLLARS)

Jurisdiction	1998	2005	% Change 1998-2005
Capitola	$398,322	$484,162	21.6%
Santa Cruz	634,138	813,834	28.3
Scotts Valley	164,906	164,863	0.0
Watsonville	340,271	599,273	76.1
Unincorporated/Unallocated	829,234	1,012,013	22.0
County Total	**$2,366,871**	**$3,074,145**	**29.9%**

Source: California State Board of Equalization: Report of Taxable Sales in California, 2007

Watsonville's growth in retail spending accounts for the majority of total county growth

FIGURE 7
PER CAPITA SALES, SANTA CRUZ COUNTY & CALIFORNIA (1998-2005)



Source: California State Board of Equalization: Report of Taxable Sales in California 2005

Food and Agriculture

The food and agriculture industry is currently the major economic driver in Santa Cruz County. Between 1998 and 2006, crop production values increased by over 45 percent (Table 4). Santa Cruz County's top crops are strawberries and raspberries, both high-value crops on a per acre basis (Table 5).

TABLE 4
ANNUAL CROP PRODUCTION VALUE (IN MILLIONS) 1998 - 2006

Crops	1998	2006	% Change 1998-2006
Animal Products	$2.2	$5.0	127.3%
Berries	122.2	248.6	103.4
Nursery / Ornamental Crops	73.1	80.1	9.6
Vegetables	61.9	53.1	-14.3
Tree and Vine Fruits	19.2	14.9	-22.4
Total Crops Value	**$278.6**	**$414.3**	**48.7**
Timber Farming	10.5	6.3	-39.6
Total Production Value	**$289.1**	**$420.6**	**45.5%**

Source: County Agricultural Commissioner: Santa Cruz County Crop Reports 1998 - 2006.

Moving towards higher value products

TABLE 5
TOP AGRICULTURAL CROPS BY PRODUCTION VALUES (IN MILLIONS) 1998 - 2006

Crops	1998	2006	% Change 1998-2006
Raspberries	$24.4	$83.9	243.7%
Lettuce, Leaf & Romaine	4.7	11.6	146.6
Landscape Plants	14.3	35.2	145.8
Strawberries	72.3	154.3	113.4
Cut Field Flowers	7.4	9.1	23.6
Roses, Cut Hybrid Tea	13.0	15.5	18.9
Brussels Sprouts	7.2	8.3	15.7
Apples	9.3	10.3	11.2
Timber Farming	8.9	6.3	-28.8
Iceberg Lettuce	$19.0	$7.7	-59.7%

Source: County Agricultural Commissioner: Santa Cruz County Crop Reports 1998 - 2006.
Note: Percent change calculations may vary slightly due to rounding.

Moving towards higher value products

Higher Education

Santa Cruz County is fortunate to have both a community college and a state university within its boundaries. These post-secondary educational institutions provide a constant stream of trained workers for growing firms. The number of Cabrillo College graduates increased by over 65 percent since 1997 and the number of UC Santa Cruz students increased by 36 percent (Tables 6 & 7). The key for Santa Cruz County is finding ways to leverage this advantage and employ these graduates locally.

TABLE 6
CABRILLO COLLEGE GRADUATES BY DEGREE EARNED

	1997 to 2006 % Change
AA	52.9%
AS	43.8%
CERTIFICATE	148.6%
TOTAL	65.5%

Source: Cabrillo College: Planning & Research Office 2007

TABLE 7
UNIVERSITY OF CALIFORNIA, SANTA CRUZ, ENROLLMENT

Enrollment	1999 to 2006 % Change
Undergraduate	36.1%
Graduate	36.8%
Total	36.2%

Source: University of California Santa Cruz

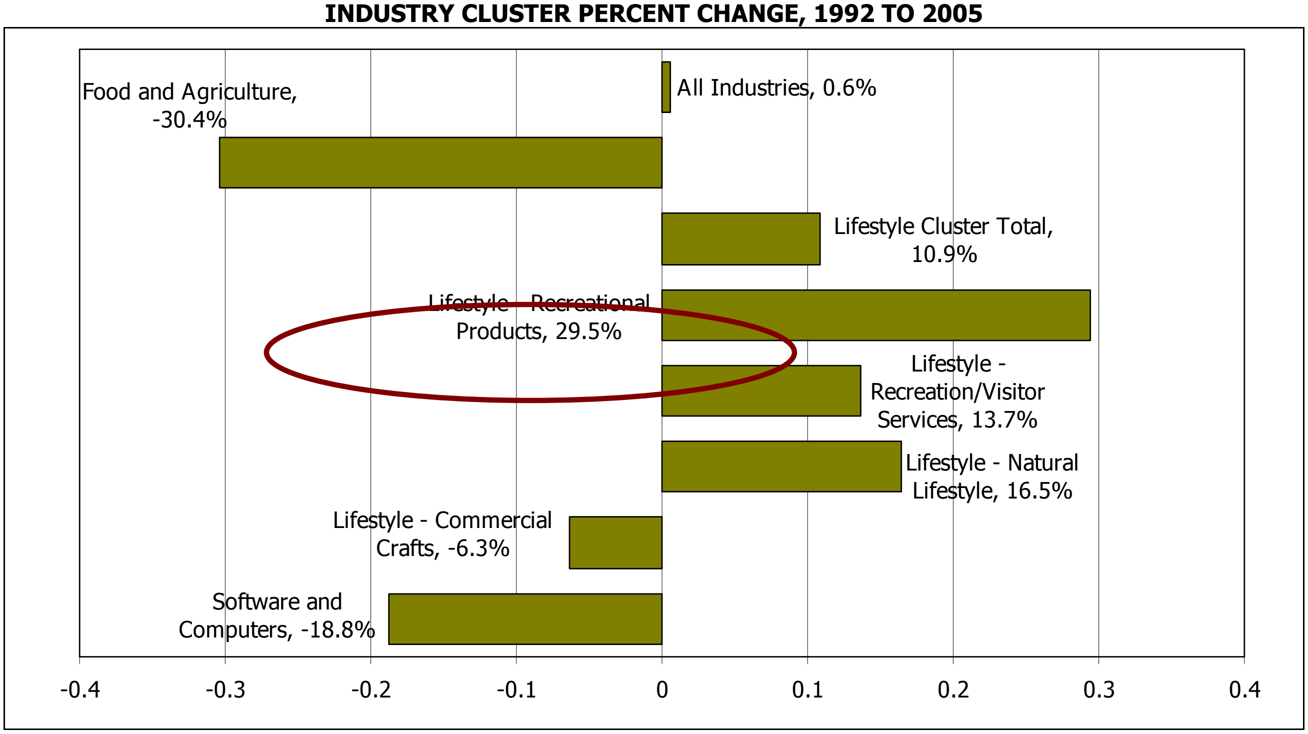
Industry Clusters

An industry cluster is a concentration of interdependent firms in related industries within a particular geographic region. A region's economic base is comprised of industries that primarily export their products or services. Payments for these goods and services come back to the city or region and are used to pay for wages and supplies. The healthier these industries, as measured by their sales and profits, the greater their ability to create wealth for the region. A city's economic base can be sub-divided into clusters according to the nature of their inter-dependencies, or their buying and selling behavior.

There are three industry clusters in Santa Cruz County. Of these clusters, Food and Agriculture, and Software and Computers have experienced declines in employment, while only the Lifestyle cluster increased its employment (Figure 8). Within the Lifestyle cluster, Recreation Products in particular significantly increased employment concentration relative to other regions in the United States (Figure 9). This indicates that Santa Cruz County is becoming more specialized in its production of recreation equipment and it is exporting this equipment to other parts of the world.

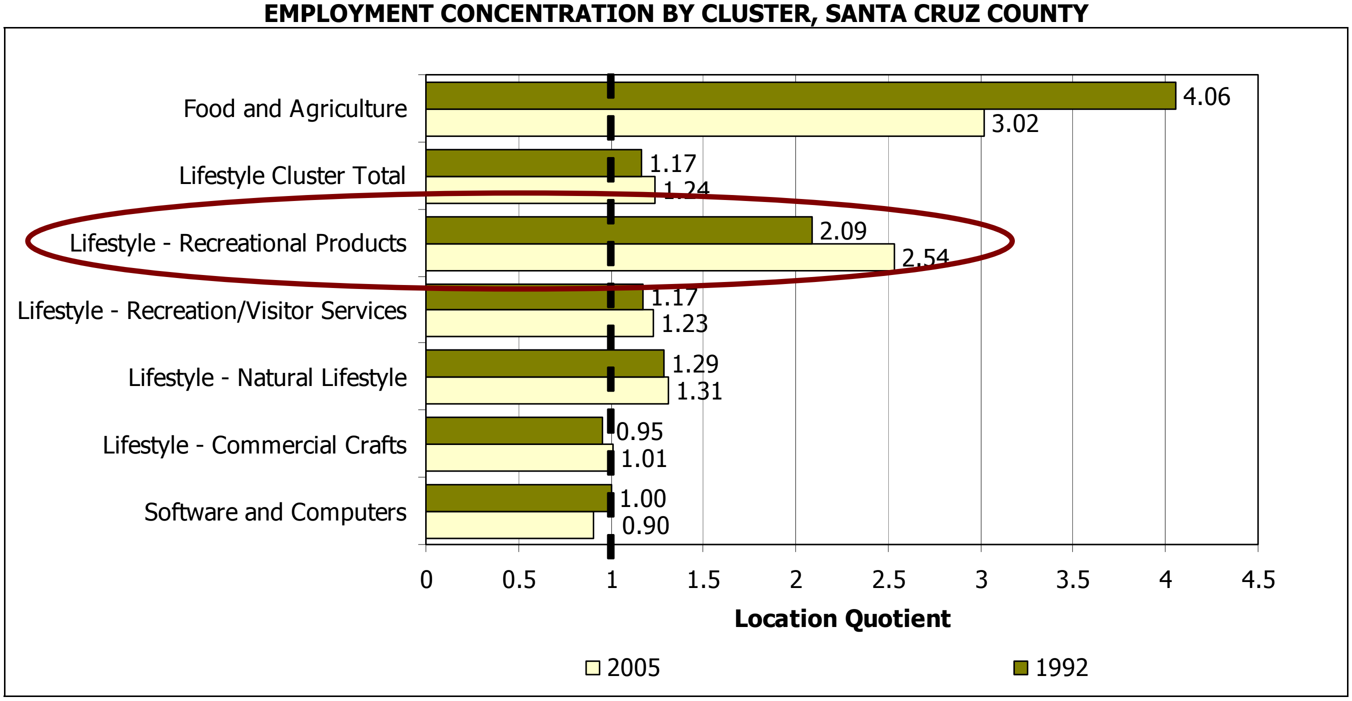
Though Food and Agriculture lost employment, it is still highly concentrated in Santa Cruz County relative to other regions of the United States and it is still a traded sector, meaning that agricultural and food products are exported. Traded sectors bring wealth into the County and drive the County's economic vitality.

FIGURE 8
INDUSTRY CLUSTER PERCENT CHANGE, 1992 TO 2005



Source: ADE, Inc., based on data supplied by the Minnesota IMPLAN Group.

FIGURE 9
EMPLOYMENT CONCENTRATION BY CLUSTER, SANTA CRUZ COUNTY



Source: ADE, Inc., based on data supplied by the Minnesota IMPLAN Group.
Note: A LQ of 1.0 indicates that the employment concentration for that industry is similar to the nation as a whole.

Health Care

Santa Cruz County is also fortunate to have three major medical care facilities within the County. These include Dominican Hospital, Sutter Santa Cruz, and Watsonville Community Hospital, which are among the top 20 employers in the County (Table 8). Though healthcare is not a traded sector, in that services are not exported, this sector does provide high quality jobs and is expected to grow rapidly over the next two decades. In addition, quality health care is a necessary antecedent to attracting employers to the area.

Non-Profit Sector

Santa Cruz County benefits from a wide range of community organizations that provide social services that help support economic productivity and a high quality of life. These non-profits also provide leadership on many countywide events and activities and economic development efforts.

TABLE 8
TOP 20 EMPLOYERS IN SANTA CRUZ COUNTY

Employer	City	Industry
Aviza Technology Inc	Scotts Valley	Electronic Components
Cabrillo College	Aptos	Colleges
City of Santa Cruz	Santa Cruz	Local Government
City of Watsonville	Watsonville	Local Government
County of Santa Cruz	Santa Cruz	County Government
Dominican Hospital	Santa Cruz	General Medical Hospital
Granite Construction Inc	Watsonville	Heavy Construction
Larse Farms Inc	Watsonville	Fresh fruits and vegetables
Monterey Mushrooms	Watsonville	Food crops
Pajaro Valley Unified School District	Watsonville	K-12 Education
Plantronics Inc	Santa Cruz	Telephone
Santa Cruz Seaside Co.	Santa Cruz	Amusement Parks
Seagate Technology	Scotts Valley	Computer Storage devices
Securitas Security Services	Watsonville	Detective, Guard & Armored car services
Sutter Santa Cruz	Santa Cruz	General Medical Hospital
Threshold Enterprises	Scotts Valley	Pharmaceutical preparations
Titan Corporation	Watsonville	Liquefied petroleum gas dealers
University of California, Santa Cruz	Santa Cruz	Colleges
Watsonville Community Hospital	Watsonville	General Medical Hospital
West Marine Inc	Watsonville	Marine Products Retail

Health Care is a Strength

Source: ADE, Inc., Workforce Investment Board of Santa Cruz County, Dun & Bradstreet

WEAKNESSES

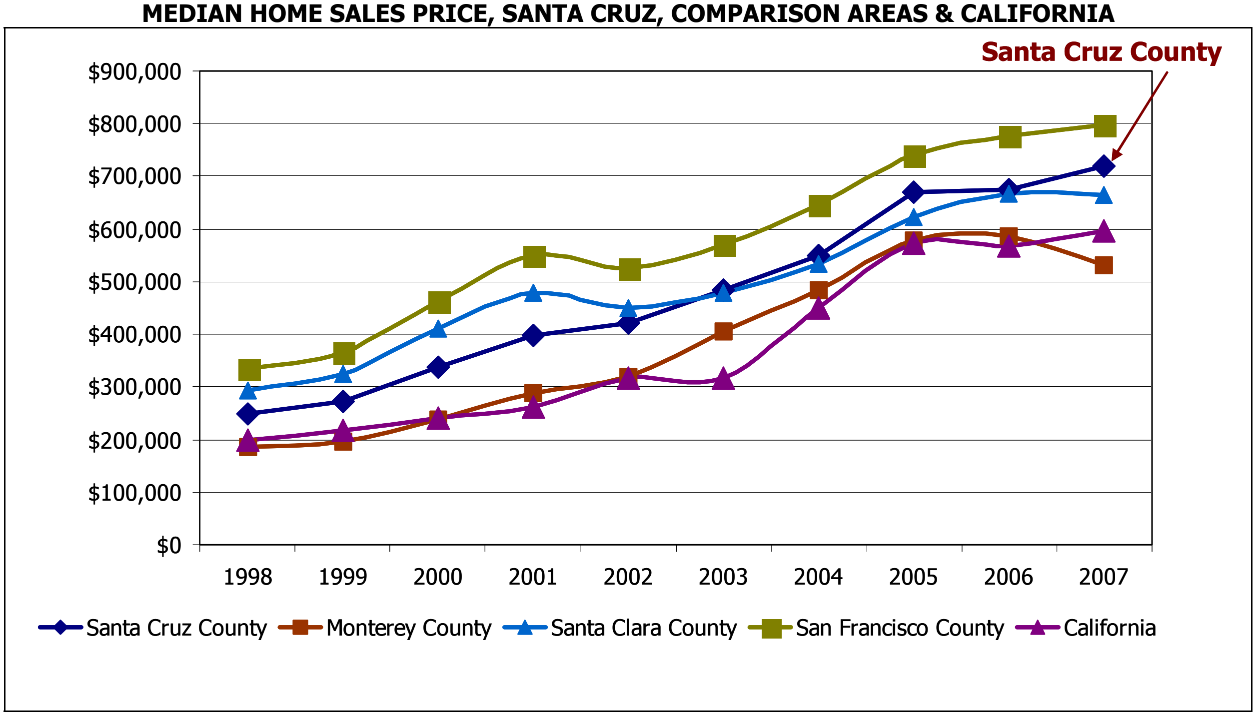
The assessment of weaknesses is also based on analysis of existing data sources and discussions at CEDS Committee meetings. Santa Cruz County's key economic weaknesses consist of:

- High housing prices
- Limited space for growth
- Agricultural workers lack skills to move into year-round non-agriculture jobs
- Declining high school graduation rates
- Water supply
- Aging Infrastructure: deferred maintenance of transportation and other infrastructure as well as lack of investment in new water supplies

High Housing Prices

The housing supply in Santa Cruz County is limited and expensive. In 2006, the median sales price of a home was about $700,000 (Figure 10). This is partly due to the limited number of homes being constructed within the County. Countywide, the number of housing units increased by about 5 percent while statewide the growth was about 9 percent (Table 9). The largest increase in the number of homes was in Watsonville.

FIGURE 10
MEDIAN HOME SALES PRICE, SANTA CRUZ, COMPARISON AREAS & CALIFORNIA



Source: California Association of Realtors & National Association of Home Builders

TABLE 9
TOTAL HOUSING UNITS, SANTA CRUZ COUNTY & CALIFORNIA

Santa Cruz County	2000	2007	% Change 2000-2007
Capitola	5,309	5,412	1.9%
Santa Cruz	21,504	23,264	8.2
Scotts Valley	4,423	4,639	4.9
Watsonville	11,689	13,971	19.5
Balance Of County	55,948	56,762	1.5
County Total	**98,873**	**104,048**	**5.2%**
California	**12,214,550**	**13,312,456**	**9.0%**

Source: California Department of Finance.

Housing unit growth rate lower than State except in Watsonville

The Housing Opportunity Index (HOI) compares local wages with local housing costs. Table 10 lists HOIs for selected communities and metropolitan areas in California and elsewhere. Santa Cruz County's HOI is 7.1, meaning that only about 7 percent of local jobs pay wages high enough to afford the median-priced home.

TABLE 10
HOUSING OPPORTUNITY INDEX: 2ND QUARTER 2007

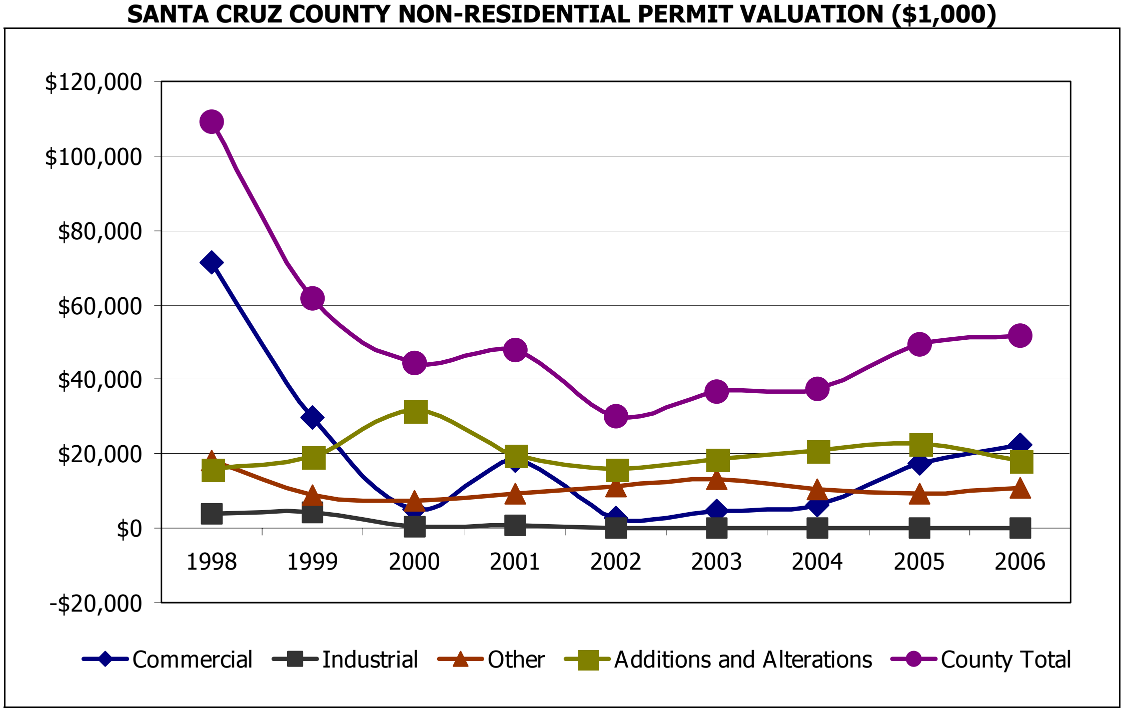
	HOI 2nd Qtr 2007 Share of Homes Affordable for Median Income
Metro Area	
Greeley, CO	60.0%
Chico, CA	30.0
Eugene-Springfield, OR	26.6
Portland-Vancouver-Beaverton, OR-WA	25.0
Medford, OR	20.5
Vallejo-Fairfield, CA	16.4
Sacramento--Arden-Arcade--Roseville, CA	15.0
Yuba City, CA	15.0
San Jose-Sunnyvale-Santa Clara, CA	12.8
Oakland-Fremont-Hayward, CA ^	11.3
Santa Rosa-Petaluma, CA	10.8
Riverside-San Bernardino-Ontario, CA	10.5
Stockton, CA	10.4
San Diego-Carlsbad-San Marcos, CA	9.6
Oxnard-Thousand Oaks-Ventura, CA	9.0
Santa Cruz-Watsonville, CA	**7.1**
Modesto, CA	7.0
San Luis Obispo-Paso Robles, CA	6.4
Santa Barbara-Santa Maria-Goleta, CA	6.2
San Francisco-San Mateo-Redwood City, CA ^	5.7
Merced, CA	3.8
Salinas, CA	3.7
Los Angeles-Long Beach-Glendale, CA ^	3.0 %

Source: National Association of Home Builders, Housing Opportunity Index, 2nd Quarter 2007. ^ Indicates Metropolitan Divisions. All others are Metropolitan Statistical Areas.
Note: Nation rank out of 215 Cities. 1 = Most Affordable, 215 Least Affordable.

Commercial and Industrial Space

Growing firms need space to expand into, but in Santa Cruz County, there has been little to no construction of new commercial and industrial space. This limits the ability of growing firms to stay in Santa Cruz County. Between 2000 and 2006, the annual value of all commercial and industrial construction ranged between $30,000 and $51,000, most of this in additions and alterations. (See Figure 11, below)

FIGURE 11
SANTA CRUZ COUNTY NON-RESIDENTIAL PERMIT VALUATION ($1,000)



Source: California Construction Industry Research Board 2007

Workforce

Although a number of elements of the food and agriculture cluster remain strong, the cluster as a whole lost more than 5,000 jobs between 1992 and 2005. As the County's economy continues to evolve, there is a need to transition workers from this cluster into other growing industries. Increased training resources and opportunities are needed to meet the workforce needs of new employers.

K – 12 Education

Competitive firms need skilled, talented workers to be successful. Nationally, K – 12 public education does not adequately prepare all students for their adult lives, including their careers. While as a whole, Santa Cruz County schools perform at the state average for most indicators, there is variation among school districts. Countywide, 95 to 98 percent of all high-school freshmen graduated with a high-school diploma, though in the Pajaro Valley Unified District, which includes Watsonville, only 77.7 percent graduated from high school (Table 11). This is partially explained by the high percentage of English as a Second Language (ESL) students concentrated in the Pajaro Valley Unified School District. Whereas only 1.6 percent of San Lorenzo Valley Unified School District's students are ESL learners, 42 percent of Pajaro Valley Unified School District's students are ESL learners (Table 12).

TABLE 11
HIGH SCHOOL GRADUATION RATES, BY SCHOOL DISTRICT

	2001	2006
Pajaro Valley Unified	84.1	77.7
San Lorenzo Valley Unified	93.8	93.5
Santa Cruz City High School District	96.4	94
Santa Cruz Co. Office of Ed.	100	100
Scotts Valley Unified	n/a	95.3
California	**86.8**	**83.0**

Source: California Department of Education, Educational Demographics Unit

TABLE 12
HIGH SCHOOL ENGLISH LEARNERS, BY SCHOOL DISTRICT

	2000	2001	2002	2003	2004	2005	2006	2007
Pajaro Valley Unified	8,876	8,971	9,041	9,116	8,908	8,815	8,738	8,052
% of District	44.9%	45.2%	45.5%	46.4%	45.6%	46.6%	45.2%	42.0%
San Lorenzo Valley Unified	31	28	30	36	27	21	42	58
% of District	0.7%	0.7%	0.8%	0.9%	0.8%	0.6%	1.1%	1.6%
Scotts Valley Unified	38	57	44	43	40	51	50	66
% of District	1.8%	2.4%	1.7%	1.6%	1.4%	1.8%	1.8%	2.4%
Santa Cruz City High	365	350	373	369	462	417	402	417
% of District	6.3%	6.3%	7.1%	7.2%	8.5%	7.9%	7.8%	8.4%
California	1,480,527	1,511,299	1,559,248	1,599,542	1,598,535	1,591,525	1,570,424	1,568,661
% of State	24.9%	25.0%	25.4%	25.6%	25.4%	25.2%	24.9%	25.0%

Source: California Department of Education, Educational Demographics Unit

Water Supply

The supply of potable water in Santa Cruz County is limited and will likely limit opportunities for economic growth without the implementation of creative measures to conserve and recycle water. The following table lists each of Santa Cruz County's water agencies and the capacity and usage of water within their districts.

TABLE 13
WATER CAPACITY AND USAGE, 2007

	Water Usage (AFY)	Water Capacity (AFY)	Notes
Pajaro Valley Water Management Agency[1]	66,500	48,000	over capacity
Central Water District[2]	136	560	under capacity
Soquel Creek Water District[3]	5,400	4,800	over capacity
Scotts Valley Water District[4]	1,800	2,100	near capacity
Lompico County Water District[5]	118	130	near capacity
San Lorenzo Valley Water District[6]	1,624	N/A	at capacity
City of Watsonville[7]	7,257	7,854	near capacity
City of Santa Cruz[8]	14,200	14,025	slightly over capacity

Source: ADE, Inc. 2007; conversations with staff from each water agency.

[1]www.pvwma.dst.ca.us/basin_management_plan/assests/bmp_2000/Section_2_State_of_Basin.pdf

[2]santacruzlafco.org/pages/reports/waterpolicies2001.pdf and //www.co.santa-cruz.ca.us/grandjury/GJ2005_final/

[3]www.soquelcreekwater.com/Water_Supply.htm

[4]Interview: Colin Smith, engineer, and my.spinsite.com/SVW/uploads/2005Report1.pdf

[5]ADE estimates demand using 212 gallons per HH per day times 497 santacruzlafco.org/pages/reports/waterpolicies2001.pdf

[6]Interview: James Mueller, District Manager. Mr. Mueller did not capacity data but said city is at capacity

[7]http://santacruzlafco.org/pages/reports/waterpolicies2001.pdf *and* www.co.santa-cruz.ca.us/grandjury/GJ2005_responses/

[8]http://www.ci.santa-cruz.ca.us/wt/wten/IntegratedWaterPlanFinal.pdf (page ES-3 and II-2 and II-3)

Transportation Infrastructure

Businesses need a means of distributing their manufactured goods to their customers and they also need a means of receiving their supplies. The roadways in Santa Cruz County are frequently congested with auto and truck traffic (Table 14). In addition, the important farm-to-market roadways have not been adequately maintained and pose safety hazards for truckers. Unsafe, congested roadways discourage economic investment of all types and make it difficult for businesses to recruit workers from both within and outside the County. In the unincorporated areas alone, the County has $100 million in deferred maintenance of roadways (Table 15).

Other infrastructure maintenance has also been deferred. Again, in the unincorporated areas within the County Public Works Department jurisdiction, there is $2 Million in maintenance needed in water treatment, $8.3 Million in maintenance of wastewater treatment and another $200 Million needed in flood control structures.

TABLE 14
SANTA CRUZ COUNTY TRANSPORTATION SYSTEM PROBLEMS/NEEDS IDENTIFIED IN AMBAG METROPOLITAN TRANSPORTATION PLAN, 2002

Route	Location	Problems/Needs
1	North County	Heavy recreational traffic, Inadequate passing opportunities, Roadside parking, Non-standard shoulders
1	Mission Street	LOS F - Peak periods, Commuter impacts, Recreational traffic, Signalized intersections
9	SC City limits through San Lorenzo Valley	LOS F - Various locations, Commuter impacts, Recreational traffic, Inclement winter weather
17	SR 1 to Santa Clara County Line	LOS F - Peak periods, Heavy commuter traffic, Heavy recreational traffic, Inclement winter weather
129	Downtown Watsonville	LOS E-F - Heavy truck traffic, Commuter impacts, Non-standard design
129	Downtown Watsonville to San Benito County	Non-standard design
152	Downtown Watsonville CBD	At capacity intersections - evening peak periods
152	Downtown Watsonville to Santa Clara County Line	Inadequate passing opportunities and shoulders

Source: Association of Monterey Bay Area Governments (AMBAG)

TABLE 15
DEFERRED MAINTENANCE

- Water Treatment = $2 M
- Wastewater Transmission = $8.3 M
- Flood Control = $200 M
- Roads = $100 M

Source: Santa Cruz County Public Works Department; Facilities maintained by Santa Cruz County Public Works

OPPORTUNITIES

The assessment of opportunities is based on an assessment of existing trends that, together with the region's economic strengths, pose opportunities for economic growth. Santa Cruz County's key economic opportunities consist of:

- Tourism-
  - Increased visitor stays
  - Increased retail spending
  - Market to higher-earning households
- Creative sector
- Emerging industries
- Technology transfer

Tourism/Retail/Creative Sector

A number of indicators suggest that market opportunities exist for Santa Cruz to move "up market" in both its visitor-serving and retail sectors. Failure to capitalize on rising incomes and changing consumer preferences, as well as the substantial creative activity in the County, will lead to further erosion of sales dollars in these key business sectors.

In the list of industries in Table 16 below, Potential Growth Opportunities is based on an analysis of employment data from the Quarterly Census of Employment and Wages for Santa Cruz County. These industries have above average growth rates for employment and their employment concentrations are also increasing. While existing employment levels in these businesses is low, their growth rates and their relationship to existing strong businesses make them good targets for business expansion services and recruitment efforts.

TABLE 16
POTENTIAL GROWTH OPPORTUNITIES

Agriculture and Forestry	**Construction**
Animal Production	Architectural, Engineering, and Related Services
Forestry and Lodging	Specialty Trade Contractors
Support Activities for Agriculture and Forestry	Construction of Buildings
Bakeries, Confectioneries, Coffee and Tea Manufacturers	Heavy and Civil Engineering Construction
Grocery and Related Product Merchant Wholesalers	Cement Manufacturing
Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	Furniture Manufacturing
Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers	Building Material and Garden Equipment and Supplies Dealers
Refrigerated Warehousing and Storage	
Support Activities for Transportation	
Tourism	**Machinery and Equipment**
Scenic and Sightseeing Transportation	Machinery Manufacturing
Motion Picture and Sound Recording Industries	Navigational, Measuring, Electromedical and Control Equipment
Amusement, Gambling, and Recreation Industries	Medical Equipment Manufacturing
Museums, Historical Sites, and Similar Institutions	Electrical Equipment, Appliance, and Component Manufacturing
Accommodation	Communications Equipment Manufacturing
Food Service and Drinking Places	Semiconductor Manufacturing
Recreation Products	Computer Equipment and Software Wholesalers
Textile Product Mills	Electrical and Electronic Goods Wholesalers
Aluminum Product Manufacturing	Industrial Machinery and Equipment Wholesalers
Dye and Pigment Manufacturing	
Fabricated Metal Products	
Bicycles and Parts Manufacturing	
Sporting and Recreational Goods and Supplies Merchant Wholesalers	
Sporting Goods, Hobby, Book, and Music Stores	
Health	**Information Services**
Pharmaceutical and Medicine Manufacturing	Broadcasting (except Internet)
Medicinal and Botanical Manufacturing	Internet Publishing and Broadcasting
Ambulatory Health Care Services	Data Processing, Hosting and Related Services
Hospitals	Custom Computer Programming Services
Nursing and Residential Care Facilities	Scientific Research and Development Services
Health and Personal Care Stores	

Source: ADE, Inc., based on data from Minnesota IMPLAN Group, 2007.

As in many communities around the globe, Santa Cruz County is very interested in securing an environmentally and economically sustainable future. This will require transitioning to practices that conserve energy and all other resources, including water and create energy locally in a sustainable manner. Since the University of California is located within the County, there is an opportunity to have more of its research and development activities focused on meeting local needs for sustainable resource use.

TABLE 17
COMPONENTS OF CLEAN TECH INDUSTRY

- Green Building Construction
- Energy Efficiency: Lighting, HVAC, Electric Motors, Peak Shaving Control Systems, Computer Control Systems
- Water Efficiency: Pumps And Control Systems/Retrofit/Upgrade
- Renewable Energy: Solar, Wind, And Methane/Hydrogen Gas Recovery, Waste-To-Energy, Wave Or Tidal Action
- Transportation: Fleet Conversion To Alternative Fuels
- Emergency Services: Biomass Management, Infrastructure Security
- Education And Research: UC And Other Local Research, Vocational, Job Training, And Other Employment Development, Small Business Development

Source: Guy Phillips, Energy Resources International, Inc.

THREATS

The potential for future economic growth in Santa Cruz County is limited not only by local weaknesses, but also by threats emanating from trends occurring external to the County. These include:

- **Globalization**

  The ability of emerging markets in China, South America and Southeast Asia to increase their production of food and other goods has increased the supply of these goods globally and has reduced the price paid by consumers. This trend has resulted in the need for more efficient production processes, equipment and machinery in the food processing industry as well as in technology sectors. In the last five years, many food processing plants have closed in Santa Cruz County. This is primarily due to the need to be more competitive in price. Companies have either eliminated redundant capacity or placed newer plants in emerging markets, such as China. For business in Santa Cruz County to compete effectively in the global marketplace, they will have to become more innovative in their use of resources, including human capital, and in their marketing.

- **Increasing housing prices**

  The continual increase in housing prices throughout the Santa Cruz County will constrain the ability of firms to recruit from outside the area.

- **Limited water supply**

  Unless the County's water agencies implement innovative means to collect, conserve or recycle water, there may not be an adequate supply to support economic and population growth.

- **Further degradation of local and regional infrastructure**

  Insufficient expenditures on existing infrastructure, including water supply, roadways, waste treatment and flood control, limit the ability of Santa Cruz County to attract investment.

- **Urban use – agricultural use conflicts**

  Since the food and agriculture sector is still Santa Cruz County's most important economic driver, the County must find ways to safeguard agricultural land from the detrimental effects of urbanization.

- **Community – university conflict**

  The University of California is one of Santa Cruz County's most valuable economic assets, yet friction between the University and the community limits the development of worthwhile and productive partnerships, including partnerships around sustainability and technology transfer.

- **Global Warming**

  The need to reduce carbon footprints increases pressure on many production processes. European countries and firms tend to be ahead of U.S. companies in their progress on energy efficiency technologies and processes; however, as U.S. firms make advances in this area, it will also represent a marketing opportunity in the global marketplace.

CEDS GOALS AND OBJECTIVES

This plan sets forth six goals that articulate the County's broad, general expectations regarding economic development programs and activities. These goals and objectives establish the policy framework that supports future grant applications to EDA for funding of economic development projects. They will also guide the development of the criteria that will be used to prioritize projects, a requirement for the implementation section of the CEDS document. For each goal, there is a set of specific, measurable objectives that can be realistically achieved in the five-year time frame of this CEDS.

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.

Objective 1a: Maintain and expand partnerships between employers, workforce education and training organizations and local and regional funding agencies to develop and offer training that meets the needs of Santa Cruz County businesses and workers, such as employability training and pathways for ESL learners to improve their work skills and education.

Objective 1b: Build on existing efforts to identify current and future workforce needs of employers. Continue to enhance systems of linking qualified job-seeking workers with employers. Expand existing sectoral approaches, such as healthcare and construction, to other key industry areas as a means of developing a qualified workforce that meets employer needs.

Objective 1c: Expand youth workforce training programs to prepare youth, especially those at risk of dropping out of high school, for work upon graduation. Expand technical training opportunities, such as the Career Technical Education and Regional Opportunities Program, for high school students.

Objective 1d: Update and improve aging educational facilities and build new educational and training facilities where needed to provide for K-12 education, post-secondary, lifelong learning and workforce training.

Objective 1e: Support improvements in K-12 education, especially math and science.

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.

Objective 2a: Identify and support the growth of industry clusters that drive economic growth in the region. Facilitate the networking of firms and professionals working within cluster industries through the formation of industry cluster organizations.

Objective 2b: Assist with the growth of new and existing firms within target industries by providing entrepreneurial development services such as incubator space, access to capital, business planning assistance, and mentoring.

Objective 2c: Establish or expand technology transfer services to link businesses with the technologies they need to innovate and expand their businesses.

Objective 2d: Support the growth of existing firms by offering business retention and expansion services.

Objective 2e: Ensure an adequate supply of improved office and industrial space for growing or re-locating firms.

Objective 2f: Ensure an adequate supply of all necessary infrastructure, including telecommunications, transportation, water, waste collection and treatment and electricity.

Objective 2g: Leverage Santa Cruz County's unique natural, cultural and agricultural assets to support the growth of tourism.

Objective 2h: Support the development of visitor-serving facilities.

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.

Objective 3a: Ensure that the natural and cultural assets that attract visitors to Santa Cruz County are enhanced and protected.

Objective 3b: Ensure that Santa Cruz County's shoreline and beaches remain open, safe and attractive for existing and future residents and visitors. Improve access to beach areas by upgrading facilities, including restrooms, picnic areas, recreation facilities, amenities and parking.

Objective 3c: Maintain and promote recreational opportunities in the County's mountain and forest areas, including its State parks, County parks and public trails and open spaces.

Objective 3d: Maintain high quality municipal services, particularly in the areas of public safety, recreation programs, libraries and social services.

Objective 3e: Continue to support the development of affordable housing choices.

Objective 3f: Encourage the expansion of child care services.

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.

Objective 4a: Upgrade transportation infrastructure so that it meets state and federal safety standards for trucks, automobiles, bicyclists and pedestrians.

Objective 4b: Ensure water supply, treatment and distribution infrastructure has adequate capacity to meet current and future demand by residential, agricultural, commercial and industrial users.

Objective 4c: Ensure that all communications infrastructure, including wireless communications infrastructure, is adequate to meet the demands of existing and future businesses and residents.

Objective 4d: Ensure that waste treatment, flood protection, and public safety facilities meet existing and future needs.

GOAL 5: FISCAL HEALTH

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

Objective 5a: Support developments that have a net positive impact on the City, County and special district budgets.

Objective 5b: Coordinate development to achieve an efficient urban pattern of circulation and service delivery.

Objective 5c: Through targeted business recruitment and development activities, maximize the effective use of existing vacant buildings and business facilities to reduce the cost of economic growth and its use of scarce resources. Facilitate business transitions that have the potential to increase municipal revenues.

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.

Objective 6a: Expand partnerships between colleges, universities, civic organizations, government and industry to develop and offer technical training needed by cluster industries.

Objective 6b: Encourage UC Santa Cruz to invest more heavily in research and development activities in Santa Cruz County, especially in those research endeavors that develop solutions for the County's energy, resource, industry development and sustainability challenges. This could include clean technology, alternative energy and digital imagery sciences.

Objective 6c: Foster local partnerships between UC Santa Cruz, government and industry to support the licensing and commercialization of UC Santa Cruz technologies by Santa Cruz County firms. Encourage UC Santa Cruz to assist research faculty to help start new businesses to utilize on-campus research.

Objective 6d: Facilitate business-to-business partnerships that can foster broader economic growth.

CEDS PLAN OF ACTION

The implementation plan indicates the leading agency partners for each strategic objective. In addition to these lead agencies, there are a wide variety of additional agencies and organizations that support economic development efforts throughout the County. These additional partners are listed in Appendix C of the CEDS.

Santa Cruz County has also identified a set of evaluation criteria for each goal in the plan, which provides a basis for measuring progress in economic development and evaluating the effectiveness of the County's economic development programs. The indicators presented in this chapter represent the primary measures upon which the CEDS is based. However, additional secondary indicators are shown in Appendix D, which may be useful to particular jurisdictions and programs in the County.

This chapter also includes a list of priority projects from each jurisdiction in the County, which have been identified as regional priorities. These projects may be the subject of future funding applications to EDA during the term of this CEDS. Additional economic development projects, both in terms of public investments and also private sector developments that can serve to further the regional economic objectives, are listed in the next chapter of the CEDS that addresses economic conditions and priorities in each of the cities and the County unincorporated area.

The final section of the implementation plan in this chapter specifies the prioritization criteria the County will use internally to evaluate prospective funding applications to EDA. These criteria may be used as needed to sequence the submittal of applications from separate jurisdictions to EDA. The criteria reflect the strategic goals and objectives of the CEDS and provide a framework to prioritize projects that may have competing needs for available resources.

PERFORMANCE MEASURES AND PARTNERS

GOAL 1: WORKFORCE DEVELOPMENT

OBJECTIVE	**LEADING PARTNERS**	**PERFORMANCE MEASURES**
1a: Maintain and expand partnerships between employers, workforce education and training organizations and local and regional funding agencies to develop and offer training that meets the needs of Santa Cruz County businesses and workers, such as employability training and pathways for ESL learners to improve their work skills and education.	Adult Schools; Cabrillo College; Industry Cluster groups; Chambers of Commerce; Union apprenticeship programs	Unemployment rate/ Youth unemployment rate
1b: Build on existing efforts to identify current and future workforce needs of employers. Continue to enhance systems of linking qualified job-seeking workers with employers. Expand existing sectoral approaches, such as healthcare and construction, to other key industry areas as a means of developing a qualified workforce that meets employer needs.	Adult Schools; Cabrillo College; Industry Cluster groups; Chambers of Commerce; Union apprenticeship programs	
1c: Expand youth workforce training programs to prepare youth, especially those at risk of dropping out of high school, for work upon graduation. Expand technical training opportunities, such as the Career Technical Education and Regional Opportunities Program, for high school students.	K-12 School Districts; Career Technical Education Program; Cabrillo College; Regional Occupation Program	
1d: Update and improve aging educational facilities and build new educational and training facilities where needed to provide for K-12 education, post-secondary, lifelong learning and workforce training.	K-12 School Districts; Community Foundation; Corporations	
1e: Support improvements in K-12 education, especially math and science.	K-12 School Districts; Cities	

GOAL 2: REGIONAL PROSPERITY

OBJECTIVE	LEADING PARTNERS	PERFORMANCE MEASURES
2a: Identify and support the growth of industry clusters that drive economic growth in the region. Facilitate the networking of firms and professionals working within cluster industries through the formation of industry cluster organizations.	Chambers of Commerce; businesses; city/county economic development departments; WIB; colleges; industry cluster organizations	Job growth in all industries and in cluster industries Jobs retained Number of plant closures Building permit trends for non-residential construction/additions Dollars spent on infrastructure improvements Growth in TOT and sales tax revenues
2b: Assist with the growth of new and existing firms within target industries by providing entrepreneurial development services such as incubator space, access to capital, business planning assistance and mentoring.	Small Business Development Center; Cabrillo College; UC Santa Cruz; cities; finance institutions	
2c: Establish or expand technology transfer services to link businesses with the technologies they need to innovate and expand their businesses.	UC Santa Cruz; Cabrillo College; Santa Cruz Business Council	
2d: Support the growth of existing firms by offering business retention and expansion services.	County, cities, WIB	
2e: Ensure an adequate supply of improved office and industrial space for growing or re-locating firms.	Cities, County, real estate developers	
2f: Ensure an adequate supply of all necessary infrastructure, including telecommunications, transportation, water, waste collection and treatment and electricity.	Cities, County, utility districts	
2g: Leverage Santa Cruz County's unique natural, cultural and agricultural assets to support the growth of tourism.	Cities, County, Convention & Visitors Council; State Parks	
2h: Support the development of visitor-serving facilities.	Cities, County, Convention & Visitors Council; State Parks	

GOAL 3: QUALITY OF LIFE

OBJECTIVE	LEADING PARTNERS	PERFORMANCE MEASURES
3a: Ensure that the natural and cultural assets that attract visitors to Santa Cruz County are enhanced and protected.	Cities, County, State Parks, Convention & Visitors Council; Tourism Cluster	Number of visitors at state parks, including beaches, located in Santa Cruz County
3b: Ensure that Santa Cruz County's shoreline and beaches remain open, safe and attractive for existing and future residents and visitors. Improve access to beach areas by upgrading facilities, including restrooms, picnic areas, recreation facilities, amenities and parking.	Cities, County, State Parks, Convention & Visitors Council; Tourism Cluster	Number of days beaches closed due to environmental hazards
3c: Maintain and promote recreational opportunities in the County's mountain and forest areas, including its State parks, County parks and public trails and open spaces.	Cities, County, State Parks, Convention & Visitors Council; Tourism Cluster	Number of licensed child care slots
3d: Maintain high quality municipal services, particularly in the areas of public safety, recreation programs, libraries and social services.	Cities, County, utility districts, special districts	
3e: Continue to support the development of affordable housing choices.	Cities, County, redevelopment agencies, real estate developers	Number of affordable housing units constructed.
3f: Encourage the expansion of child care services.	Human Care Alliance / Child Care Coordinating Council	

GOAL 4: INFRASTRUCTURE

OBJECTIVE	LEADING PARTNERS	PERFORMANCE MEASURES
4a: Upgrade transportation infrastructure so that it meets state and federal safety standards for trucks, automobiles, bicyclists and pedestrians.	Cities, County, Caltrans, Federal Highway Administration	Progress on a Capital Improvement Program (CIP) projects; dollars spent on projects and number and value of un-funded projects
4b: Ensure water supply, treatment and distribution infrastructure has adequate capacity to meet current and future demand by residential, agricultural, commercial and industrial users.	Special districts	
4c: Ensure that all communications infrastructure, including wireless communications infrastructure, is adequate to meet the demands of existing and future businesses and residents.	Utility suppliers	
4d: Ensure that waste treatment, waste disposal, flood protection, and public safety facilities meet existing and future needs.	Special districts, irrigation districts, flood control, waste management	

GOAL 5: FISCAL HEALTH

OBJECTIVE	LEADING PARTNERS	PERFORMANCE MEASURES
5a: Support developments that have a net positive impact on the City, County and special district budgets.	Cities, County	Projects completed with positive net fiscal impact
5b: Coordinate development to achieve an efficient urban pattern of circulation and service delivery.	Cities, County, developers, special districts	Planning projects completed to meet objective
5c: Through targeted business recruitment and development activities, maximize the effective use of existing vacant buildings and business facilities to reduce the cost of economic growth and its use of scarce resources. Facilitate business transitions that have the potential to increase municipal revenues.	Cities, County	

GOAL 6: BUILD COLLABORATION

OBJECTIVE	LEADING PARTNERS	PERFORMANCE MEASURES
6a: Expand partnerships between colleges, universities, government, civic organizations and industry to develop and offer technical training needed by cluster industries.	Cities, County, colleges, civic organizations, business organizations	Projects completed to meet objective
6b: Encourage UC Santa Cruz to invest more heavily in research and development activities in Santa Cruz County, especially in those research endeavors that develop solutions for the County's energy, resource, industry development and sustainability challenges. This could include clean technology, alternative energy and digital imagery sciences.	UC Santa Cruz	
6c: Foster local partnerships between UC Santa Cruz, government, civic organizations and industry to support the licensing and commercialization of UC Santa Cruz technologies by Santa Cruz County firms. Encourage UC Santa Cruz to assist research faculty to help start new businesses to utilize on-campus research.	UC Santa Cruz, business organizations, civic organizations	
6e: Facilitate business-to-business partnerships that can foster broader economic growth.	Business cluster groups	

REGIONAL PROJECT PRIORITIES

Regional priorities for EDA project funding include the following projects listed in alphabetical order:

- Davenport Water Treatment Plan
- Downtown Parking at Cedar Street
- Downtown Watsonville Revitalization
- Manabe-Ow Industrial Park Infrastructure Improvements
- Pajaro River levee reconstruction—Watsonville
- Road Improvements on 41st Avenue in from Capitola City limit to Capitola Road and 46th Avenue from Capitola Road to Clares Street
- Scotts Valley Town Center
- Sidewalk installation along Bay Avenue, Park Avenue, Monterey Avenue and Jade Street.
- Skypark Specific Plan implementation of commercial elements
- Tannery Arts Center

PRIORITY – SETTING CRITERIA

The following criteria would be used by the CEDS Committee to rank project proposals for EDA funding in Santa Cruz County. The criteria are presented in recommended rank order.

1. Policy Criteria
   a. Consistency with CEDS goals and objectives
   b. Consistency with applicable City/County economic strategic plan or approved community/general plan
2. Job Creation Criteria
   a. Potential total new jobs created
   b. Potential new jobs with higher than median wage for each potential occupation category
   c. Potential jobs saved/retained
3. Potential additional private sector investment
4. Potential regional economic impact
5. Fiscal Impact Criteria
   a. Potential net fiscal impact
   b. Potential sales tax generated
   c. Potential transient occupancy tax generated
   d. Potential property tax generated
6. Workforce Criteria
   a. Increases workforce skills
   b. Increases access to workforce training
7. Positive or minimal impact on environment
8. Positive impact on transportation access/infrastructure/affordable housing
9. Promotes sound management of physical development
10. Promotes in-fill or reuse of existing structures
12. Increases access or use of high-speed telecommunications

LOCAL ECONOMIC DEVELOPMENT PRIORITIES & PROJECTS

COMMUNITY LEVEL ECONOMIC DEVELOPMENT ISSUES

The following sections describe specific issues for each of the communities in the County. The discussions identify key issues the communities would like to address, priority projects to accomplish, community goals and the anticipated role of the private sector in meeting these needs. Complete economic development project lists are provided for each community in the CEDS Plan of Action (see pp. 39-46).

CITY OF CAPITOLA

Incorporated in 1949, the City of Capitola encompasses a total of about 2 square miles, making it the smallest incorporated city in Santa Cruz County. Capitola has a total population of 9,960 (2007), and this population level has remained relatively constant over the past decade. The city occupies a location about 5 miles south of the City of Santa Cruz with a beachfront along the Pacific Ocean. Highway 1 provides a vehicular access along the city's northern boundary. Capitola is located approximately 30 miles south of San Jose, and with its coastline location has a relatively temperate climate all year-round. Average daily high temperatures range from 76 degrees in the late summer months to 61 during the winter. The average low temperatures range from 53 degrees during the summer months to 40 degrees during the winter. Capitola has an average annual precipitation of over 30 inches, with the wettest months in January and February, and less than one inch of rain per month during the summer.

Capitola's population, according to the 2000 Census, is primarily white (77.9 percent) with smaller concentrations of Hispanic/Latino (12.6 percent), Asian (4.7 percent), mixed race (3.0 percent), and African-American (1.1 percent) residents. In addition, Capitola has a highly educated population with over 90 percent of the local population completing at least a high school education. The 2000 median income in Capitola was $46,048.

The unemployment rate in Capitola in 2007 has fallen below 3.0 percent, which is below the average unemployment rate for Santa Cruz County and California as a whole.

The primary industries in Capitola are retail trade and food service/accommodations. Together, these sectors account for approximately 60 percent of the private sector employment in Capitola. This is largely tied to Capitola's economic roles as a tourism attraction and a significant location for regional retail in Santa Cruz County. Major employers in Capitola include Macy's, Mervyn's, Gottschalk's, Shadowbrook restaurant, AAA, Trader Joe's, and Orchard Supply Hardware.

Factors Affecting Capitola's Economic Performance

- Much of the city's land area is built out, with few vacant sites available for new development projects. The City owns a 4.3 acre vacant parcel (the MacGregor site) that has recently functioned as a seasonal park-and-ride lot for beach visitors, and has been considered for new hotel development. The Rispin site, approximately seven acres, represents an opportunity for the City to increase its presence as a visitor serving community, with a 25 unit boutique hotel in the final stages of development. Other potential development opportunities throughout Capitola would primarily involve reusing underutilized sites that have existing buildings and/or uses.

- Capitola has served as a primary destination for regional retail in Santa Cruz County for the past three decades. Capitola Mall is the only enclosed regional shopping center in the county. In addition, Capitola's auto mall attracts shoppers from throughout Santa Cruz County. However, retail sales in Capitola have remained relatively flat, even as population and income levels have increased countywide, due to new competition as surrounding communities have developed their own regional retail uses. Moreover, Capitola Mall and the auto mall have limited space for expansion projects. The economic challenge for Capitola's retail base is keeping its regional retail centers viable and relevant as the retail market in general evolves, and competition within the region increases.

- The portion of 41st Avenue that runs through the City of Capitola generates the vast majority of the retail sales activity in the city. The mall and the other shopping centers adjacent to the 41st Avenue corridor annually generate over $450 million in retail sales, which exceeds the total retail spending by local residents but also represents a 12 percent (in constant dollars) decline since 2000. The corridor though has issues with traffic congestion, retail vacancies, and some existing retail building configurations that do not necessarily follow development prototypes for newer shopping centers. Keeping the 41st Avenue viable as an economic resource is a high priority for Capitola. The City of Capitola has identified several improvement projects for the 41st Avenue corridor that it will try to implement over the next few years, which are included with other projects in the "Planned Economic Development Activities" section of this report. In addition, the City will soon begin a revitalization study focusing on the 41st Avenue corridor. Projects for 41st Avenue include road improvements, identification of mixed use development opportunities, and other transportation improvements.

- Capitola Village primarily serves as a visitor destination, with its retail uses largely serving the visitor market. The Village's retail trends have remained relatively flat in recent years, and growth potential from visitors is limited by parking and access issues, and the relatively low number of hotel rooms in close proximity to the beach area. The vacant Capitola Theatre site represents the most significant underutilized property in the Village area, and has been identified as an opportunity site for future hotel/lodging development. In addition, the City will soon embark on studies identifying circulation and parking options for the Village, and potential reuse options for City Hall and the surrounding parking lot that are adjacent to the Village.

- The Upper Village area has seen growth in retail sales in recent years, particularly with recent renovations and expansions to the Nob Hill Foods shopping center. The Upper Village has some underutilized properties identified for future projects, in particular the Capitola Inn and the Redtree Properties site near the Nob Hill Center.

- Capitola's industrial development is limited to a light industrial area along Kennedy Street. These parcels have been built out, but some of the existing uses are underutilized. Generally, Capitola's industrial businesses are small-scale operations.
- An abandoned theater site adjacent to the beach provides a future opportunity to augment Capitola's tourism market by adding additional high profile and upscale lodging options.

Role of the Private Sector

The City owns a 4.3 acre vacant parcel (the MacGregor site) that has recently functioned as a seasonal park-and-ride lot for beach visitors, and has been considered for new hotel development. Also, the City is anticipating that the Rispin Mansion, which sits on seven acres, will be turned into a private 25 unit boutique hotel. This represents an opportunity for the City to increase its presence as a visitor serving community. Other priority private-sector development projects include a hotel project on the Capitola Village theatre site and the development of the Redtree Properties site.

Public & Private Sector Projects

The following list represents planned economic development-related projects in the City of Capitola. This list is not exhaustive but represents current priorities for future projects for which EDA funding may be appropriate, or which support key economic development goals and objectives in the City of Capitola.

City Of Capitola	
Public Sector	**Private Sector**
▪ Road improvements on 41st Avenue from city limit to Capitola Road, and 46th Avenue from Capitola Road to Clares Street ▪ Sidewalk installation along Bay Avenue, Park Avenue, Monterey Avenue, and Jade Street ▪ Capitola Village circulation and parking improvements ▪ Library and Civic Center improvements ▪ Mixed-use opportunities on 41st Ave. ▪ Transportation improvements on 41st Ave. ▪ Cliff Drive erosion stabilization project ▪ Park construction	▪ Rispin Mansion development ▪ Hotel project in Capitola Village on theater site ▪ McGregor site development ▪ Capitola Inn renovation/reuse ▪ Redtree Properties site development

CITY OF SANTA CRUZ

Incorporated in 1866, the City of Santa Cruz is the county seat for Santa Cruz County. With a land area of 12.7 square miles, Santa Cruz has a total population of 57,553 (2007), making it the most populous incorporated city in the county. Santa Cruz's population has only grown by 5.4 percent since 2000, with an annual average of 0.8 percent. The city is served by regional highway connections, with Highway 17 connecting Santa Cruz to San Jose and the rest of the San Francisco Bay Area to the north, and Highway 1 providing access to the rest of the Monterey Bay to the south as well as other coastal areas to the north. In addition, the city is served by a public bus system. Santa Cruz's major institutional assets include the University of California, Santa Cruz campus, and governmental offices for Santa Cruz County.

The community's coastline location is directly adjacent to the City of Capitola and offers a mild year-round climate. Average daily high temperatures range from 76 degrees in the late summer months to 61 during the winter. The average low temperatures range from 53 degrees during the summer months to 40 degrees during the winter. Santa Cruz has an average annual precipitation of over 30 inches, with the wettest months in January and February, and less than one inch of rain per month during the summer.

According to the 2000 Census, Santa Cruz has a largely white population (72 percent). Hispanic/Latino residents comprise 17 percent of the population, while Asians make up 4.9 percent of the population, and mixed race residents constitute 3.3 percent of the total. As expected in a community with a major university, Santa Cruz's population is highly educated with about 89 percent of the local population completing at least a high school education. The 2000 Census reported the median income in Santa Cruz at $50,605. Approximately 16.5 percent of residents in Santa Cruz lived below the poverty level in 2000, which is considerably higher than the poverty rates in Scotts Valley (2.5 percent) and Capitola (7.0 percent).

The unemployment rate in Santa Cruz in 2007 fell below 4.5 percent, which is just below the county and statewide averages. Santa Cruz has the most diverse employment base within the county, with a notable concentration of jobs represented in nearly all major industry groups. The private sector industries with the highest employment in Santa Cruz are professional services, health care, arts and recreation, utilities, and information. Santa Cruz very clearly benefits economically from the presence of the UCSC campus, as well as major visitor attractions such as the Santa Cruz Beach Boardwalk. Santa Cruz's 2003 Economic Development Strategy identified the city's major employers. These major employers included Plantronics, Santa Cruz Beach Boardwalk, Sodexho Management, Community Bridges, Costco, Santa Cruz Biotechnology, and Crows Nest.

Factors Affecting Santa Cruz's Economic Performance

- Santa Cruz's land areas are largely built out with some vacant and underutilized sites available for new development. Much of the land area available for industrial development is concentrated in the Westside District. This area includes a 20-acre site, as well as a property owned by UCSC that was recently studied as a potential location for a business incubator.
- The City administers two redevelopment project areas. The Merged Earthquake Recovery and Reconstruction Project Area combine two previously created redevelopment districts in 1990.

This project area encompasses the largest land area, and includes the downtown and beach areas, the Harvey West and Westside industrial areas, San Lorenzo River area, and the Mission Street corridor. The Eastside Business Improvement Project includes Soquel Avenue and Water Street, and this project area was adopted in 1990. Current major projects include the reuse of the former Salz Tannery facility.

- The City's 2003 Economic Development Strategy identified three key economic groupings: education, manufacturing and technology, and retail/tourism/arts and entertainment.
- Education: UCSC is a significant source of direct jobs, and other economic activity in the community. In addition to economic impacts created through the university's operations and resultant employee and student demand for local goods and services, UCSC's research activities are also a catalyst for business creation and technology transfer.
- Manufacturing and Technology: Since the 1990s, Santa Cruz has seen the closure of several large-scale facilities, primarily in the manufacturing and technology sectors. Among other reasons, these plant closures resulted from corporate consolidations, as well as the lack of affordable housing. More recently, Santa Cruz has emerged as a center for the design and manufacture of sporting goods and other active lifestyle products.
- Retail: Santa Cruz's retail sectors generally mirrored the countywide trends with approximately 28 percent growth in taxable sales between 1998 and 2006, and as a result, its share of the overall taxable sales in Santa Cruz County did not change much during this time. Santa Cruz has placed great importance on maintaining the competitiveness of its downtown area, and commercial districts. This contrasts with the more rapid that occurred earlier in the 1990s, during which time Santa Cruz expanded its retail offerings and in particular added new general merchandise stores.
- Tourism: Santa Cruz is a major tourism destination, particularly with the presence of the beach and the Boardwalk. Santa Cruz also has the largest concentration of lodging in the county with over 2,000 hotel rooms. However, fewer than 100 hotel rooms have been added over the past decade, and the lodging in Santa Cruz primarily serves the budget market. Conference facilities and hotels that serve the higher end of the lodging market are in very limited supply, which constrains the diversity of overnight tourism activity that Santa Cruz can attract.
- Arts and Entertainment: Santa Cruz has a very strong tradition and concentration in arts and cultural activities. This presence of artists and the economic activity that accompanies culture and entertainment events adds to the quality of life, which in turn helps to attract creative professionals to the community. The reuse of the Salz Tannery is envisioned as a world-class artists village, incorporating live/work spaces and performance venues.

Role of the Private Sector

The private sector plays a pivotal role in the Santa Cruz's future economic vitality. The city places a high priority on five future private sector projects. These include a technology incubator, the Santa Cruz Innovation and Design Center, to be located in an industrial building vacated by Texas Instruments. Despite the importance of tourism for the Santa Cruz economy, the city of Santa Cruz does not yet have a full-service conference hotel and has made the development of such a facility by the private sector a high priority. The City anticipates the development, by the private sector of the Terrace Point Marine Research Center to capitalize on its proximity to the Monterey Bay Aquarium and Research Institutes. To make better use of existing infrastructure, the city is encouraging office and retail development in its downtown through private infill projects.

Public & Private Sector Projects

The following list represents planned economic development-related projects in the City of Santa Cruz. This list is not exhaustive but represents current priorities for future projects for which EDA funding may be appropriate, or which support key economic development goals and objectives in the City of Santa Cruz.

City Of Santa Cruz	
Public Sector	**Private Sector**
▪ Tannery Arts Center ▪ Downtown parking at Cedar St. ▪ 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 ▪ Personal rapid transit ▪ Business incubator/tech transfer ▪ Food incubator ▪ Clean tech initiatives ▪ High tech industry infrastructure ▪ Monterey Bay National Marine Sanctuary Visitors Center	▪ Terrace Point Marine Research Center ▪ Downtown commercial/office development ▪ Beach area conference hotel ▪ Downtown major retail anchor ▪ Santa Cruz Innovation and Design Center

CITY OF SCOTTS VALLEY

The City of Scotts Valley is nestled in the redwoods in the upland slopes of the Santa Cruz Mountains with the scenic Monterey Bay just a short distance away. For the 11,615 inhabitants, the year-round climate in and around this small town is mild and the outdoor environment is very scenic. While Scotts Valley is a relatively new city as it was incorporated in 1966, in reality, it was founded as a community in 1850, and is as old as State of California. The natural charm and quiet that attracted this city's namesake over a century and a half remain to this day, and are more appreciated now given the explosive population and economic growth in nearby Silicon Valley, which is a manageable 30-mile commute.

At $87,669, median household income in Scotts Valley is relatively high compared to Santa Cruz County and the San Francisco Bay Area, where median household incomes are $65,342 and $75,054, respectively. A fairly affluent city, only one percent of all families in Scotts Valley live below the poverty line compared to seven percent for the county as a whole. The income distribution is generally higher across the board than in the County, with 89 percent of residents living above 200 percent of the poverty level versus 72 percent for the county. What is behind this relative affluence is that many in the labor force are in professional managerial positions. Fifty-three percent of working residents are in these occupations, as opposed to 40 percent and 44 percent for the county and the San Francisco Bay Area region. In fact, only two percent of local labor force is unemployed, versus almost five percent for the county as a whole.

While a good number of workers commute to the Silicon Valley, Scotts Valley boasts a fairly diverse economy that represents the characteristics of the local workforce. Of the 666 employers in the city, thirty percent are in industries suited to a professional managerial workforce. In the county, 24 percent of all businesses are in office-related industries, such as finance, insurance, real estate, professional consulting, and software publishing services. Major employers in Scotts Valley include many knowledge-based high-tech companies: Seagate Technology, Borland/Inprise, Threshold Enterprises, and AVIZA. Other major employers are The Santa Cruz Sentinel, Oak Tree Villa, and the Scotts Valley Unified School District.

Factors Affecting Economic Development

- The small town of Scotts Valley is served by two main arterials. Congestion at any one spot of the two main arterials can have citywide repercussions. As a result, improving the connection between these arterials and Highway 17 has been a matter of deep concern. A long-proposed interchange with Highway 17, if implemented, could relieve congestion not just in the mid-town area, particularly around El Pueblo Road, but throughout the city as well.

- While Scotts Valley enjoys a breadth of businesses in various industries, overall employment has stagnated, if not declined somewhat since 2000. City officials are looking to the proposed mixed-use "Town Center at Skypark" as a way to create a downtown area where none exists today, generate much needed sales tax, create jobs, serve as a community focal point via a new library and transit center, and replace a blighted land use with a new, well-designed pedestrian-friendly built environment. Right now, the 22-acre site is comprised of a mix of ownerships between the City of Scotts Valley, the City of Santa Cruz and a number of private landowners, as well as other public landowners such as the federal government. City officials are deliberating over a key part of the project, namely how to deal with a site where two companies store large volumes of propane. In addition to the "Town Center at Skypark," officials are also proceeding with retail/restaurant and office development in a project called "Gateway." Council has approved a 136,000 square foot office building adjacent to the Scotts Valley Hilton, and the discount retailer, Target, has submitted their application to the City to locate a 150,000 square foot store there as well.

- The City places a strong emphasis on improving its quality of life as part of its economic development program. Although the City has not reached its projected goal for developed park facilities, with a new 7.5-acre park underway that is part of the Glenwood residential project, Scotts Valley is coming closer to its goal of five acres of developed parks per 1,000 residents. Currently, the City has 3.3 acres per thousand residents. With the new 7.5-acre park and another new park underway, the City will have 4.1 acres per one thousand residents. The City is on track for meeting its 5 acre per thousand residents target by the Year 2020.

Role of the Private Sector

The City of Scotts Valley has completed a specific plan for its Town Center, which includes plans for retail, office and residential uses. While the City will rely on the private sector to implement the plan, much needs to be done in the way of infrastructure development for which EDA funding will be critical. Other future development sites include the Skypark area and the Gateway Specific Plan area.

PUBLIC & PRIVATE SECTOR PROJECTS

The following list represents planned economic development-related projects in the City of Scotts Valley. This list is not exhaustive but represents current priorities for future projects for which EDA funding may be appropriate, or which support key economic development goals and objectives in the City of Scotts Valley.

CITY OF SCOTTS VALLEY	
Public Sector	**Private Sector**
▪ Scotts Valley Town Center project with mixed use retail, office and residential ▪ Completion of the remaining commercial elements of the Skypark Specific Plan ▪ Construction of a new Scotts Valley library/civic center ▪ 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	▪ 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 propane facilities 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 Dr. ▪ Phase II of the expansion of the Enterprise Technology Center

▪ 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 ▪ Relocation and renovation of the historic Octagon Building	▪ Camp Evers Special Treatment Area Plan' ▪ Polo Ranch residential project (40 units) ▪ Habitat For Humanity development off of Scotts Valley Drive (6 units) ▪ Master planning process and student residences at Bethany College

CITY OF WATSONVILLE

The City of Watsonville is located in the Pajaro River Valley in southern Santa Cruz County, immediately north of Monterey County. Watsonville is 45 miles south of San Jose and 85 miles south of San Francisco and Oakland.

Watsonville's current estimated population is 51,258, an increase of 2.5 percent over 2006[2]. The number of occupied housing units in the city grew by 19.5 percent between 2000 and 2007 to a total 13,971. Average household size is relatively large in Watsonville, with 3.73 persons per household versus 2.65 for the county as a whole.

The area around Watsonville is a major agricultural area. The region has a typically Mediterranean climate with warm, dry summers and cool, wet winters. Average high in the summer is 70 degrees Fahrenheit and the average low in winter is 38 degrees. Average annual precipitation, which falls between the months of October and May, is 22 inches of rain. The growing season is about ten months long with 260 days of sunshine. Its location—bordered on the west by the Pacific Ocean and on the east by the Santa Cruz Mountains—provides a unique growing environment for high-value crops such as cut flowers, landscape plants and berries. In general, agriculture in Santa Cruz County is continually evolving to take advantage of its unique climate and its location near the San Francisco Bay Area market. In earlier years, one of the dominant crops was apples, which has declined substantially and today grosses only about $3,000 per acre. In contrast, indoor cut flowers (including roses) are the highest value crop, grossing between $50,000 and $175,000 annually per acre. In addition, per acre production values for berries ranges from $40,000 per acre to $55,000 per acre. In 2006, Santa Cruz County's total crop production value was $414 million due to an increase in the acreage devoted to berries and flowers.

Watsonville is a major employment center for Santa Cruz County. In 2000, there were 23,522 jobs located in the city. At that time, 19,739 Watsonville residents were in the labor force and the city's employers attracted workers from surrounding communities. The city has historically been the heart of

[2] California Department of Finance

the Santa Cruz County food processing industry. Over the last decade, employment in food processing has declined due to improvements in processing technologies and re-structuring within the food processing industry. As of 2007, there are 21,700 residents in the labor force. While the overall unemployment rate in Santa Cruz County was 5.5 percent in November 2007, that of Watsonville was 12.3 percent, partly due to its over-reliance on agriculture and food manufacturing. Watsonville's primary economic development goal is to diversify its economic base by attracting a wider range of industries to the City.

Between 2003 and 2005, growing economic base industries included: building construction; food manufacturing; heavy and civil engineering construction; merchant wholesalers of non-durable goods; and, primary metal manufacturers.[3] However, since that time both food manufacturing/processing and metal manufacturing jobs have declined due to business closures. In the past two years, closure of food processing operations (Birdseye and Wildwood Tofu) and metal fabricating (Indalux) have resulted in the loss of 700 – 1,000 jobs.

In 2007, it is estimated that Watsonville has about 7,623 industrial jobs and 4,628 office jobs.[4] The largest employers in the City are the City of Watsonville, Dutra Farms, Granite Construction, Larse Farms, Martinelli's, Monterey Mushrooms, Pajaro Valley Unified School District, Securitas Security Services, Titan Corporation, Watsonville Community Hospital, and West Marine, Inc.

In 2000, the median household income was $37,617, far below the U.S. median of $41,994. In that same year, there were 8,361 individuals living below the poverty level, about 19 percent of total population. This is well above the U.S. poverty rate of 12.4 percent.

The area's strength and distinction in agriculture and food processing has attracted a large number of Mexican immigrants to work in the fields and the food processing plants. As a result, approximately 75 percent of Watsonville's population in 2000 was comprised of persons of Hispanic origin and 70 percent of all persons over the age of 5 spoke a language other than English at home.[5] This is reflected in the recent high school graduation rates for the Pajaro Unified School District, which are much lower than those for the county as a whole. (See Table 11) The share of Pajaro Valley Unified students who are English Language Learners ranges from 42 percent to 45 percent of the student body.

Factors Affecting Watsonville's Economic Performance

- The Manabe-Ow (formerly Manabe-Burgstrom) property located in the southwest corner of the current City limit contains approximately 89 acres. Approximately 25 acres will be set aside for environmental purposes. A specific plan is currently being developed for the remaining 58 acre site. The City's General Plan envisions this area to accommodate up to 28 percent of the 20-year projected job growth, or up to 2,100 new jobs. It is anticipated that the area will consist of an innovative business park based on flex-space and/or corporate headquarters design and light

3 ADE, "Office and Industrial Market Demand Analysis," draft.
4 ADE, "Office and Industrial Market Demand Analysis," draft.
5 U.S. Census 2000

industrial space.[6] The provision of infrastructure improvements and wetlands restoration at the Manabe-Ow site are two of the City's highest priority projects for the next five years.

- The Watsonville General Plan, Watsonville Vista 2030, has projected a growth of 5,700 households and 7,500 jobs by the year 2030. Those new jobs are anticipated to be distributed in eight distinct areas of the City. Jobs in export or traded-sector industries (including tourism) are to be located at the following sites: Manabe-Ow, 2,100 jobs; West Beach Street, 1,435 jobs; Airport Area, 1,200 jobs; Downtown, 975 jobs; and Atkinson Lane, 90 jobs. The remaining three employment areas, including Buena Vista, Freedom Corridor and East Lake Avenue, will provide jobs primarily in retail and service industries in neighborhood or community commercial centers.

- Watsonville's Redevelopment Project Area encompasses a total of 1,830 acres. The Central Downtown area and the Westside Industrial Area together comprise 550 acres. The downtown area is primarily commercial in character with pockets of residential development located at the fringes and has in recent years experienced significant physical and economic decline. The Westside Industrial Area is comprised primarily of aging food processing facilities. The Redevelopment Area contains a significant number of substandard parcels and older substandard structures that might benefit from rehabilitation or recycling.[7] In support of the redevelopment of the City's older industrial areas, and in recognition of the growth opportunities in clean tech industries, brownfield remediation employment training, along with remediation implementation, are among those projects the City anticipates undertaking.

- The City's Redevelopment Agency's Implementation Plan (the "Plan") addresses industrial and business development and recognizes the need to incentivize the development of business space and facilities and to support the growth of businesses. Business attraction, retention and expansion activities are all components of the Plan, as is revitalization of the City's industrial core, including assembly of underutilized sites, provision of public improvements and business assistance.

- The supply of potable water in Santa Cruz County, as with most areas in California, is a key growth management and economic development issue. The City of Watsonville's water capacity is about 7,854 acre feet per year (AFY) while its usage is already at 7,257 AFY.

- The current state of transportation infrastructure is also a limiting factor in economic development. According to the Association of Monterey Bay Area Governments ("AMBAG"), State Routes 129 and 152 in Watsonville are at or near Level of Service ("LOS") F. These routes experience heavy truck traffic and commuter impacts and do not meet current road construction standards.

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[6] WatsonvilleVista 2030.
[7] Watsonville Redevelopment Project Area Implementation Plan

Development of additional light industrial space and improvement of Watsonville's downtown core and its retail and tourism industry will be key to the City's fiscal health and ability to continue to provide high quality public services. Between 1998 and 2005, Watsonville's Transient Occupancy Taxes (TOT) grew by 115 percent from $281,000 to $607,000. Likewise, the annual taxable sales increased by 76 percent from $340 Million to $599 Million.

Role of the Private Sector

The City's priorities over the next five-year period, particularly relating to potential EDA funding, are development of the infrastructure for the Manabe-Ow light industrial park area and the rehabilitation and revitalization of Downtown Watsonville. The developer for the Manabe-Ow site is currently finalizing a specific plan and development feasibility study for the site. The plan will outline the location and intensity of office and industrial space as well as needs for infrastructure improvements. Since the City's highest economic development priority is to offer a greater number of higher quality jobs, it will work closely with the private sector to develop office and industrial space at other sites in the city, including the Airport Blvd. area, the Sakata Lane area, the Auto Center Drive area and the downtown area.

Public & Private Sector Projects

The following list represents planned economic development-related projects in the City of Watsonville. This list is not exhaustive but represents current priorities for future projects for which EDA funding may be appropriate, or which support key economic development goals and objectives in the City of Watsonville.

City Of Watsonville	
Public Sector	**Private Sector**
▪ Manabe-Ow Industrial Park infrastructure improvements ▪ Downtown area plan & revitalization ▪ Development of economic gardening program ▪ Walker Street reconstruction ▪ 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 ▪ Brownfield remediation employment training ▪ Downtown sign and façade improvement loan program ▪ Third fire station ▪ Brownfields assessment and cleanup ▪ Hotel/convention development	▪ Manabe-Ow Industrial Park ▪ Downtown revitalization projects ▪ Auto Center Drive improvements ▪ Airport area commercial/industrial development ▪ Sakata Lane light manufacturing buildings ▪ 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) ▪ Wall Street Inn rehabilitation

CITY OF WATSONVILLE	
Public Sector	**Private Sector**
▪ Expansion of Cabrillo College vocational education building ▪ 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 ▪ Struve Slough Bridge ▪ Access Road development/improvements for airport ▪ Airport area master plan/develop ▪ Wastewater treatment plant operations building and laboratory ▪ Watsonville water recycling project ▪ 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	

SANTA CRUZ COUNTY UNINCORPORATED AREA

The County unincorporated area contains much of the county's natural open space and agricultural land, but also nearly half of the county's population, at 130,386 in 2007. This population has grown 4.8 percent since 2003, compared to only 2.2 percent for the county as a whole. The unincorporated population is about 17 percent non-white, compared to 25 percent for the entire county, with about half the proportion of Hispanic or Latino persons. It has a higher proportion of people living in poverty, at 11.9 percent compared to 8.9 percent, with 3.2 percent of children under 18 in poverty compared to 2.2 percent countywide.

There are a number of distinct communities in the County jurisdiction, representing a wide range of economic groups.

- The San Lorenzo Valley includes the communities of Felton, Ben Lomond, Boulder Creek and Mt. Hermon. This area is in the redwood forest and supports substantial tourist activity, particularly at the nearby state parks. Unemployment measured in Ben Lomond in 2006 stood at 1.7 percent, compared to the countywide rate of 5.6 percent.

- Davenport is a small community along the coast, about 12 miles north of the City of Santa Cruz. It contains a major concrete manufacturing plant which represents a major economic asset to the County. However, the community water system is badly deficient and constitutes a major improvement priority for the County. In addition, many sewer mains in the community are in need of replacement. A significant portion of the residents of Davenport qualify as low or very low income. About 65 percent of families have incomes up to 75 percent of Federal Poverty Guidelines. In Fiscal Year 06/07, 1238 individuals (non-duplicated) received services from the Davenport Resource Service Center. This center provides low-income persons with information and referral, translation, food, transport, and direct services. Seventy-seven percent of these recipients are Latino though only 11 percent of Davenport's total population is Latino.

- Immediately east of the City of Santa Cruz is the community of Live Oak. This area is heavily populated and is urban in character, with neighborhood commercial areas and some light manufacturing uses. It has the highest unemployment rate of the areas in county jurisdiction, at 4.2 percent in 2006. It also had 10.1 percent of individuals living in poverty, compared to 8.9 percent countywide.

- Soquel, north of Live Oak and Capitola, is also mostly urban, although it stretches into the hills and supports lower density residential in the hilly areas. Soquel has some major commercial centers along Soquel Drive and on the north side of the freeway interchanges along State Route 1. It had a slightly lower unemployment rate than did Live Oak, at 3.8 percent.

- Aptos and Rio del Mar are east of Capitola and generally include lower density residential uses, as well as a town center and other commercial areas. The Aptos area is a major focus of County efforts to improve the commercial mix in the area. Aptos has relatively low unemployment at 1.9 percent, with Rio del Mar at 2.9 percent.

- Freedom, is southeast of Rio del Mar and extends to areas adjacent to the City of Watsonville in the southern portion of the County. This area is generally low density and rural, with very scattered commercial development. The population in this area is 69 percent Hispanic, with more than 17 percent of individuals living below the poverty level.

Factors Affecting the County's Economic Performance

- In 2006, the unincorporated area generated about one-third of total taxable sales in the County and a little over 40 percent of the transient occupancy taxes. Both of these figures are below its share of population.

- Like many counties in California, Santa Cruz County government has seen significant budget issues in recent years, as state budget policies have impacted local governments. The County has identified $300 million in deferred flood control and road maintenance costs, as well as another $10.3 million unmet water and wastewater facilities needs. These deficiencies affect the economic development potential of the unincorporated area.

- The current treatment system in Davenport, which serves approximately 245 residents, is out of compliance with State regulations in that it consists of unapproved technology, has filter rates that exceed the allowable limits and has filtered water turbidities that exceed performance standards following a storm event. As a result, the residents of Davenport are required to rely on bulk hauled water during certain times of the year. Additionally, the existing water storage tank is undersized and has deteriorated to such an extent that replacement is necessary. The cost of Phase I of the Davenport Water Treatment Improvement Project is $750,000 and will result in a new surface water treatment facility designed to achieve the necessary pretreatment and filtration requirements. Additionally, a new water storage tank will be constructed to meet fire flow requirements. Funds totaling $650,000 are available for project construction, mostly from the Department of Health Services Safe Drinking Water State Revolving Fund. The County is seeking an additional source of funding for the remaining $100,000 in order to relieve residents of costly service fees. Approximately one-half of the households surveyed in preparation for the project qualified as low or very low income. Construction is scheduled to begin in the spring of 2008.

The second phase of the project, reconstruction of the water distribution system, is planned to replace deteriorating sewer and water mains. The distribution lines are old and leaking and need to be replaced to conserve water and to provide better water pressure. In the newer section of Davenport, low pressure results in an inability to meet fire requirements for water pressure at the hydrants. Design has not yet begun for this phase of the project and funding sources have yet to be identified.

- In addition to the efforts to improve the Aptos commercial area through implementation of the Aptos Village Community Plan, much of the economic development focus of the County is in its redevelopment project area, which includes major portions of the communities of Live Oak and Soquel. Current projects in this area include retail expansion projects on the west side of upper 41st Avenue, the Soquel Drive medical district, implementation of the Soquel Village plan, phase 2 of the Live Oak business park, a hotel site at 7th Avenue and Brommer St., and neighborhood retail development at Capitola Rd. and 17th Avenue, among others.
- Other County projects related to major infrastructure needs including reconstruction of the Pajaro River levee and a variety of other road rehabilitation and storm drain projects.

Role of the Private Sector

The private sector will play a major role in the implementation of the Aptos Village Community Plan, as well as other projects in the County's redevelopment project area, which includes major portions of the communities of Live Oak and Soquel. Current projects in this area include retail expansion projects on the west side of upper 41st Avenue, the Soquel Drive medical district, implementation of the Soquel Village plan, phase 2 of the Live Oak business park, a hotel site at 7th Avenue and Brommer St., and neighborhood retail development at Capitola Rd. and 17th Avenue.

PUBLIC & PRIVATE SECTOR PROJECTS

The following list represents planned economic development-related projects in the unincorporated communities of Santa Cruz County. This list is not exhaustive but represents current priorities for future projects for which EDA funding may be appropriate, or which support key economic development goals and objectives in the County of Santa Cruz.

County Of Santa Cruz	
Public Sector	**Private Sector**
▪ Pajaro River levee reconstruction – Watsonville ▪ Davenport Water Treatment Plant and water distribution system ▪ Aptos Village Plan Implementation ▪ Rio Del Mar Esplanade drainage improvements ▪ State Park Drive streetscape improvement project ▪ Bear Creek Road bridge reconstruction ▪ Graham Hill road safety improvements (near Roaring Camp) ▪ 7th Avenue & Brommer Street hotel site ▪ Capitola Road at 17th Ave. neighborhood retail site ▪ Implement Soquel Village plan parking lot and flood control ▪ Bonny Doon Road rehab project ▪ Calabasas Road sidewalks ▪ Center Street sidewalks ▪ Traffic signals on Corralitos Road at Varni Rd. and at Freedom Blvd. ▪ Disability access facility (sidewalk ramps) improvements (various locations) ▪ El Rancho Drive storm damage repair – bridge project (under const.) ▪ Traffic signal on Graham Hill Rd. at Lockewood Lane ▪ Green Valley Road rehab project (including sidewalks & intersection improvements at Airport Blvd) ▪ Holohan Rd. at State Hwy 152 intersection improvements ▪ Various integrated watershed restoration projects throughout County road system ▪ Culvert replacement projects at Kings Creek and Gold Gulch ▪ Mt. Hermon Road rehab project ▪ Quail Hollow Road bridge replacement project ▪ San Andreas Road rehab project ▪ Sims Road pedestrian path and bike lane project ▪ Traffic signals on Soquel Drive at	▪ Aptos Village Plan Implementation ▪ Aptos Village Road, traffic signal and sidewalk improvements (primary funding by land owner/developer) ▪ West side of upper 41st Avenue retail ▪ Soquel Drive medical district – Dominican and Sutter Hospitals ▪ Live Oak Business Park, Phase 2 ▪ Implementation of Soquel Village plan ▪ East Cliff Shopping Center redevelopment ▪ 17th / Capitola Road retail site

County Of Santa Cruz	
Public Sector	**Private Sector**
Willowbrook Lane, and Cabrillo College, and T. Hopkins Rd. ▪ Storm damage repairs (various locations in San Lorenzo Valley, Summit Area and Aptos) ▪ Wilder Ranch bicycle path extension – phase 2 project ▪ Replace/reline portions of sewer collection lines sand trunk lines serving Live Oak, Capitola and Aptos	

INTEGRATING THE CEDS WITH STATE ECONOMIC DEVELOPMENT PRIORITIES

As part of the comprehensive economic development strategy, the federal EDA requires jurisdictions sponsoring local and or regional CEDS to demonstrate how their respective strategies integrate with official economic development strategies of the state in which sponsoring jurisdictions are located. At this time, the State of California does not have an official economic development strategy for the state as a whole or for particular regions and areas within the state. The agency that monitors economic development in the state, called the 'California Economic Strategy Panel' (http://www.labor.ca.gov/panel/espcrepindex.htm), disseminates economic data and reports. At this juncture, the Economic Strategy Panel has not developed official strategies for the state, regions, or particular industries. It is worth noting that the Panel collaborates with the California Workforce Investment Board (http://www.calwia.org/), which regularly issues a strategic plan that is updated every two years. The California Workforce Investment Board's two-year strategy describes the Governor's vision on how the public workforce system supports economic development in California.

The Santa Cruz County CEDS integrates or complements the California Workforce Investment Board's "Strategic Two-Year Plan" in several ways. First, California embraces a regional collaborative/sector strategy approach in developing policies and priorities with respect to workforce investment. What is referred to as "collaborative/sector strategy" by the state is referred to as "clusters" by members of the Santa Cruz County CEDS project (see "Goal 2: Regional Prosperity"). As important, the Santa Cruz County CEDS prioritizes workforce development as a major goal, and all of the objectives within this goal are consistent with the California Workforce Investment Board's "Strategic Two-Year Plan." Another similarity between the California Workforce Investment Board's document and the Santa Cruz County CEDS has do with the emphasis on partnerships between local and regional entities in addressing the underlying circumstances leading to the need for the CEDS in the first place. The Santa Cruz County CEDS builds on these similarities by adding goals with respect to fiscal stability and infrastructure improvement, which are not addressed in the California Workforce Investment Board's "Strategic Two-Year Plan."

APPENDIX A: BACKGROUND

This appendix to the CEDS provides additional background information about current conditions and trends in Santa Cruz County that will have an impact on its economic vitality. These tables and charts were presented to the Santa Cruz County CEDS Committee on September 12, 2007 and revised to reflect its input at that meeting.

POPULATION, HOUSEHOLDS, INCOME & POVERTY

TABLE A-1
ETHNIC DISTRIBUTION: SANTA CRUZ COUNTY

	1999	2005	% Change
White	179,526	206,104	14.8%
Hispanic or Latino (of any race)	61,783	67,580	9.4%
Black or African American	2,804	1,713	-38.9%
American Indian and Alaska Native	1,385	1,411	1.9%
Asian	10,692	8,909	-16.7%
Total	**256,190**	**285,717**	**11.5%**

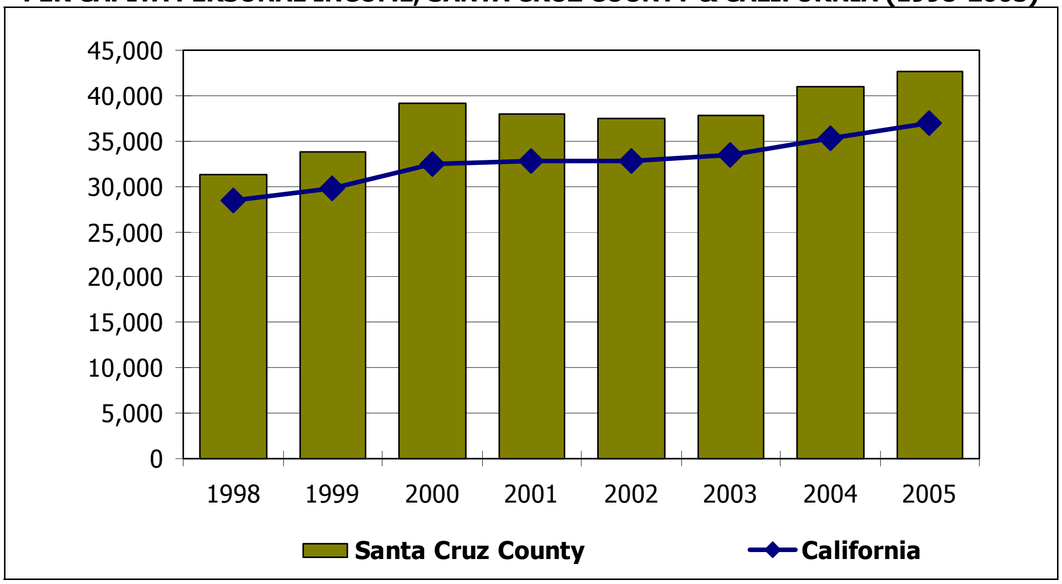
Source: U.S. Bureau of the Census: American Fact Finder

TABLE A-2
TOTAL HOUSING UNITS, SANTA CRUZ COUNTY & CALIFORNIA

Santa Cruz County	2000	2001	2002	2003	2004	2005	2006	2007	% Change 2000-2007
Capitola	5,309	5,341	5,356	5,383	5,388	5,387	5,389	5,412	1.9%
Santa Cruz	21,504	21,526	21,577	21,737	22,184	23,133	23,070	23,264	8.2
Scotts Valley	4,423	4,449	4,486	4,535	4,565	4,616	4,622	4,639	4.9
Watsonville	11,689	12,432	12,605	12,650	12,930	13,463	13,644	13,971	19.5
Balance	55,948	55,452	55,685	55,893	56,066	56,273	56,565	56,762	1.5
County Total	**98,873**	**99,200**	**99,709**	**100,198**	**101,133**	**102,872**	**103,290**	**104,048**	**5.2%**
California	**12,214,550**	**12,307,285**	**12,448,712**	**12,598,945**	**12,758,070**	**12,942,761**	**13,140,388**	**13,312,456**	**9.0%**

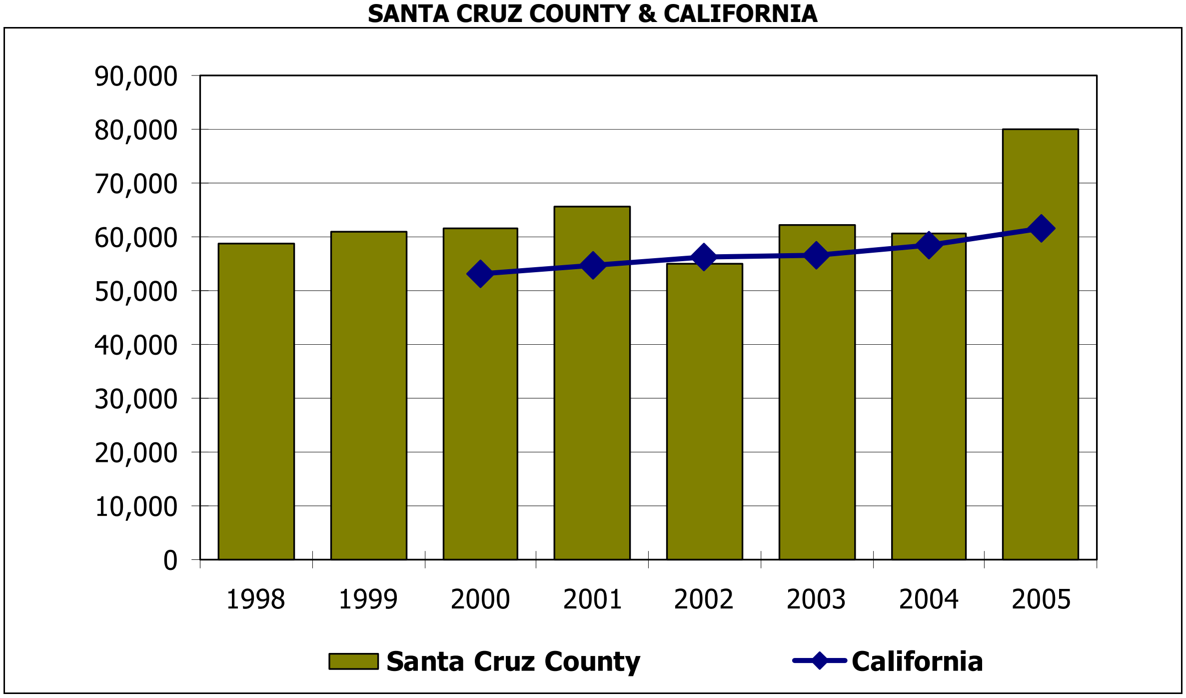
Source: California Department of Finance

FIGURE A-1
PER CAPITA PERSONAL INCOME, SANTA CRUZ COUNTY & CALIFORNIA (1998-2005)



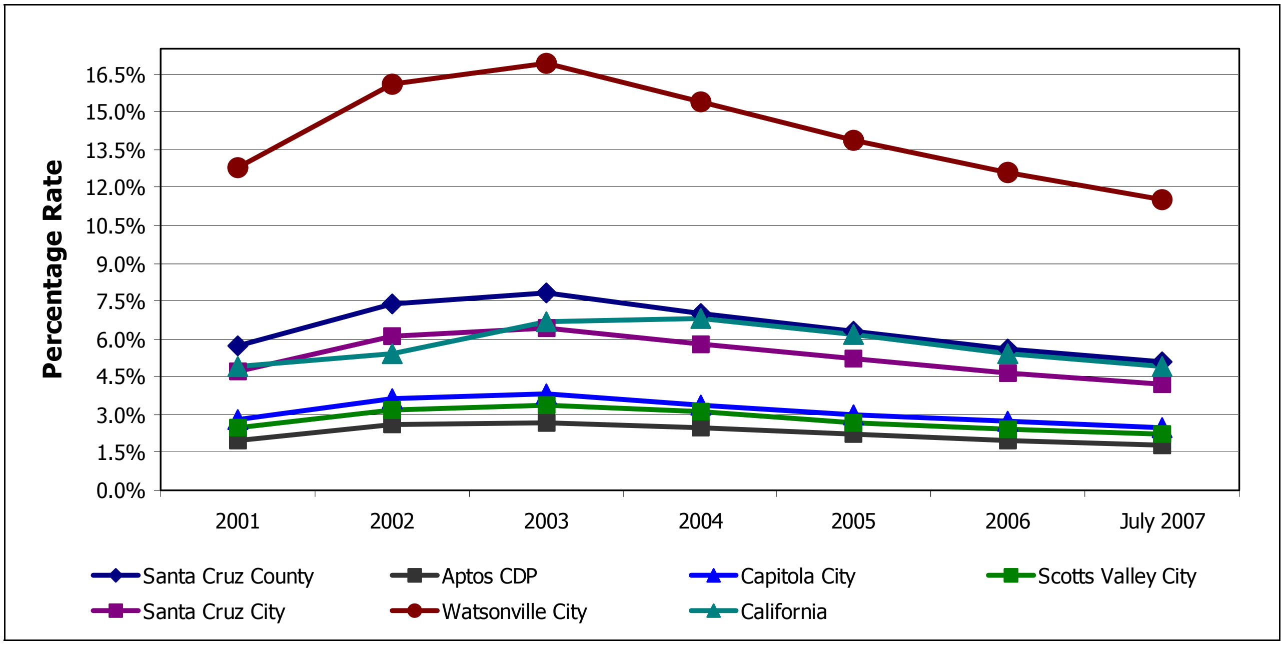
Source: Bureau of Economic Analysis

FIGURE A-2
MEDIAN FAMILY INCOME,
SANTA CRUZ COUNTY & CALIFORNIA



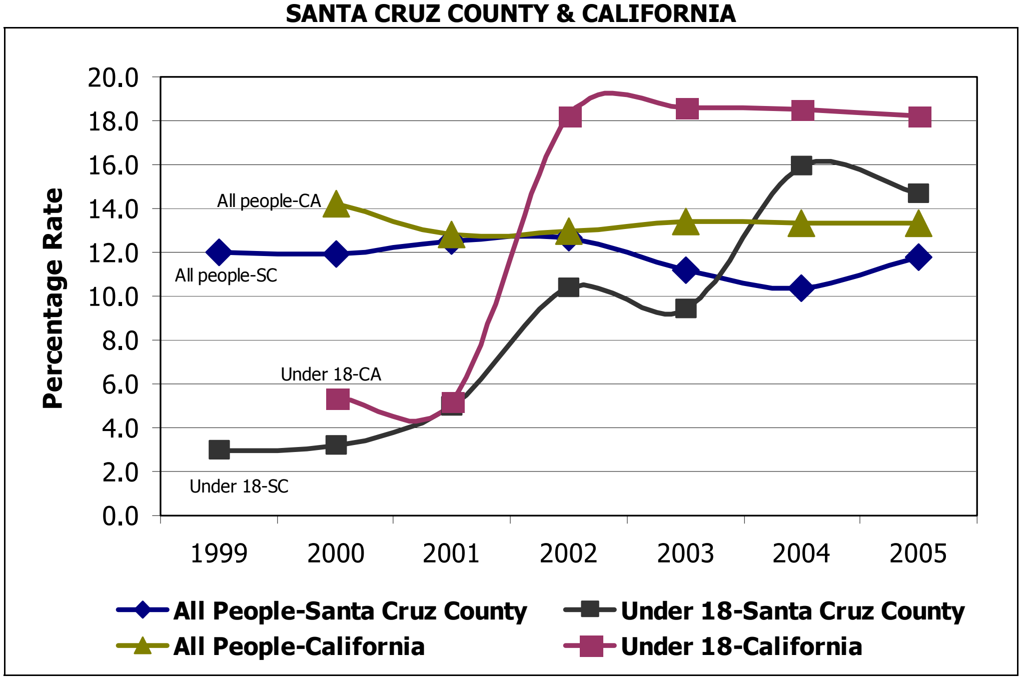
Source: U.S. Census: American Fact Finder

FIGURE A-3
UNEMPLOYMENT RATE BY SANTA CRUZ COUNTY JURISDICTION & CALIFORNIA



Source: California Employment Development Department, Labor Market Information Division

FIGURE A-4
POVERTY RATE BY AGE,
SANTA CRUZ COUNTY & CALIFORNIA



Source: U.S. Census Bureau: American Community Survey

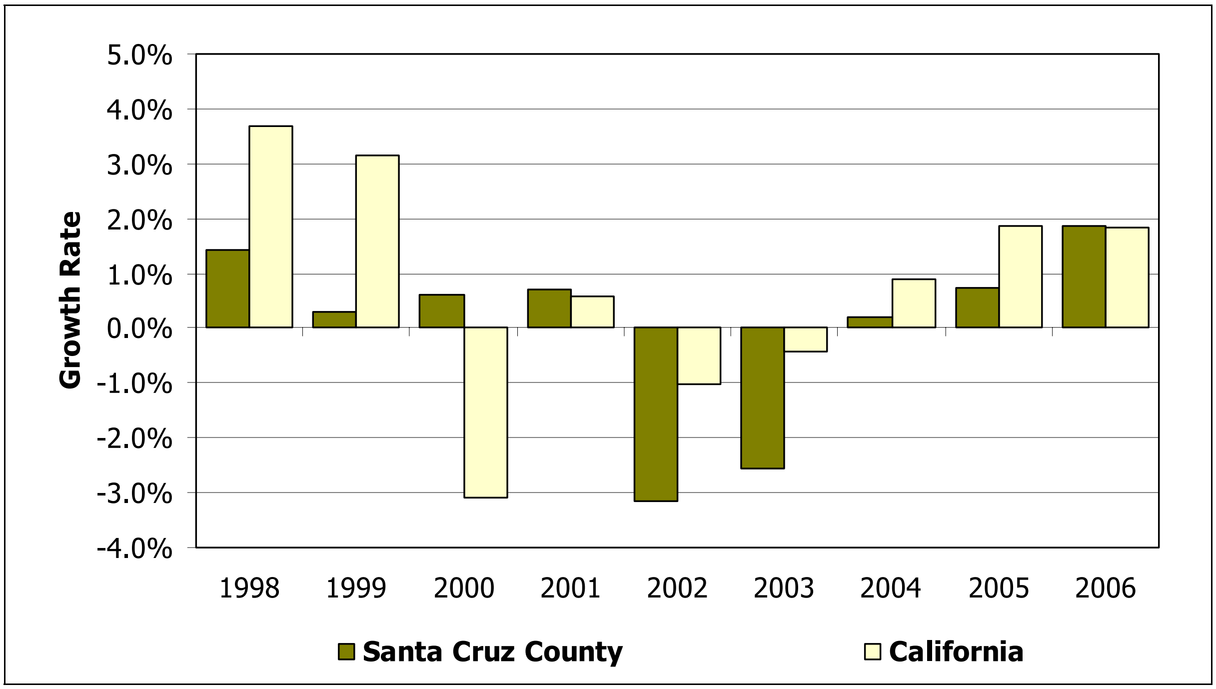
OUR ECONOMY

This section contains tables and figures describing these aspects of the Santa Cruz County economy:

- Business Size and Growth
- Retail Sector
- Agricultural Sector
- Construction & Real Estate

BUSINESS SIZE & GROWTH

FIGURE A-5
ANNUAL WAGE AND SALARY EMPLOYMENT GROWTH RATES, ALL INDUSTRIES, SANTA CRUZ COUNTY & CALIFORNIA



Source: ADE, Inc., Quarterly Census of Employment & Wages.

TABLE A-3
WAGE AND SALARY EMPLOYMENT BY INDUSTRY, SANTA CRUZ COUNTY

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1997 to 2006 % Change
Natural Resources, Mining and Construction	3,433	3,792	4,217	4,533	4,883	4,808	4,817	5,475	5,750	6,075	76.94%
Manufacturing	10,792	9,933	9,475	9,317	8,883	7,475	6,925	7,033	6,892	6,508	-39.69%
Wholesale Trade	3,750	3,733	3,608	3,558	3,458	3,317	3,317	3,592	3,708	3,883	3.56%
Retail Trade	12,333	13,100	13,608	14,000	13,950	13,542	13,158	13,083	13,117	13,267	7.57%
Transportation, Warehousing and Utilities	1,508	1,533	1,458	1,442	1,667	1,550	1,467	1,483	1,483	1,475	-2.19%
Information	2,150	2,400	2,425	2,567	2,608	2,192	1,975	1,783	1,592	1,500	-30.23%
Finance and Insurance	3,392	3,542	3,758	2,117	2,142	2,200	2,267	2,175	2,208	2,242	-33.91%
Real Estate and Rental and Leasing	1,533	1,625	1,750	1,992	1,742	1,583	1,533	1,492	1,517	1,550	1.09%
Professional and Business Services	10,675	10,542	10,908	11,675	11,358	9,925	8,958	8,992	9,267	10,408	-2.50%
Educational and Health Services	10,300	10,517	10,392	10,633	11,017	11,675	11,850	11,992	11,858	12,408	20.47%
Leisure and Hospitality	10,425	10,758	11,092	11,508	12,075	11,592	11,383	11,192	11,025	11,200	7.43%
Other Services	4,033	4,200	4,283	4,375	4,458	4,125	3,883	3,758	3,742	3,817	-5.37%
Government	17,558	17,967	18,825	19,492	20,233	20,658	20,258	20,967	21,275	21,775	24.02%
Total Farm	11,242	10,958	9,108	8,342	7,833	8,300	8,533	7,500	7,817	7,033	-37.44%
Total, All Industries	**103,125**	**104,600**	**104,908**	**105,550**	**106,308**	**102,942**	**100,325**	**100,517**	**101,250**	**103,142**	**0.02%**

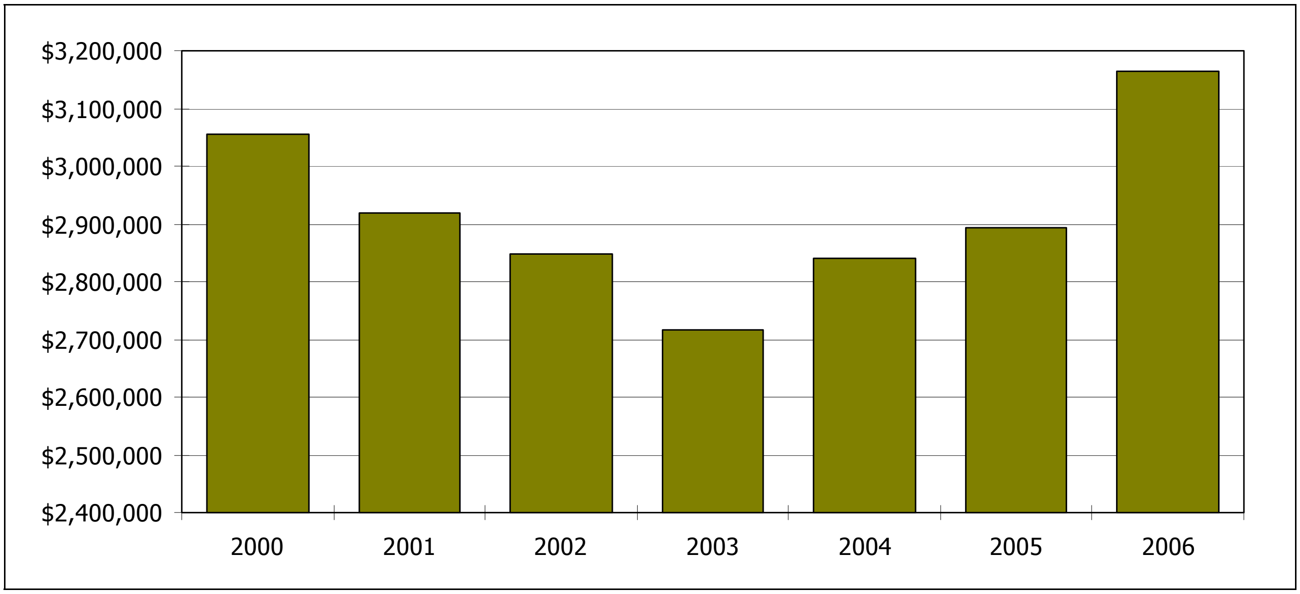
Source: California Employment Development Department, Labor Market Information Division

TABLE A-4
AVERAGE COMPANY SIZE BY INDUSTRY, SANTA CRUZ COUNTY

Size of Firm in Terms of Employment	1992	2005
Manufacturing	29.9	21.7
Information	26.1	14.5
Professional, Scientific, and Technical Services	6.0	5.1
Arts, Entertainment, and Recreation	21.4	18.6

Source: Census of Employment and Wages

FIGURE A-6
TOTAL PUBLIC AND PRIVATE SECTOR EMPLOYMENT ANNUAL WAGE AND SALARY PAYROLL, SANTA CRUZ COUNTY



Source: California Employment Development Department, Labor Market Information Division

TABLE A-5
TOTAL ANNUAL WAGE AND SALARY PAYROLL BY INDUSTRY (CURRENT $1,000), SANTA CRUZ COUNTY

Major Industry Title	2000	2001	2002	2003	2004	2005	2006	% Change 2000-2006
Natural Resources and Mining	$171,434	$176,103	$182,414	$174,299	$166,400	$175,574	$171,259	-0.10%
Construction	171,047	200,064	205,469	193,743	245,457	265,998	272,938	59.6
Manufacturing	574,614	448,533	426,453	352,030	411,032	381,927	369,431	-35.7
Service-Providing	2,137,830	2,093,358	2,032,634	1,995,310	2,017,784	2,070,185	2,351,949	10.0
Trade, Transportation, and Utilities	552,107	571,736	572,594	554,490	588,892	620,953	650,693	17.9
Information	186,915	170,852	145,450	135,524	132,601	109,662	111,933	-40.1
Financial Activities	142,853	159,013	155,582	167,470	160,426	166,433	173,253	21.3
Professional and Business Services	724,709	611,815	550,736	497,848	476,366	485,141	647,669	-10.6
Education and Health Services	296,299	330,701	354,383	388,005	405,152	432,023	491,663	65.9
Leisure and Hospitality	154,690	167,128	167,690	164,610	166,393	165,294	177,411	14.7
Other Services	79,713	81,532	85,388	86,745	87,326	90,360	99,223	24.5
Unclassified	No data	580	810	618	628	319	104	N/A
Government	595,806	677,658	715,942	734,028	748,827	766,731	813,608	36.6
Total, all industries	**$3,054,925**	**$2,918,057**	**$2,846,970**	**$2,715,383**	**$2,840,674**	**$2,893,684**	**$3,165,578**	**3.62%**

Source: California Employment Development Department, Labor Market Information Division

Note: Unclassified: not able to assign to any Industry Group. In year 2000, CA EDD-LMID assigned all employment to specific industries. Since 2000, CA EDD-LMID has not assigned a small number of businesses and their respective workforce in specific industries.

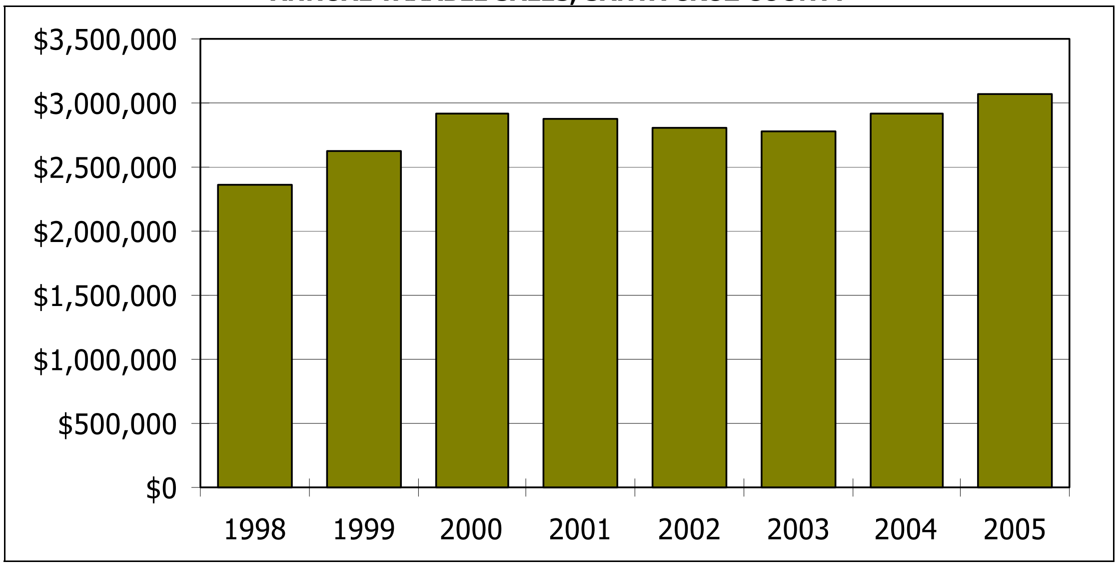
TABLE A-6
MEDIAN HOURLY WAGES, SANTA CRUZ COUNTY IN CURRENT DOLLARS

Job Category	2000	2001	2002	2003	2004	2005	2006	% Change 2000-2006
General and Operations Managers	$32.57	$33.46	$39.90	$42.29	$42.60	$42.38	$43.67	34.08%
Accountants and Auditors	25.18	25.87	26.77	27.02	27.84	28.37	28.81	14.42
Computer Software Engineers, Applications	44.69	46.06	45.02	42.66	45.38	43.22	38.19	-14.54
Community and Social Services Occupations	15.30	15.77	15.73	18.68	19.41	20.01	21.09	37.84
Arts, Design, Entertainment, Sports, and Media Occupations	16.09	16.57	20.15	19.70	21.31	18.40	19.41	20.63
Dental Hygienists	39.12	40.32	42.20	42.87	39.85	28.69	39.13	0.03
Cooks, Restaurant	9.66	9.91	9.94	10.26	10.31	10.58	11.09	14.80
First-Line Supervisors/Managers of Landscaping, Lawn Service, and Grounds keeping Workers	13.36	13.80	15.73	18.89	19.36	20.72	22.92	71.56
Child Care Workers	6.98	7.15	9.09	9.69	9.94	10.14	10.47	50.00
Cashiers	8.02	8.15	8.90	9.31	9.36	9.22	9.76	21.70
File Clerks	9.35	9.67	8.83	9.06	9.21	11.29	10.80	15.51
Secretaries, Except Legal, Medical, and Executive	11.97	12.38	13.60	13.58	14.44	14.96	16.12	34.67
Data Entry Keyers	11.07	11.45	12.34	12.47	13.28	14.70	12.34	11.47
Office Clerks, General	10.84	11.22	11.66	11.53	12.56	12.79	13.22	21.96
Carpenters	23.02	23.81	25.31	25.22	22.55	23.67	23.20	0.78
Construction Laborers	11.44	11.82	13.11	13.76	15.98	14.57	17.16	50.00
Truck Drivers, Heavy and Tractor-Trailer	16.46	16.99	16.68	16.69	17.38	17.33	18.85	14.52
Total all occupations	**$13.52**	**$14.29**	**$14.30**	**$14.74**	**$15.48**	**$15.97**	**$16.70**	**23.52%**

Source: California Employment Development Department, Labor Market Information Division

RETAIL SECTOR

FIGURE A-7
ANNUAL TAXABLE SALES, SANTA CRUZ COUNTY



Source: California State Board of Equalization: Report of Taxable Sales in California, 2007

TABLE A-7
SANTA CRUZ COUNTY LODGING OCCUPANCY PERCENTAGES BY MONTH/YEAR

	2002	2003	2004	2005	2006	2007
Jan	44.1	38.7	37.2	40.8	43.8	45.9
Feb	52.7	45.9	48.5	48.2	55.4	55.6
Mar	53.7	45.4	52.3	51.8	51.5	60.9
Apr	57.9	54.4	58.3	54.9	62.0	66.9
May	56.1	54.3	55.9	58.5	59.2	60.9
Jun	65.6	62.8	65.3	67.9	67.1	72.5
Jul	72.7	71.4	75.5	79.2	79.1	83.0
Aug	71.8	75.7	74.7	76.6	73.9	82.1
Sep	58.9	54.3	61.8	65.3	64.1	
Oct	54.1	56.1	57.3	59.2	61.4	
Nov	45.1	45.9	44.9	50.7	49.6	
Dec	37.7	36.3	35.8	37.5	41.6	
Annual Average	**55.6**	**53.4**	**55.6**	**57.6**	**59.0**	**66.1**

Source: Santa Cruz County Conference and Visitors Council

TABLE A-8
ANNUAL TAXABLE SALES BY COUNTY & STATE (CURRENT $1,000)

County	1998	1999	2000	2001	2002	2003	2004	2005	% Change 1998-2005
Monterey	3,858,997	4,280,676	4,897,051	5,101,569	4,851,946	4,918,656	5,235,955	5,454,500	41.3%
San Benito	380,829	421,941	475,986	501,089	498,465	498,251	526,272	535,651	40.7
Santa Clara	27,488,815	30,348,644	37,303,662	32,133,247	27,453,942	27,062,663	28,491,576	30,193,802	9.8
Santa Cruz	2,366,871	2,624,632	$2,922,342	$2,881,282	$2,805,148	$2,782,641	$2,916,609	$3,074,145	29.9
State	**358,858,378**	**394,736,245**	**$441,854,412**	**$441,517,560**	**$440,950,094**	**$460,096,468**	**$500,076,783**	**$536,904,428**	**49.6%**

Source: California State Board of Equalization: Report of Taxable Sales in California, 2007

TABLE A-9
ANNUAL TAXABLE SALES BY JURISDICTION, SANTA CRUZ COUNTY ($1,000)

Jurisdiction	1998	1999	2000	2001	2002	2003	2004	2005	% Change 1998-2005
Capitola	$398,322	$427,333	$463,310	$464,914	$465,939	$463,247	$473,042	$484,162	21.6%
Santa Cruz	634,138	725,287	828,500	809,628	761,208	761,986	795,060	813,834	28.3
Scotts Valley	164,906	167,366	184,736	176,661	165,453	153,474	148,419	164,863	0.0
Watsonville	340,271	397,891	445,077	484,801	489,867	483,892	522,433	599,273	76.1
Unincorporated/Unallocated	829,234	906,755	1,000,719	945,278	922,681	920,042	977,655	1,012,013	22.0
County Total	**$2,366,871**	**$2,624,632**	**$2,922,342**	**$2,881,282**	**$2,805,148**	**$2,782,641**	**$2,916,609**	**$3,074,145**	**29.9%**

Source: California State Board of Equalization: Report of Taxable Sales in California, 2007
Note: Sales transactions for all outlets, including non-retail.

TABLE A-10
TAXABLE RETAIL SALES TRANSACTIONS BY BUSINESS GROUP, SANTA CRUZ COUNTY & CALIFORNIA

	2000	2001	2002	2003	2004	2005	% Change 2000-2005
Retail Group							
Apparel stores	$80,489	$81,393	$79,209	$78,445	$84,575	$91,382	13.5%
General merchandise	343,627	346,287	351,973	358,104	367,013	373,513	8.7
Specialty stores	302,852	289,385	287,091	281,723	284,286	299,321	-1.2
Food stores	157,476	168,699	165,862	167,712	171,185	179,018	13.7
Eating and drinking	280,770	291,727	288,723	290,708	305,517	312,015	11.1
Household	100,165	93,898	96,888	100,921	110,896	115,933	15.7
Building material	240,027	237,415	243,193	254,935	206,018	239,213	-0.3
Automotive	500,177	511,773	474,393	481,488	508,557	547,197	9.4
All other retail stores	$117,624	$120,970	$119,443	$126,752	$132,611	$137,419	16.8
Totals All Outlets	**$2,123,207**	**$2,141,547**	**$2,106,775**	**$2,140,788**	**$2,170,658**	**$2,295,011**	**8.1%**
California	**$287,067,697**	**$293,956,521**	**$301,612,306**	**$320,217,054**	**$350,172,688**	**$375,808,125**	**30.9%**

Source: California State Board of Equalization: Report of Taxable Sales in California 2005; retail outlets only.
Note: Sales transactions for retail outlets only.

TABLE A-11
TOURISM - GENERATED DOLLARS (MILLIONS), SANTA CRUZ COUNTY & CALIFORNIA (1998-2005)

SANTA CRUZ COUNTY	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**% Change 1998-2005**
Travel Spending	$436.9	$494.1	$549.3	$531.1	$505.2	$530.9	$573.1	$601.5	37.7%
Earnings Employment	151.0	170.8	165.8	160.2	154.7	164.1	176.0	180.8	19.7
Local Tax Receipts	11.1	12.7	13.2	12.4	10.8	11.4	11.9	12.5	12.6
State Tax Receipts	$19.3	$21.5	$21.1	$19.8	$19.9	$21.1	$23.1	$24.4	26.4
Total Employment (Number of Tourism Jobs)	**9,230**	**9,690**	**8,760**	**8,070**	**7,560**	**7,940**	**8,330**	**8,380**	**-9.2%**

CALIFORNIA	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**% Change 1998-2005**
Travel Spending	$6,780	$7,220	$7,800	$7,470	$7,400	$7,680	$8,190	$8,850	30.5%
Earnings Employment	2,160	2,310	2,490	2,430	2,460	2,530	2,660	2,740	26.9
Local Tax Receipts	1,500	1,600	1,700	1,600	1,600	1,700	1,700	1,900	26.7
State Tax Receipts	$2,600	$2,800	$2,900	$2,800	$2,800	$2,900	$3,200	$3,400	30.8
Total Employment (Number of Tourism Jobs)	**892,000**	**929,000**	**942,000**	**876,000**	**858,000**	**878,000**	**895,000**	**910,000**	**2.0%**

Source: Dean Runyan Associates 2007

TABLE A-12
TRANSIENT OCCUPANCY TAX BY JURISDICTION ($1,000), SANTA CRUZ COUNTY & CALIFORNIA (1998-2006)

City/Area	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**% Change 1998-2006**
Capitola	$286	$301	$341	$513	$470	$459	$493	$517	$597	108.4%
Santa Cruz	2,716	3,175	3,541	3,901	3,137	2,932	3,017	3,068	3,385	24.6
Scotts Valley	101	105	392	581	443	462	483	542	689	581.9
Watsonville	281	382	465	567	704	540	580	598	607	115.5
Unincorporated	3,118	3,305	3,841	4,082	3,262	2,982	3,375	3,807	3,687	18.3
County	**$6,503**	**$7,268**	**$8,581**	**$9,645**	**$8,016**	**$7,375**	**$7,949**	**$8,532**	**$8,965**	**37.9%**
California	**$899,720**	**$962,460**	**$1,063,100**	**$1,187,390**	**$1,030,640**	**$1,037,800**	**$1,107,140**	**$1,229,850**	**$1,361,990**	**51.4%**

Source: Dean Runyan Associates 2007
Note: TOT Tax rates for some individual jurisdictions have increased during this period, accounting for some of the increase in revenues.

TABLE A-13
ANNUAL CROP PRODUCTION VALUE (IN MILLIONS) 1998 – 2006

Crops	1998	1999	2000	2001	2002	2003	2004	2005	2006	% Change 1998-2006
Animal Products	$2.2	$2.4	$2.9	$3.1	$2.3	$3.4	$3.3	$4.5	$5.0	127.3%
Berries	$122.2	$100.1	$180.8	$206.1	$153.2	$238.9	$307.2	$252.9	$248.6	103.4
Nursery / Ornamental Crops	$73.1	$56.7	$76.6	$75.0	$61.0	$67.2	$73.1	$73.8	$80.1	9.6
Vegetables	$61.9	$52.5	$66.9	$59.6	$55.6	$43.9	$47.5	$69.6	$53.1	-14.3
Tree and Vine Fruits	$19.2	$10.0	$10.6	$16.5	$12.5	$13.5	$11.1	$11.0	$14.9	-22.4
Total Crops Value	**$278.6**	**$221.7**	**$337.8**	**$360.3**	**$228.9**	**$371.2**	**$448.1**	**$418.1**	**$414.3**	**48.7**
Timber Farming	$10.5	$8.9	$14.0	$4.7	$4.1	$4.3	$5.8	$6.2	$6.3	-39.6
Total Production Value	**$289.1**	**$230.6**	**$351.8**	**$365.0**	**$233.0**	**$375.5**	**$453.9**	**$424.3**	**$420.6**	**45.5%**

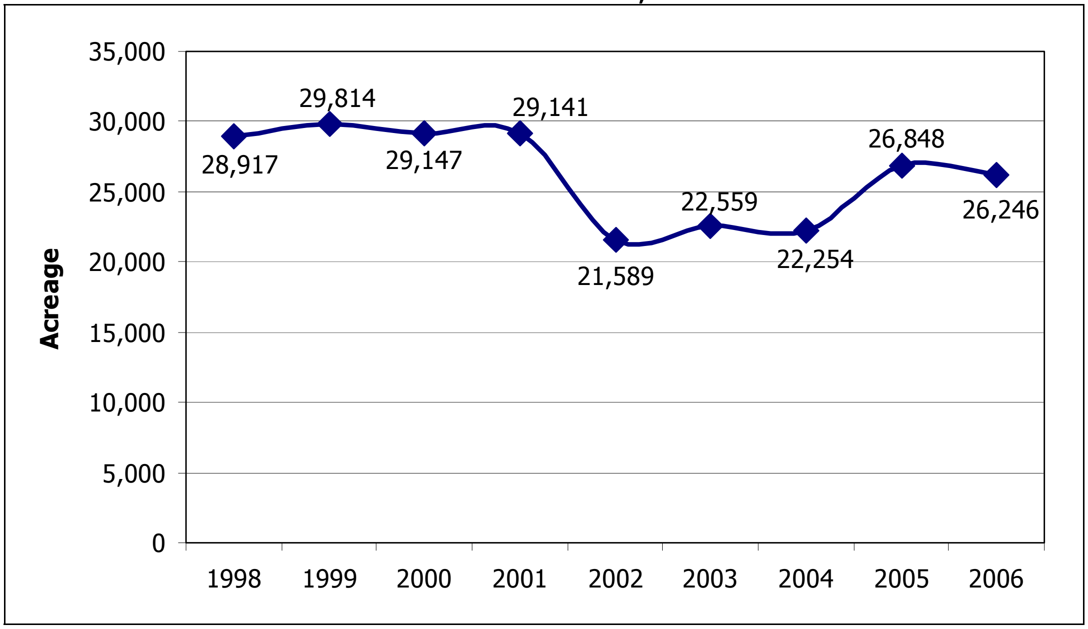
Source: County Agricultural Commissioner: Santa Cruz County Crop Reports 1998 - 2006.

TABLE A-14
TOP AGRICULTURAL CROPS BY PRODUCTION VALUES (IN MILLIONS) 1998 – 2006

Crops	1998	1999	2000	2001	2002	2003	2004	2005	2006	% Change 1998-2006
Raspberries	$24.4	$29.4	$44.4	$44.9	$37.9	$106.7	$101.4	$112.4	$83.9	243.9%
Lettuce, Leaf & Romaine	4.7	5.3	11.7	9.9	15.0	9.1	11.2	18.7	11.6	146.8
Landscape Plants	14.3	22.8	23.2	25.9	17.9	22.2	27.1	29.2	35.2	146.2
Strawberries	72.3	139.9	126.5	149.7	107.4	121.7	194.8	128.7	154.3	113.4
Cut Field Flowers	7.4	15.8	15.6	11.4	8.8	10.2	10.6	8.8	9.1	23.0
Roses, Cut Hybrid Tea	13.0	11.3	11.2	10.3	14.4	15.5	14.8	14.3	15.5	19.2
Brussels Sprouts	7.2	6.6	5.6	5.7	5.6	5.9	7.7	8.3	8.3	15.3
Apples	9.3	14.5	8.7	12.5	9.2	10.7	9.5	9.1	10.3	10.8
Timber Farming	8.9	7.9	14.0	4.7	4.1	4.3	5.8	6.2	6.3	-29.2
Iceburg Lettuce	$19.0	$13.9	$30.0	$24.8	$14.8	$11.1	$9.6	$14.1	$7.7	-59.5%

Source: County Agricultural Commissioner: Santa Cruz County Crop Reports 1998 - 2006.

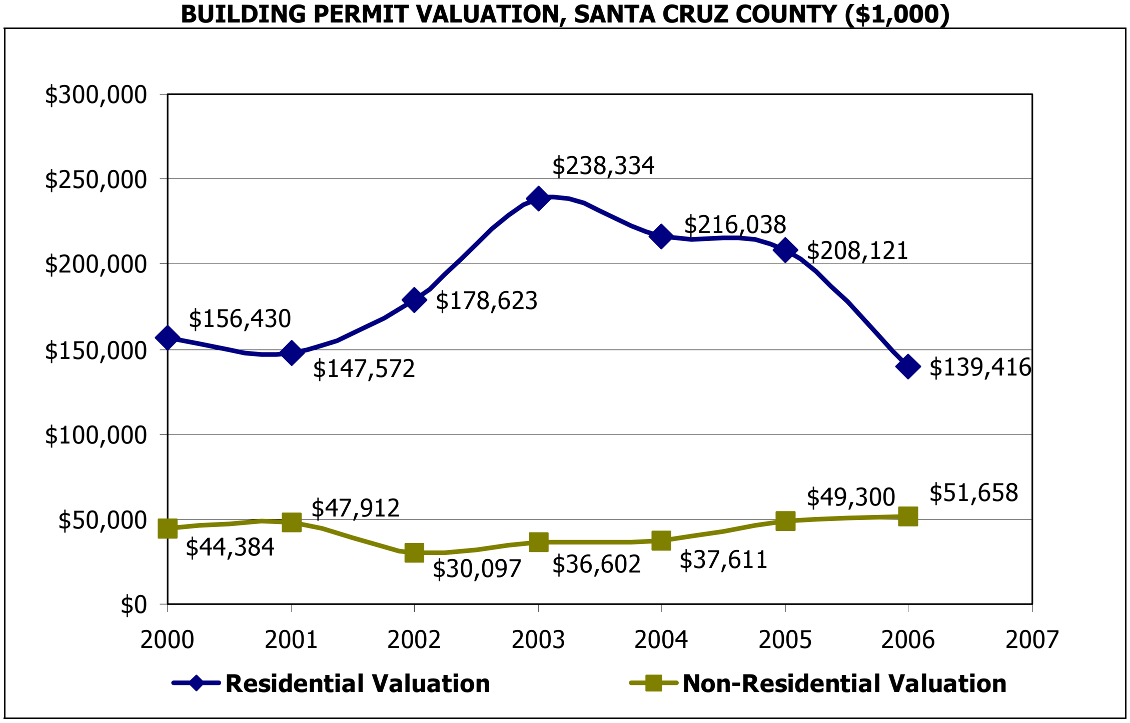
FIGURE A-8
FARMLAND ACREAGE IN PRODUCTION, SANTA CRUZ COUNTY



Source: Santa Cruz County Crop Report 1998-2006, County Agricultural Commissioner

REAL ESTATE & CONSTRUCTION

FIGURE A-9
BUILDING PERMIT VALUATION, SANTA CRUZ COUNTY ($1,000)



Source: California Construction Industry Research Board, 2007

OUR WORKFORCE

This section contains tables and figures that describe the following aspects of the Santa Cruz County workforce:

- Growing Occupations
- Educational Achievement
- Training

TABLE A-15
TWENTY OCCUPATIONS WITH THE GREATEST PROJECTED GROWTH, SANTA CRUZ COUNTY

Occupational Title	Annual Average Employment 2004	Annual Average Employment 2014	Percent Change	Median Hourly Wage [1]	Education & Training Levels [3]
Home Health Aides	240	330	37.5	$8.78	30-Day OJT
Operating Engineers and Other Construction Equipment Operators	360	480	33.3	28.60	1-12 Month OJT
Medical Assistants	360	470	30.6	12.72	1-12 Month OJT
Computer Software Engineers, Systems Software	170	220	29.4	40.83	BA/BS Degree
Biological Science Teachers, Postsecondary	150	190	26.7	N/A	PhD Degree
Computer Software Engineers, Applications	470	590	25.5	43.22	BA/BS Degree
Computer Systems Analysts	200	250	25.0	31.73	BA/BS Degree
Graduate Teaching Assistants	1,020	1,270	24.5	N/A	BA/BS Degree
Industrial Truck and Tractor Operators	410	510	24.4	15.03	30-Day OJT
English Language and Literature Teachers, Postsecondary	140	170	21.4	N/A	MA/MS Degree
Pharmacists	140	170	21.4	51.81	LLD/MD Degree
Personal and Home Care Aides	530	640	20.8	9.99	30-Day OJT
Dental Hygienists	290	350	20.7	28.69	AA Degree
Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	290	350	20.7	34.47	1-12 Month OJT
Preschool Teachers, Except Special Education	540	650	20.4	14.40	Post-Secondary Voc-Ed
Pharmacy Technicians	150	180	20.0	16.20	1-12 Month OJT
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	150	180	20.0	29.36	12-Month OJT
Fire Fighters	200	240	20.0	19.13	12-Month OJT
Dental Assistants	310	370	19.4	15.73	1-12 Month OJT
Special Education Teachers, Preschool, Kindergarten, and Elementary School	160	190	18.8	[2]	BA/BS Degree

Source: California Employment Development Department, Labor Market Information Division

Notes: [1] Median Hourly Wage is the estimated 50th percentile of the distribution of wages; 50 percent of workers in an occupation earn wages below, and 50 percent earn wages above the median wage. The wages are from the first quarter of 2006 and do not include self-employment or unpaid family workers.

[2] In occupations where workers do not work full-time, or year-round, it is not possible to calculate an hourly wage.

[3] Education & Training Levels: LLD/MD Degree = First Professional Degree, Ph.D. Degree = Doctoral Degree, MA/MS Degree = Master's Degree, BA/BS + Experience = Bachelor's Degree or Higher and Some Work Experience, BA/BS Degree = Bachelor's Degree, AA Degree = Associate Degree, Post-Secondary Voc-Ed = Post-Secondary Vocational Education, Work Experience = Work Experience in a Related Occupation, 12-Month OJT = Long-Term On-the-Job Training, 1-12 Month OJT = Moderate-Term On-the-Job Training, 30-Day OJT = Short-Term On-the-Job Training.

TABLE A-16
EDUCATIONAL ATTAINMENT, PERCENT OF ADULTS AGE 25+ BY JURISDICTION 2000

Attainment Level	San Lorenzo Valley	Santa Cruz	Scotts Valley	Watsonville	Santa Cruz County	California	National
Less than 9th Grade	1.4%	5.5%	1.3%	36.4%	9.7%	11.5%	6.9%
9th to 12th Grade, No Diploma	3.7	5.4	3.9	14.6	7.1	11.7	11.5
High School Graduate (Includes Equivalency)	15.2	14.5	16.1	20.1	16.6	20.2	29.5
Some College, No Degree	31.9	23.0	28.6	16.4	25.1	22.9	20.5
AA Degree	8.2	7.2	9.2	3.9	7.3	7.1	6.5
BA Degree	25.9	26.9	27.8	5.9	21.7	17.1	16.1
Graduate or Professional Degree	13.7	17.5	13.1	2.7	12.5	9.5	9.0
Percent of High School Graduates or Higher	94.9	89.1	94.8	48.9	83.2	76.7	81.6
Percent of BA and Higher	39.6%	44.4%	40.9%	8.6%	34.2%	26.6%	25.1%
Number of Persons 25 or Older	**19,919**	**33,896**	**7,702**	**24,045**	**164,999**	**21,298,900**	**177,562,899**

Source: U.S. Census Bureau

TABLE A-17
HIGH SCHOOL DROPOUT RATES, SANTA CRUZ COUNTY

	Santa Cruz County			California
	Total Enrollment (9-12)	Total Drop	4-Yr. Drop Rate	4-Yr. Drop Rate
2001-02	12,356	133	4.3	10.8
2002-03	12,252	72	2.4	12.5
2003-04	12,497	50	1.7	12.9
2004-05	12,639	61	2.0	12.5
2005-06	12,700	612	18.3	14.4

Source: California Department of Education, Educational Demographics Unit
Note: The number of total drop-outs in 05-06 may not be accurate. The district is conducting research on this data.

TABLE A-18
SANTA CRUZ COUNTY & CALIFORNIA, HIGH SCHOOL GRADUATES MEETING UC/CSU COURSE REQUIREMENTS

	Graduates	UC/CSU Required Courses	Percent
2000-01			
Santa Cruz County	2,366	924	39.1%
California	316,124	112,469	35.6%
2004-05			
Santa Cruz County	2,690	1,389	51.6%
California	355,272	125,068	35.2%

Source: California Department of Education, Educational Demographics Unit
Note: The UC/CSU Requirements were increased after 2001.

TABLE A-19
HIGH SCHOOL GRADUATES MEETING UC/CSU REQUIREMENTS BY SCHOOL DISTRICT

	2001		2005	
District	**Completed UC/CSU Required Courses**	**Percent**	**Completed UC/CSU Required Courses**	**Percent**
Pajaro Valley Unified	386	38.9	705	65.3%
San Lorenzo Unified	135	49.6	118	44.2
Santa Cruz City High School District	400	38.9	405	41.8
Santa Cruz Co. Office of Ed.	3	4.5	30	18.0
Scotts Valley Unified	N/A	N/A	102	58.0%

Source: California Department of Education, Educational Demographics Unit
Note: Scotts Valley did not have a graduating class in 2001. The UC/CSU Requirements were increased after 2001. All students completing UC/CSU requirements were graduates of Pacific Collegiate.
Pajaro Valley Unified Board changed graduation requirements to include UC/CSU requirements.

TABLE A-20
SAT I SCORES, SANTA CRUZ COUNTY

	Santa Cruz County		California	
	Verbal	**Math**	**Verbal**	**Math**
2003-04	519	531	496	519
2005-06	531	536	495	516

Source: California Department of Education, Educational Demographics Unit

TABLE A-21
SAT I SCORES, BY SCHOOL DISTRICT

	2004-05		2005-06	
	Verbal	**Math**	**Verbal**	**Math**
Pajaro Valley Unified	472	492	481	490
San Lorenzo Valley Unified	544	547	553	553
Santa Cruz City High School District	541	553	552	563
Santa Cruz Co. Office of Ed.*	659	613	681	627
Scotts Valley Unified	539	548	543	539

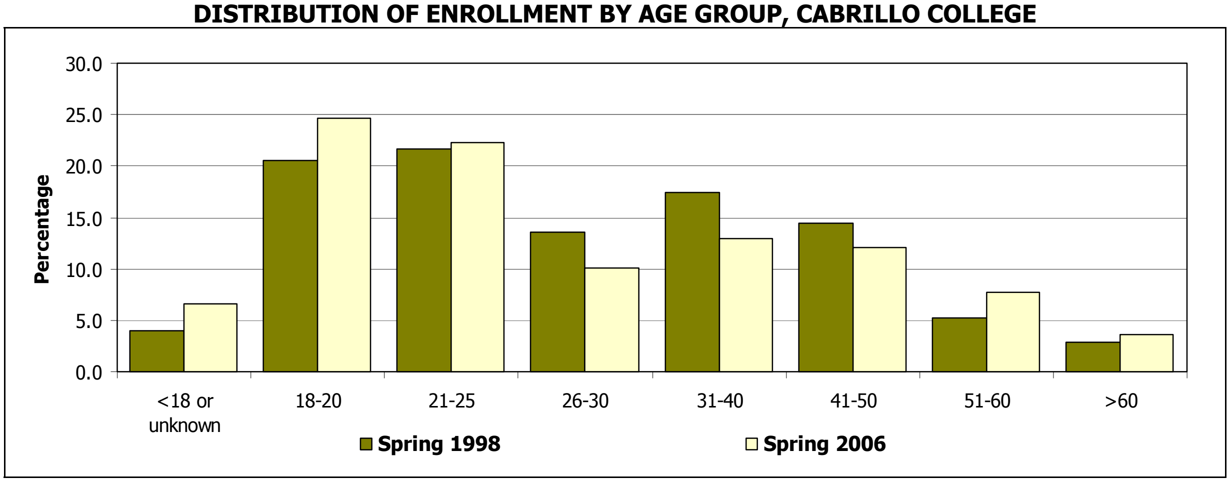
Source: California Department of Education, Educational Demographics Unit
*Represents 45 students from Pacific Collegiate School.

TABLE A-22
TANF/CALWORKS, WELFARE TO WORK ENROLLMENT AND PARTICIPATION DATA ACROSS YEARS

Enrollment	April 2003	April 2004	April 2005	April 2006	April 2007
Total Enrollees (WTW-CalWORKs Aided) Unduplicated count	924	1010	1097	976	817
Total Placements (Entered Employment)	51	65	74	38	52
CalWORKs Terminations due to Employment	N/A	N/A	N/A	17	8
Post Aid Job Retention\Post 60 month Services	267	212	219	239	233
Activities					
Job Search	189	164	175	200	176
Unsubsidized Employment	189	197	190	459*	490*
Self Employment	28	20	20	24	44
On the Job Training	2	0	0	0	2
Work Study	7	1	2	8	11
Work Experience \Community Service\Supported Work	37	30	11	25	54
Job Skills Related to Employment	0	0	0	0	1
Vocational Education and Training		215	235	212	177
Education Related to Employment\Satisfactory Progress in a Secondary School	0	0	0	8	4
Adult Basic Education	54	49	49	45	36
Mental Health Services	60	47	49	47	50
Substance Abuse Services	35	22	33	41	40
Domestic Abuse Services	41	53	19	39	26
Other Approvable Activities	22	25	21	30	17

Source Data: April Welfare to Work Activity Reports (WTW25 and WTW25A)
* Data element redefined with implementation of a new computer system in May 2005
Note: Data in table represent a snapshot at a particular month in a given year and does not reflect a monthly average for the year as a whole.

FIGURE A-10
DISTRIBUTION OF ENROLLMENT BY AGE GROUP, CABRILLO COLLEGE



Source: Cabrillo College, Planning & Research Office

TABLE A-23
CABRILLO COLLEGE CERTIFICANTS BY ETHNICITY

	2001-02		2002-03		2003-04		2004-05		2005-06	
	#	%	#	%	#	%	#	%	#	%
African American	4	3.8	3	1.8	1	0.5	5	2.5	6	2.2
Asian	10	9.4	6	3.7	7	3.6	11	5.5	12	4.4
Filipino	2	1.9	0	0	2	1	3	1.5	3	1.1
Hispanic	19	17.9	51	31.1	48	24.6	65	32.3	91	33.6
Native American	0	0	4	2.4	3	1.5	2	1	2	0.7
Other	0	0	3	1.8	3	1.5	4	2	4	1.5
Unknown	12	11.3	3	1.8	1	0.5	0	0	12	4.4
White	59	55.7	94	57.3	130	66.7	111	55.2	141	52
Total:	**106**	**100%**	**164**	**100%**	**195**	**100%**	**201**	**100%**	**271**	**100%**

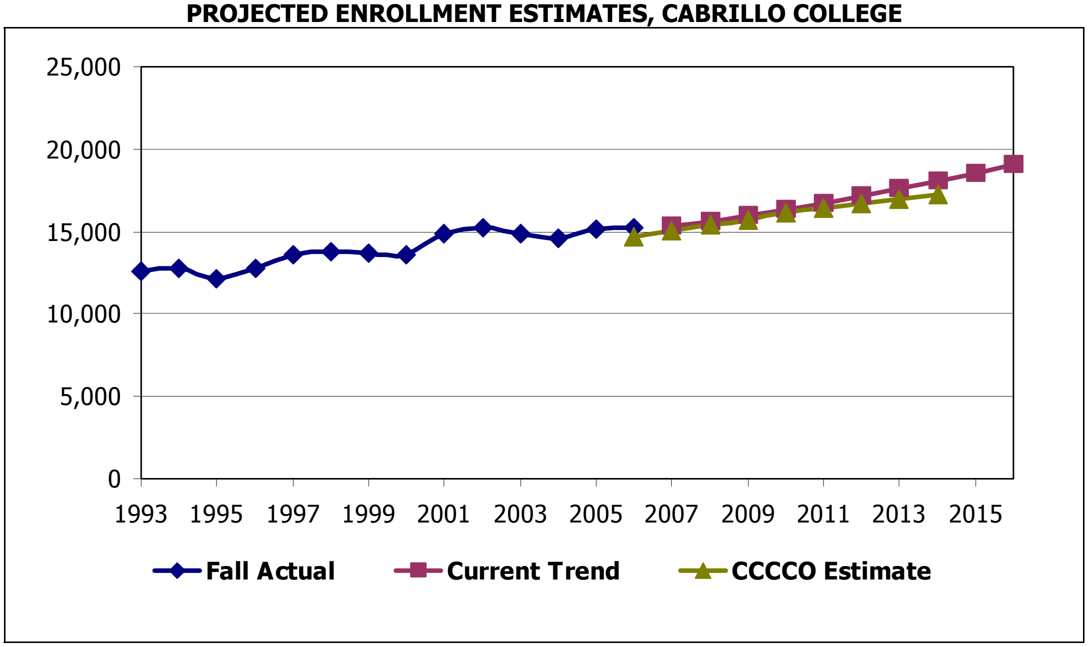
Source: Cabrillo College, Planning & Research Office

TABLE A-24
CABRILLO COLLEGE GRADUATES BY DEGREE EARNED

	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	% Change
AA	329	361	364	406	437	402	466	547	514	503	52.9%
AS	226	223	228	202	221	187	255	286	284	325	43.8%
CERTIFICATE	109	108	100	90	101	106	164	195	201	271	148.6%
TOTAL	**664**	**692**	**692**	**698**	**759**	**695**	**885**	**1028**	**999**	**1099**	**65.5%**

Source: Cabrillo College: Planning & Research Office 2007

FIGURE A-11
PROJECTED ENROLLMENT ESTIMATES, CABRILLO COLLEGE



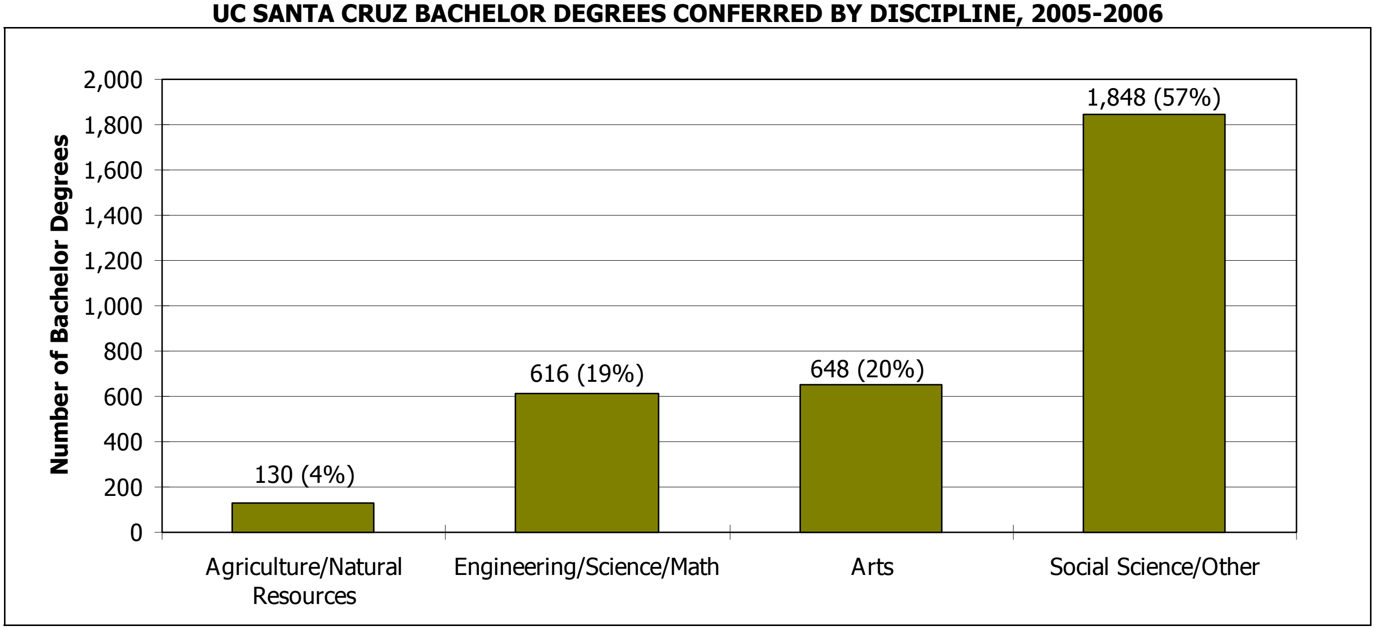
Source: Cabrillo College 2006 Fact Book
Note: CCCCO = California Community Colleges Chancellor's Office.

TABLE A-25
UNIVERSITY OF CALIFORNIA, SANTA CRUZ, ENROLLMENT

Enrollment	Fall 1999	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006	% Change 1999-2006
Undergraduate	10,242	11,047	12,002	12,845	13,629	13,657	13,600	13,941	36.1%
Graduate	1,037	1,077	1,145	1,277	1,355	1,344	1,401	1,419	36.8%
Total	**11,279**	**12,124**	**13,147**	**14,122**	**14,984**	**15,001**	**15,001**	**15,360**	**36.2%**

Source: University of California Santa Cruz

FIGURE A-12
UC SANTA CRUZ BACHELOR DEGREES CONFERRED BY DISCIPLINE, 2005-2006



Source: University of California Santa Cruz

OUR ENVIRONMENT

This section contains tables and figures that describe the following aspects of the Santa Cruz County environment:

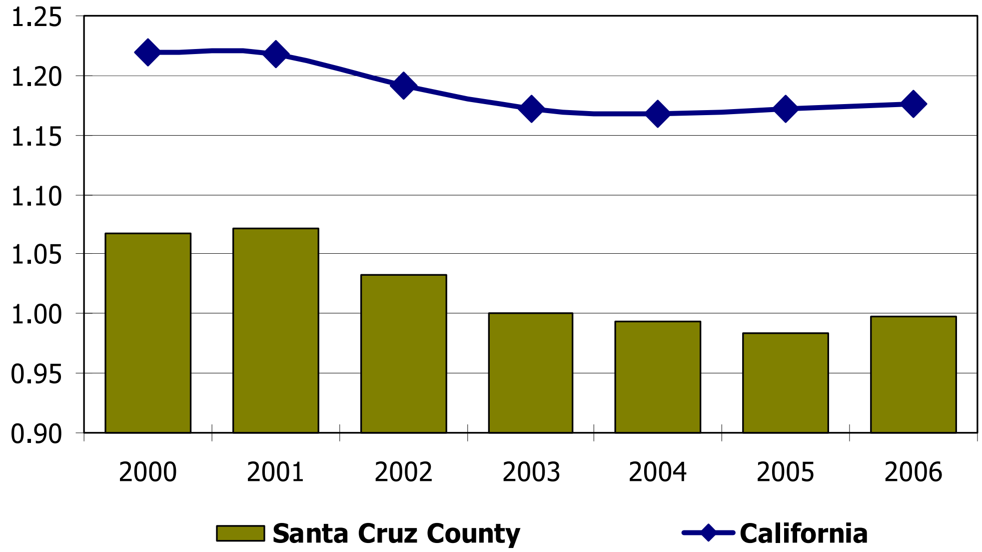
- Housing Prices
- Jobs Housing Balance
- Transportation
- Waste Disposal
- Air Quality
- Water Supply & Usage

TABLE A-26
HOUSING OPPORTUNITY INDEX: 2ND QUARTER 2007

	HOI 2nd Qtr 2007 Share of Homes Affordable for Median Income	2007 Median Family Income ($1,000)	2nd Qtr 2007 Median Sales Price ($1,000)	2nd Qtr 2007 Affordability Rank	
Metro Area				**National**	**Regional**
Greeley, CO	60.0	59.8	190	79	5
Chico, CA	30.0	52.0	250	151	20
Eugene-Springfield, OR	26.6	52.2	237	166	28
Portland-Vancouver-Beaverton, OR-WA	25.0	63.8	280	170	300
Medford, OR	20.5	52.7	260	179	37
Vallejo-Fairfield, CA	16.4	75.4	405	188	43
Sacramento--Arden-Arcade--Roseville, CA	15.0	67.2	355	189	44
Yuba City, CA	15.0	51.7	276	189	44
San Jose-Sunnyvale-Santa Clara, CA	12.8	94.5	670	193	48
Oakland-Fremont-Hayward, CA ^	11.3	83.0	546	195	49
Santa Rosa-Petaluma, CA	10.8	74.5	500	199	53
Riverside-San Bernardino-Ontario, CA	10.5	59.2	370	200	54
Stockton, CA	10.4	60.3	375	201	55
San Diego-Carlsbad-San Marcos, CA	9.6	69.4	470	203	56
Oxnard-Thousand Oaks-Ventura, CA	9.0	79.5	554	204	57
Santa Cruz-Watsonville, CA	**7.1**	**81.3**	**680**	**205**	**58**
Modesto, CA	7.0	56.0	330	206	59
San Luis Obispo-Paso Robles, CA	6.4	64.2	527	207	60
Santa Barbara-Santa Maria-Goleta, CA	6.2	67.1	538	210	62
San Francisco-San Mateo-Redwood City, CA ^	5.7	86.5	802	211	63
Merced, CA	3.8	46.8	296	213	65
Salinas, CA	3.7	63.4	556	214	66
Los Angeles-Long Beach-Glendale, CA ^	3.0	61.7	530	215	67

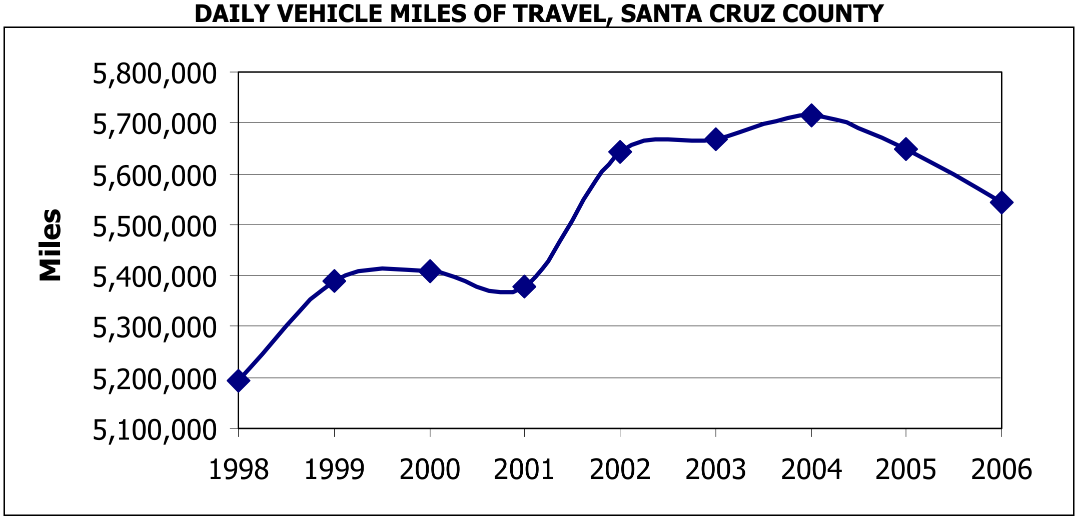
Source: National Association of Home Builders, Housing Opportunity Index, 2nd Quarter 2007.
^ Indicates Metropolitan Divisions. All others are Metropolitan Statistical Areas.
Note: Nation rank out of 215 Cities. 1 = Most Affordable, 215 Least Affordable

FIGURE A-13
JOBS/HOUSING BALANCE, SANTA CRUZ COUNTY & CALIFORNIA
(WAGE AND SALARY EMPLOYMENT)



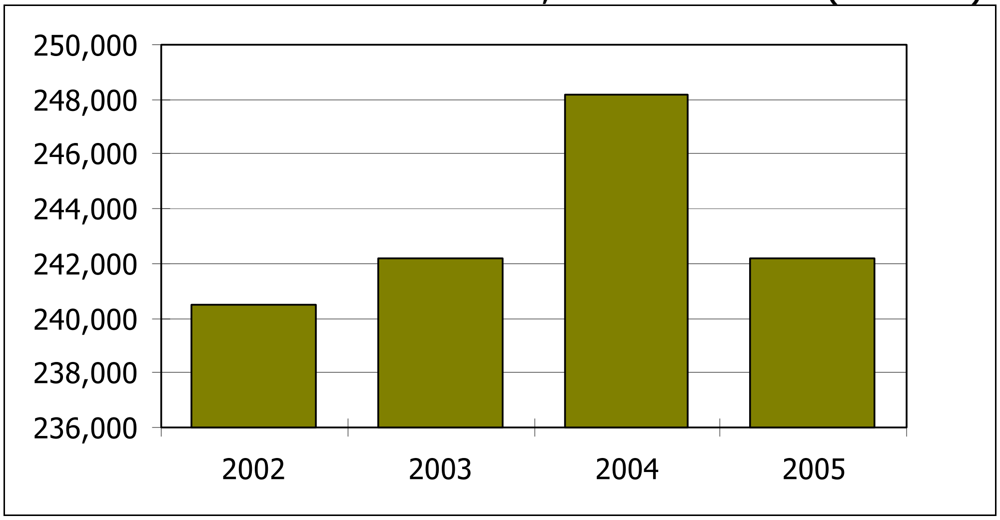
Source: California Employment Development Department, Labor Market Information Division & California Department of Finance

FIGURE A-14
DAILY VEHICLE MILES OF TRAVEL, SANTA CRUZ COUNTY



Source: CalTrans

FIGURE A-15
TOTAL ANNUAL TONS OF WASTE DISPOSAL, SANTA CRUZ COUNTY (2002-2005)



Source: California Integrated Waste Management Board
Note: Waste that ended up in landfill

TABLE A-27
WASTE DIVERSION RATES BY JURISDICTION

	2001	2002	2003	2004	2005
Capitola	51%	51%	48%	48%	47%
Santa Cruz	48%	52%	50%	56%	54%
Scotts Valley	67%	65%	61%	66%	68%
Watsonville	72%	72%	71%	73%	70%
Unincorporated Areas	55%	51%	54%	58%	44%
County Total	**59%**	**58%**	**57%**	**60%**	**57%**
California	44%	48%	47%	48%	52%

Source: California Integrated Waste Management Board
Note: Percent diverted from total waste created out of 100%

TABLE A-28
AIR QUALITY, TOTAL DAYS EXCEEDING STATE AIR QUALITY STANDARDS

Location	1998	1999	2000	2001	2002	2003	2004	2005	2006
Ozone	1	1	1	0	0	1	0	0	0
Particulate Matter (PM 10)	4	6	0	0	24	31	49	12	18
Total	**5**	**7**	**1**	**0**	**24**	**32**	**49**	**12**	**18**

Source: California Air Resources Board, 2007

TABLE A-29
WATER CAPACITY AND USAGE, 2007

	Water Usage (AFY)	Water Capacity (AFY)	Notes	Sources
Pajaro Valley Water Management Agency	66,500	48,000	over capacity	http://www.co.santa-cruz.ca.us/grandjury/GJ2005_final/6%20-%202%20SpD%20PVWMA.pdf http://www.pvwma.dst.ca.us/basin_management_plan/assests/bmp_2000/Section_2_State_of_Basin.pdf (see page 25 Table 2-5 [demand] and page 28 Table 2-6 [supply])
Central Water District	136	560	under capacity	http://www.co.santa-cruz.ca.us/grandjury/GJ2005_final/6%20-%202%20SpD%20Central.htm / http://santacruzlafco.org/pages/reports/waterpolicies2001.pdf
Soquel Creek Water District	5,400	4,800	over capacity	http://www.soquelcreekwater.com/Water_Supply.htm and page 6-5 of http://www.soquelcreekwater.com/District_Reports_online/Soquel%20Creek%20Water%20District%20IRP%20March102006.pdf
Scotts Valley Water District	1,800	2,100	near capacity	talk with Colin Smith, engineer, and page 29 of http://my.spinsite.com/SVW/uploads/2005Report1.pdf
Lompico County Water District	118	130	near capacity	compute demand using 212 gallons per HH per day times 497 http://santacruzlafco.org/pages/reports/waterpolicies2001.pdf
San Lorenzo Valley Water District	1,624	N/A	at capacity	talk with James Mueller, District Manager
City of Watsonville	7,257	7,854	near capacity	http://santacruzlafco.org/pages/reports/waterpolicies2001.pdf and http://64.233.167.104/search?q=cache:JCNqRlpruS0J:www.co.santa-cruz.ca.us/grandjury/GJ2005_responses/6%2520-%25202%2520SpD%2520Watsonville%2520complete.pdf+watsonville+water+supply+acre+feet&hl=en&ct=clnk&cd=3&gl=us
City of Santa Cruz	14,200	14,025	slightly over capacity	http://www.ci.santa-cruz.ca.us/wt/wten/IntegratedWaterPlanFinal.pdf (page ES-3 and II-2 and II-3) or http://www.santacruzsentinel.com/extra/newcentury/10/index.html

APPENDIX B: CLUSTERS

INTRODUCTION

An industry cluster represents a comprehensive grouping of interrelated industries, comprised of both core and supplier industries. New employment opportunities will start from a region's existing and emerging strengths, or "clusters."

Using this approach, the analysis will identify those parts of the economy that currently serve as the region's economic foundation and further examine those specific industries that have fared better than others during a period of overall economic stagnation.

Santa Cruz County has traditionally featured an economy driven by concentrated activity in distinct clusters of industries.[8] These clusters were originally defined and analyzed as part of the Santa Cruz Region Cluster Project, which issued a series of reports in 2000. This analysis assesses the current state and evolution of these industry clusters, based on short-term and long-term employment trends. These clusters are defined as follows:

- Software and Computers
- Lifestyle (Commercial Crafts)
- Lifestyle (Natural Lifestyle)
- Lifestyle (Recreational Services)
- Lifestyle (Recreational Products)
- Food and Agriculture.

For many years, these industry clusters served as the economic base of the County and a starting point from which opportunities in other industries originate. However, as the economy in Santa Cruz County has created minimal long-term and short-term net job gains, the strength of the software and computers, and food and agriculture industry clusters in particular has similarly eroded as business activity shifts into other sectors that might not have generated many jobs in the past. The components of the lifestyle cluster have performed better as a whole, but have not kept pace with growth trends across the rest of the country. At the end of this appendix, additional data is also provided for the health care and construction sectors.

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[8] LQ, Location Quotient, is the ratio of the share of regional employment in an industry to total regional employment divided by the ratio of the share of national employment in the same industry to total national employment. It is a measure of concentration, or specialization, of that industry within a particular economic region.
Shift-share is a measure of an industry's growth rate in terms of employment in an economic region relative to that industry's growth rate for the nation. A negative shift-share indicates growth is slower than the nation, while a positive shift-share indicates that growth is greater than the nation.

TABLE B-1
INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

Industry Cluster	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	1992 to 2005 % Change	Shift-share (Proportional Shift)
Software and Computers	4,938	4,010	0.90	-18.8%	-19.4%
Lifestyle - Commercial Crafts	4,545	4,257	1.01	-6.3%	-6.9%
Lifestyle - Natural Lifestyle	5,947	6,927	1.31	16.5%	15.9%
Lifestyle - Recreation/Visitor Services	9,875	11,223	1.23	13.7%	13.0%
Lifestyle - Recreational Products	974	1,261	2.54	29.5%	28.9%
Lifestyle Cluster Total	21,341	23,668	1.24	10.9%	10.3%
Food and Agriculture	17,324	12,061	3.02	-30.4%	-31.0%

Source: ADE, data from IMPLAN CEW county employment database

INDUSTRY CLUSTER ANALYSIS

A city or region's economic base is comprised of industries that primarily export their products or services. Payments for these goods and services come back to the city or region and are used to pay for wages and supplies. The healthier these industries, as measured by their sales and profits, the greater their ability to create wealth for the region. A city's economic base can be sub-divided into clusters according to the nature of their inter-dependencies, or their buying and selling behavior. An industry cluster is a concentration of interdependent firms in related industries within a particular geographic region.

Together, the industry clusters in the analysis accounted for 39,739 jobs in Santa Cruz County in 2005. This represents over 48 percent of the total private sector employment in the County. However, it also represents a 9.6 percent employment decline from 1992, and a decline from the 54 percent share of employment in 1992. Clearly, the County's economy has evolved considerably over the past decade, and the performance of these industry clusters is an important starting point in evaluating future opportunities and strategic initiatives for Santa Cruz County.

SOFTWARE AND COMPUTERS

The software and computers cluster is an outgrowth of Santa Cruz County's proximity to Silicon Valley and its economic ties to the region. Many Silicon Valley firms located operations in Santa Cruz County, with many commuters to Silicon Valley choosing to reside in Santa Cruz County. This creates a highly trained workforce, and potential for entrepreneurship, which helped to stimulate business development in this cluster. The cluster is generally comprised of the following major industry sectors and activities:

- Computer hardware manufacturing
- Computer peripheral manufacturing
- Specialized machinery manufacturing
- Communications equipment
- Audio visual equipment
- Instrument manufacturing
- Electrical equipment manufacturing

- Wholesale trade (including electronic business-to-business)
- Internet publishing
- Telecommunications
- Information services
- Design services
- Programming and other computer services

This cluster has been heavily impacted by multiple market trends in the technology sectors, all of which have had a net effect of steep job declines for most of the industries that comprise this cluster. In 2005, software and computer-oriented industries in Santa Cruz County accounted for 4,010 jobs.[9] This represents a percentage decline of nearly 19 percent from 1992 employment level of over 4,900 jobs. The short-term employment trend in this cluster shows a similarly negative trend, with a net loss of over 500 jobs between 2003 and 2005.

TABLE B-2
SOFTWARE AND COMPUTER CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
------	Total	78,975	79,456	1.00	0.6%	0.0%
333295	Semiconductor Machinery Manufacturing	12	1	0.08	-91.7%	-92.3%
333313	Office Machinery Manufacturing	0	0	0.00	N/A	N/A
333314	Optical Instrument and Lens Manufacturing	1	0	0.00	-100.0%	-100.6%
333315	Photographic and Photocopying Equipment Manufacturing	0	0	0.00	N/A	N/A
333319	Other Commercial and Service Industry Machinery Manufacturing	2	6	0.16	200.0%	199.4%
3341	Computer and Peripheral Equipment Manufacturing	951	43	0.29	-95.5%	-96.1%
3342	Communications Equipment Manufacturing	243	609	5.76	150.6%	150.0%
3343	Audio and Video Equipment Manufacturing	6	30	1.28	400.0%	399.4%
3344	Semiconductor and Other Electronic Component Manufacturing	1,546	413	1.29	-73.3%	-73.9%
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	372	539	1.73	44.9%	44.3%
3346	Manufacturing and Reproducing Magnetic and Optical Media	3	0	0.00	-100.0%	-100.6%
3353	Electrical Equipment Manufacturing	3	23	0.21	666.7%	666.1%
3359	Other Electrical Equipment and Component Manufacturing	24	46	0.47	91.7%	91.1%
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	149	284	1.63	90.6%	90.0%
423440	Other Commercial Equipment Merchant Wholesalers	0	0	0.00	N/A	N/A
423490	Other Professional Equipment and Supplies Merchant Wholesalers	65	27	1.47	-58.5%	-59.1%
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	3	7	0.07	133.3%	132.7%

[9] Data comes from the IMPLAN CEW county employment database. This database does not include self-employment and public sector activities.

TABLE B-2
SOFTWARE AND COMPUTER CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
423620	Electrical and Electronic Appliance, Television, and Radio Set Merchant Wholesalers	0	0	0.00	N/A	N/A
423690	Other Electronic Parts and Equipment Merchant Wholesalers	46	101	0.85	119.6%	119.0%
423830	Industrial Machinery and Equipment Merchant Wholesalers	220	236	1.08	7.3%	6.7%
423840	Industrial Supplies Merchant Wholesalers	14	15	0.28	7.1%	6.5%
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	21	0	0.00	-100.0%	-100.6%
425110	Business to Business Electronic Markets	93	97	2.31	4.3%	3.7%
516	Internet Publishing and Broadcasting	9	9	0.40	0.0%	-0.6%
517110	Wired Telecommunications Carriers	342	45	0.12	-86.8%	-87.5%
517211	Paging	0	3	0.21	N/A	N/A
517212	Cellular and Other Wireless Telecommunications	0	44	0.36	N/A	N/A
517310	Telecommunications Resellers	11	165	1.70	1400.0%	1399.4%
517410	Satellite Telecommunications	2	0	0.00	-100.0%	-100.6%
517510	Cable and Other Program Distribution	47	34	0.35	-27.7%	-28.3%
517910	Other Telecommunications	0	0	0.00	N/A	N/A
518111	Internet Service Providers	3	51	0.71	1600.0%	1599.4%
518112	Web Search Portals	0	0	0.00	N/A	N/A
518210	Data Processing, Hosting, and Related Services	13	18	0.09	38.5%	37.9%
519190	All Other Information Services	6	2	0.25	-66.7%	-67.3%
541420	Industrial Design Services	9	3	0.35	-66.7%	-67.3%
541430	Graphic Design Services	30	48	0.99	60.0%	59.4%
541490	Other Specialized Design Services	2	3	0.38	50.0%	49.4%
541511	Custom Computer Programming Services	125	370	0.98	196.0%	195.4%
541512	Computer Systems Design Services	201	177	0.48	-11.9%	-12.5%
541513	Computer Facilities Management Services	0	0	0.00	N/A	N/A
541519	Other Computer Related Services	23	9	0.12	-60.9%	-61.5%
541690	Other Scientific and Technical Consulting Services	12	144	2.29	1100.0%	1099.4%
541710	Research and Development in the Physical, Engineering, and Life Sciences	329	408	1.12	24.0%	23.4%
	COMPUTER AND SOFTWARE CLUSTER TOTAL	**4,938**	**4,010**	**0.90**	**-18.8%**	**-19.4%**

Source: ADE, data from IMPLAN CEW county employment database

TABLE B-3
SOFTWARE AND COMPUTER CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
------	Total	79,353	79,456	1.00	0.1%	0.0%
333295	Semiconductor Machinery Manufacturing	11	1	0.08	-90.9%	-91.0%
333313	Office Machinery Manufacturing	0	0	0.00	N/A	N/A
333314	Optical Instrument and Lens Manufacturing	0	0	0.00	N/A	N/A
333315	Photographic and Photocopying Equipment Manufacturing	0	0	0.00	N/A	N/A
333319	Other Commercial and Service Industry Machinery Manufacturing	0	6	0.16	N/A	N/A
3341	Computer and Peripheral Equipment Manufacturing	33	43	0.29	30.3%	30.2%
3342	Communications Equipment Manufacturing	219	609	5.76	178.1%	178.0%
3343	Audio and Video Equipment Manufacturing	322	30	1.28	-90.7%	-90.8%
3344	Semiconductor and Other Electronic Component Manufacturing	449	413	1.29	-8.0%	-8.1%
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	643	539	1.73	-16.2%	-16.3%
3346	Manufacturing and Reproducing Magnetic and Optical Media	181	0	0.00	-100.0%	-100.1%
3353	Electrical Equipment Manufacturing	7	23	0.21	228.6%	228.4%
3359	Other Electrical Equipment and Component Manufacturing	6	46	0.47	666.7%	666.5%
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	239	284	1.63	18.8%	18.7%
423440	Other Commercial Equipment Merchant Wholesalers	0	0	0.00	N/A	N/A
423490	Other Professional Equipment and Supplies Merchant Wholesalers	17	27	1.47	58.8%	58.7%
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	5	7	0.07	40.0%	39.9%
423620	Electrical and Electronic Appliance, Television, and Radio Set Merchant Wholesalers	1	0	0.00	-100.0%	-100.1%
423690	Other Electronic Parts and Equipment Merchant Wholesalers	57	101	0.85	77.2%	77.1%
423830	Industrial Machinery and Equipment Merchant Wholesalers	266	236	1.08	-11.3%	-11.4%
423840	Industrial Supplies Merchant Wholesalers	0	15	0.28	N/A	N/A
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	31	0	0.00	-100.0%	-100.1%
425110	Business to Business Electronic Markets	12	97	2.31	708.3%	708.2%
516	Internet Publishing and Broadcasting	11	9	0.40	-18.2%	-18.3%
517110	Wired Telecommunications Carriers	66	45	0.12	-31.8%	-31.9%
517211	Paging	4	3	0.21	-25.0%	-25.1%
517212	Cellular and Other Wireless Telecommunications	26	44	0.36	69.2%	69.1%
517310	Telecommunications Resellers	199	165	1.70	-17.1%	-17.2%
517410	Satellite Telecommunications	0	0	0.00	N/A	N/A
517510	Cable and Other Program Distribution	18	34	0.35	88.9%	88.8%
517910	Other Telecommunications	3	0	0.00	-100.0%	-100.1%
518111	Internet Service Providers	84	51	0.71	-39.3%	-39.4%
518112	Web Search Portals	0	0	0.00	N/A	N/A

TABLE B-3
SOFTWARE AND COMPUTER CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
518210	Data Processing, Hosting, and Related Services	38	18	0.09	-52.6%	-52.8%
519190	All Other Information Services	2	2	0.25	0.0%	-0.1%
541420	Industrial Design Services	31	3	0.35	-90.3%	-90.5%
541430	Graphic Design Services	49	48	0.99	-2.0%	-2.2%
541490	Other Specialized Design Services	0	3	0.38	N/A	N/A
541511	Custom Computer Programming Services	449	370	0.98	-17.6%	-17.7%
541512	Computer Systems Design Services	247	177	0.48	-28.3%	-28.5%
541513	Computer Facilities Management Services	10	0	0.00	-100.0%	-100.1%
541519	Other Computer Related Services	13	9	0.12	-30.8%	-30.9%
541690	Other Scientific and Technical Consulting Services	91	144	2.29	58.2%	58.1%
541710	Research and Development in the Physical, Engineering, and Life Sciences	695	408	1.12	-41.3%	-41.4%
	COMPUTER AND SOFTWARE CLUSTER TOTAL	**4,535**	**4,010**	**0.90**	**-11.6%**	**-11.7%**

Source: ADE, data from IMPLAN CEW county employment database

Component manufacturers have had especially steep employment declines. These hardware companies have had the longest presence in Santa Cruz County[10], and have seen some major facility closures in recent years. Within this cluster, the strongest employment gains have generally centered on the software and services sectors, including custom programming services and research.

These declines have eroded the employment concentration to a point where economic activity in the software and computer sectors is now less concentrated in Santa Cruz County than across the U.S. as a whole (location quotient = 0.90).

LIFESTYLE

Among the clusters in the analysis, the lifestyle cluster is the most loosely defined in that the economic linkages are less tied to buyer-supplier relationships and more an entrepreneurial reflection of the local lifestyle in Santa Cruz County. The Santa Cruz Region Cluster Project defined lifestyle companies as "companies serving markets outside the Santa Cruz region whose products and appeal are linked to the unique lifestyles of the people in the Santa Cruz region."[11] These companies tend to serve specialized markets, and contribute to Santa Cruz County's strong base of small businesses.

Because the companies that comprise the lifestyle cluster might encompass unrelated business activities, the analysis segmented out the lifestyle cluster into four subcategories based on the types of markets that they serve. These subcategories are defined as follows:

- Commercial crafts
- Natural lifestyle

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[10] Collaborative Economics; *Software and Hardware in Santa Cruz County*; April 25, 2000; p.2.
[11] Collaborative Economics; Lifestyle Companies in Santa Cruz County; April 14, 2000; p.1.

- Recreational services
- Recreational products

Altogether, the lifestyle cluster accounted for nearly 22,500 jobs in 2005. This represents a 10 percent increase over the 20,400 jobs in 1992. However, this also represents a 2.9 percent decrease compared to the 23,100 jobs in 2003. Furthermore, the shift-share (differential shift) shows that the long-term and short-term employment growth trends for this cluster in Santa Cruz County did not keep pace with national trends.

The employment concentration in the lifestyle cluster is slightly above the national average (location quotient =1.26).

TABLE B-4
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
------	Total	78,975	79,456	1.00	0.6%	0.0%
323110	Commercial Lithographic Printing	153	92	0.51	-39.9%	-40.5%
323111	Commercial Gravure Printing	33	2	0.17	-93.9%	-94.5%
323112	Commercial Flexographic Printing	15	0	0.00	-100.0%	-100.6%
323113	Commercial Screen Printing	66	37	0.78	-43.9%	-44.5%
323114	Quick Printing	54	40	0.82	-25.9%	-26.5%
323115	Digital Printing	1	1	0.07	0.0%	-0.6%
323117	Books Printing	4	0	0.00	-100.0%	-100.6%
323119	Other Commercial Printing	10	7	0.19	-30.0%	-30.6%
3271	Clay Product and Refractory Manufacturing	10	12	0.27	20.0%	19.4%
3272	Glass and Glass Product Manufacturing	42	27	0.35	-35.7%	-36.3%
3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing	189	177	0.65	-6.3%	-7.0%
3372	Office Furniture (including Fixtures) Manufacturing	93	35	0.37	-62.4%	-63.0%
33991	Jewelry and Silverware Manufacturing	1	28	0.90	2700.0%	2699.4%
33995	Sign Manufacturing	11	26	0.48	136.4%	135.8%
339992	Musical Instrument Manufacturing	72	34	3.54	-52.8%	-53.4%
423210	Furniture Merchant Wholesalers	66	24	0.75	-63.6%	-64.2%
423220	Home Furnishing Merchant Wholesalers	97	41	0.85	-57.7%	-58.3%
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	40	40	1.26	0.0%	-0.6%
424320	Men's and Boys' Clothing and Furnishings Merchant Wholesalers	31	67	2.91	116.1%	115.5%
424330	Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	7	15	0.34	114.3%	113.7%
424920	Book, Periodical, and Newspaper Merchant Wholesalers	5	19	0.47	280.0%	279.4%
424930	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers	242	346	9.29	43.0%	42.4%
442110	Furniture Stores	124	106	0.50	-14.5%	-15.1%
448310	Jewelry Stores	110	118	1.06	7.3%	6.7%
451140	Musical Instrument and Supplies Stores	25	34	1.34	36.0%	35.4%
451211	Book Stores	130	181	1.75	39.2%	38.6%
451212	News Dealers and Newsstands	5	1	0.16	-80.0%	-80.6%
451220	Prerecorded Tape, Compact Disc, and Record Stores	94	75	2.14	-20.2%	-20.8%
453110	Florists	118	62	0.85	-47.5%	-48.1%
453220	Gift, Novelty, and Souvenir Stores	229	294	1.91	28.4%	27.8%
453310	Used Merchandise Stores	123	122	1.50	-0.8%	-1.4%

TABLE B-4
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
453920	Art Dealers	34	9	0.53	-73.5%	-74.1%
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	125	152	1.59	21.6%	21.0%
511110	Newspaper Publishers	500	282	1.06	-43.6%	-44.2%
511120	Periodical Publishers	27	21	0.21	-22.2%	-22.8%
511130	Book Publishers	52	44	0.75	-15.4%	-16.0%
541310	Architectural Services	66	84	0.61	27.3%	26.7%
541320	Landscape Architectural Services	20	49	1.60	145.0%	144.4%
541340	Drafting Services	2	2	0.27	0.0%	-0.6%
541410	Interior Design Services	31	21	0.76	-32.3%	-32.9%
541420	Industrial Design Services	9	3	0.35	-66.7%	-67.3%
541490	Other Specialized Design Services	2	3	0.38	50.0%	49.4%
541810	Advertising Agencies	16	41	0.33	156.3%	155.6%
541820	Public Relations Agencies	142	24	0.72	-83.1%	-83.7%
541830	Media Buying Agencies	16	0	0.00	-100.0%	-100.6%
541840	Media Representatives	85	39	1.73	-54.1%	-54.7%
541850	Display Advertising	34	16	0.68	-52.9%	-53.6%
541860	Direct Mail Advertising	97	19	0.39	-80.4%	-81.0%
541870	Advertising Material Distribution Services	13	0	0.00	-100.0%	-100.6%
541890	Other Services Related to Advertising	87	31	0.65	-64.4%	-65.0%
541921	Photography Studios, Portrait	56	37	0.71	-33.9%	-34.5%
541922	Commercial Photography	5	20	2.52	300.0%	299.4%
611610	Fine Arts Schools	10	69	1.57	590.0%	589.4%
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations	916	1,226	1.32	33.8%	33.2%
	LIFESTYLE - COMMERCIAL CRAFTS	**4,545**	**4,257**	**1.01**	**-6.3%**	**-6.9%**
311230	Breakfast Cereal Manufacturing	26	0	0.00	-100.0%	-100.6%
311320	Chocolate and Confectionery Manufacturing from Cacao Beans	6	0	0.00	-100.0%	-100.6%
311330	Confectionery Manufacturing from Purchased Chocolate	42	310	11.54	638.1%	637.5%
311811	Retail Bakeries	141	185	3.83	31.2%	30.6%
311991	Perishable Prepared Food Manufacturing	206	90	4.20	-56.3%	-56.9%
312120	Breweries	110	0	0.00	-100.0%	-100.6%
312130	Wineries	66	158	6.54	139.4%	138.8%
3254	Pharmaceutical and Medicine Manufacturing	101	371	1.79	267.3%	266.7%
424210	Drugs and Druggists' Sundries Merchant Wholesalers	26	29	0.19	11.5%	10.9%
424410	General Line Grocery Merchant Wholesalers	250	196	1.27	-21.6%	-22.2%
424420	Packaged Frozen Food Merchant Wholesalers	80	49	2.28	-38.8%	-39.4%
424430	Dairy Product (except Dried or Canned) Merchant Wholesalers	37	22	0.77	-40.5%	-41.1%
424440	Poultry and Poultry Product Merchant Wholesalers	0	0	0.00	N/A	N/A
424450	Confectionery Merchant Wholesalers	19	31	0.87	63.2%	62.5%
424460	Fish and Seafood Merchant Wholesalers	45	27	1.69	-40.0%	-40.6%
424470	Meat and Meat Product Merchant Wholesalers	2	1	0.04	-50.0%	-50.6%
424480	Fresh Fruit and Vegetable Merchant Wholesalers	276	84	1.55	-69.6%	-70.2%
424490	Other Grocery and Related Products Merchant Wholesalers	92	362	2.34	293.5%	292.9%
424510	Grain and Field Bean Merchant Wholesalers	0	0	0.00	N/A	N/A
424520	Livestock Merchant Wholesalers	0	0	0.00	N/A	N/A
424590	Other Farm Product Raw Material	0	0	0.00	N/A	N/A

TABLE B-4
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
	Merchant Wholesalers					
424810	Beer and Ale Merchant Wholesalers	378	384	6.14	1.6%	1.0%
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers	88	89	2.14	1.1%	0.5%
445210	Meat Markets	51	40	1.13	-21.6%	-22.2%
445220	Fish and Seafood Markets	14	1	0.10	-92.9%	-93.5%
445230	Fruit and Vegetable Markets	191	271	8.65	41.9%	41.3%
445291	Baked Goods Stores	6	19	1.26	216.7%	216.1%
445292	Confectionery and Nut Stores	2	63	4.34	3050.0%	3049.4%
445299	All Other Specialty Food Stores	274	345	5.28	25.9%	25.3%
446120	Cosmetics, Beauty Supplies, and Perfume Stores	25	59	0.83	136.0%	135.4%
446191	Food (Health) Supplement Stores	153	87	2.84	-43.1%	-43.7%
446199	All Other Health and Personal Care Stores	14	43	1.19	207.1%	206.5%
621310	Offices of Chiropractors	233	154	1.90	-33.9%	-34.5%
621399	Offices of All Other Miscellaneous Health Practitioners	12	14	0.46	16.7%	16.1%
621610	Home Health Care Services	266	120	0.20	-54.9%	-55.5%
622210	Psychiatric and Substance Abuse Hospitals	5	0	0.00	-100.0%	-100.6%
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals	44	3	0.03	-93.2%	-93.8%
623110	Nursing Care Facilities	730	810	0.72	11.0%	10.3%
623210	Residential Mental Retardation Facilities	352	152	0.63	-56.8%	-57.4%
623220	Residential Mental Health and Substance Abuse Facilities	155	361	3.19	132.9%	132.3%
623311	Continuing Care Retirement Communities	122	151	0.70	23.8%	23.2%
623312	Homes for the Elderly	213	420	1.91	97.2%	96.6%
623990	Other Residential Care Facilities	194	187	1.58	-3.6%	-4.2%
624110	Child and Youth Services	267	152	1.40	-43.1%	-43.7%
624120	Services for the Elderly and Persons with Disabilities	296	518	1.61	75.0%	74.4%
624190	Other Individual and Family Services	102	289	1.28	183.3%	182.7%
624310	Vocational Rehabilitation Services	235	280	1.26	19.1%	18.5%
	LIFESTYLE - NATURAL LIFESTYLE	**5,947**	**6,927**	**1.31**	**16.5%**	**15.9%**
487	Scenic and Sightseeing Transportation	14	21	1.06	50.0%	49.4%
5615	Travel Arrangement and Reservation Services	356	237	1.47	-33.4%	-34.0%
611620	Sports and Recreation Instruction	26	114	2.50	338.5%	337.9%
711110	Theater Companies and Dinner Theaters	2	44	1.02	2100.0%	2099.4%
711120	Dance Companies	6	0	0.00	-100.0%	-100.6%
711130	Musical Groups and Artists	119	30	1.04	-74.8%	-75.4%
711190	Other Performing Arts Companies	9	0	0.00	-100.0%	-100.6%
711310	Promoters of Performing Arts, Sports, and Similar Events with Facilities	1	8	0.19	700.0%	699.4%
711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities	12	4	0.26	-66.7%	-67.3%
711410	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	3	1	0.09	-66.7%	-67.3%
711510	Independent Artists, Writers, and Performers	34	36	1.15	5.9%	5.3%
712110	Museums	28	80	1.58	185.7%	185.1%
712120	Historical Sites	2	0	0.00	-100.0%	-100.6%
712130	Zoos and Botanical Gardens	8	0	0.00	-100.0%	-100.6%
712190	Nature Parks and Other Similar Institutions	3	2	0.41	-33.3%	-33.9%
713110	Amusement and Theme Parks	639	757	7.66	18.5%	17.9%
713120	Amusement Arcades	1	16	1.37	1500.0%	1499.4%

TABLE B-4
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
713910	Golf Courses and Country Clubs	231	173	0.73	-25.1%	-25.7%
713930	Marinas	23	1	0.04	-95.7%	-96.3%
713940	Fitness and Recreational Sports Centers	377	601	1.74	59.4%	58.8%
713950	Bowling Centers	77	23	0.42	-70.1%	-70.7%
713990	All Other Amusement and Recreation Industries	60	77	0.87	28.3%	27.7%
7211	Traveler Accommodation	858	1,098	0.87	28.0%	27.4%
7212	RV (Recreational Vehicle) Parks and Recreational Camps	96	84	2.28	-12.5%	-13.1%
722110	Full-Service Restaurants	3,360	4,306	1.40	28.2%	27.5%
722211	Limited-Service Restaurants	2,556	2,460	1.03	-3.8%	-4.4%
722212	Cafeterias, Grill Buffets, and Buffets	150	15	0.16	-90.0%	-90.6%
722213	Snack and Nonalcoholic Beverage Bars	504	697	2.38	38.3%	37.7%
722310	Food Service Contractors	11	28	0.10	154.5%	153.9%
722320	Caterers	116	118	1.12	1.7%	1.1%
722330	Mobile Food Services	0	3	0.58	N/A	N/A
722410	Drinking Places (Alcoholic Beverages)	193	189	0.73	-2.1%	-2.7%
	LIFESTYLE - RECREATIONAL SERVICES	**9,875**	**11,223**	**1.23**	**13.7%**	**13.0%**
336612	Boat Building	21	86	1.96	309.5%	308.9%
336991	Motorcycle, Bicycle, and Parts Manufacturing	109	107	7.95	-1.8%	-2.4%
33992	Sporting and Athletic Goods Manufacturing	133	50	1.31	-62.4%	-63.0%
33993	Doll, Toy, and Game Manufacturing	0	0	0.00	N/A	N/A
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers	61	119	3.43	95.1%	94.5%
423920	Toy and Hobby Goods and Supplies Merchant Wholesalers	3	3	0.18	0.0%	-0.6%
441221	Motorcycle, ATV, and Personal Watercraft Dealers	33	95	1.98	187.9%	187.3%
441222	Boat Dealers	297	286	8.98	-3.7%	-4.3%
451110	Sporting Goods Stores	246	390	2.47	58.5%	57.9%
451120	Hobby, Toy, and Game Stores	71	125	1.25	76.1%	75.4%
	LIFESTYLE - RECREATIONAL PRODUCTS	**974**	**1,261**	**2.54**	**29.5%**	**28.9%**
	LIFESTYLE CLUSTER TOTAL	**21,341**	**23,668**	**1.24**	**10.9%**	**10.3%**

Source: ADE, data from IMPLAN CEW county employment database

TABLE B-5
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
------	Total	79,353	79,456	1.00	0.1%	0.0%
323110	Commercial Lithographic Printing	101	92	0.51	-8.9%	-9.0%
323111	Commercial Gravure Printing	4	2	0.17	-50.0%	-50.1%
323112	Commercial Flexographic Printing	0	0	0.00	N/A	N/A
323113	Commercial Screen Printing	29	37	0.78	27.6%	27.5%
323114	Quick Printing	55	40	0.82	-27.3%	-27.4%
323115	Digital Printing	0	1	0.07	N/A	N/A
323117	Books Printing	0	0	0.00	N/A	N/A
323118	Blankbook, Looseleaf Binders, and Devices Manufacturing	0	0	0.00	N/A	N/A
323119	Other Commercial Printing	4	7	0.19	75.0%	74.9%
3271	Clay Product and Refractory Manufacturing	7	12	0.27	71.4%	71.3%
3272	Glass and Glass Product Manufacturing	26	27	0.35	3.8%	3.7%
3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing	172	177	0.65	2.9%	2.8%
3372	Office Furniture (including Fixtures) Manufacturing	30	35	0.37	16.7%	16.5%
33991	Jewelry and Silverware Manufacturing	25	28	0.90	12.0%	11.9%
33995	Sign Manufacturing	16	26	0.48	62.5%	62.4%
339992	Musical Instrument Manufacturing	77	34	3.54	-55.8%	-56.0%
423210	Furniture Merchant Wholesalers	23	24	0.75	4.3%	4.2%
423220	Home Furnishing Merchant Wholesalers	42	41	0.85	-2.4%	-2.5%
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	40	40	1.26	0.0%	-0.1%
424110	Printing and Writing Paper Merchant Wholesalers	4	0	0.00	-100.0%	-100.1%
424320	Men's and Boys' Clothing and Furnishings Merchant Wholesalers	44	67	2.91	52.3%	52.1%
424330	Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	12	15	0.34	25.0%	24.9%
424340	Footwear Merchant Wholesalers	0	0	0.00	N/A	N/A
424920	Book, Periodical, and Newspaper Merchant Wholesalers	8	19	0.47	137.5%	137.4%
424930	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers	275	346	9.29	25.8%	25.7%
442110	Furniture Stores	145	106	0.50	-26.9%	-27.0%
448310	Jewelry Stores	134	118	1.06	-11.9%	-12.1%
451140	Musical Instrument and Supplies Stores	37	34	1.34	-8.1%	-8.2%
451211	Book Stores	222	181	1.75	-18.5%	-18.6%
451212	News Dealers and Newsstands	4	1	0.16	-75.0%	-75.1%
451220	Prerecorded Tape, Compact Disc, and Record Stores	91	75	2.14	-17.6%	-17.7%
453110	Florists	92	62	0.85	-32.6%	-32.7%
453220	Gift, Novelty, and Souvenir Stores	281	294	1.91	4.6%	4.5%
453310	Used Merchandise Stores	134	122	1.50	-9.0%	-9.1%
453920	Art Dealers	23	9	0.53	-60.9%	-61.0%
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	131	152	1.59	16.0%	15.9%
511110	Newspaper Publishers	280	282	1.06	0.7%	0.6%
511120	Periodical Publishers	43	21	0.21	-51.2%	-51.3%
511130	Book Publishers	45	44	0.75	-2.2%	-2.4%
511191	Greeting Card Publishers	0	0	0.00	N/A	N/A
511199	All Other Publishers	2	2	0.18	0.0%	-0.1%
541310	Architectural Services	69	84	0.61	21.7%	21.6%
541320	Landscape Architectural Services	51	49	1.60	-3.9%	-4.1%
541340	Drafting Services	3	2	0.27	-33.3%	-33.5%

TABLE B-5
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
541410	Interior Design Services	10	21	0.76	110.0%	109.9%
541420	Industrial Design Services	31	3	0.35	-90.3%	-90.5%
541490	Other Specialized Design Services	0	3	0.38	N/A	N/A
541810	Advertising Agencies	84	41	0.33	-51.2%	-51.3%
541820	Public Relations Agencies	12	24	0.72	100.0%	99.9%
541830	Media Buying Agencies	0	0	0.00	N/A	N/A
541840	Media Representatives	7	39	1.73	457.1%	457.0%
541850	Display Advertising	64	16	0.68	-75.0%	-75.1%
541860	Direct Mail Advertising	2	19	0.39	850.0%	849.9%
541870	Advertising Material Distribution Services	0	0	0.00	N/A	N/A
541890	Other Services Related to Advertising	1	31	0.65	3000.0%	2999.9%
541921	Photography Studios, Portrait	42	37	0.71	-11.9%	-12.0%
541922	Commercial Photography	14	20	2.52	42.9%	42.7%
611610	Fine Arts Schools	64	69	1.57	7.8%	7.7%
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations	1,361	1,226	1.32	-9.9%	-10.0%
	LIFESTYLE - COMMERCIAL CRAFTS	**4,473**	**4,257**	**1.01**	**-4.8%**	**-5.0%**
311230	Breakfast Cereal Manufacturing	0	0	0.00	N/A	N/A
311320	Chocolate and Confectionery Manufacturing from Cacao Beans	0	0	0.00	N/A	N/A
311330	Confectionery Manufacturing from Purchased Chocolate	240	310	11.54	29.2%	29.0%
311811	Retail Bakeries	140	185	3.83	32.1%	32.0%
311991	Perishable Prepared Food Manufacturing	59	90	4.20	52.5%	52.4%
312120	Breweries	0	0	0.00	N/A	N/A
312130	Wineries	136	158	6.54	16.2%	16.0%
3254	Pharmaceutical and Medicine Manufacturing	336	371	1.79	10.4%	10.3%
424210	Drugs and Druggists' Sundries Merchant Wholesalers	32	29	0.19	-9.4%	-9.5%
424410	General Line Grocery Merchant Wholesalers	216	196	1.27	-9.3%	-9.4%
424420	Packaged Frozen Food Merchant Wholesalers	49	49	2.28	0.0%	-0.1%
424430	Dairy Product (except Dried or Canned) Merchant Wholesalers	42	22	0.77	-47.6%	-47.7%
424440	Poultry and Poultry Product Merchant Wholesalers	0	0	0.00	N/A	N/A
424450	Confectionery Merchant Wholesalers	0	31	0.87	N/A	N/A
424460	Fish and Seafood Merchant Wholesalers	27	27	1.69	0.0%	-0.1%
424470	Meat and Meat Product Merchant Wholesalers	0	1	0.04	N/A	N/A
424480	Fresh Fruit and Vegetable Merchant Wholesalers	147	84	1.55	-42.9%	-43.0%
424490	Other Grocery and Related Products Merchant Wholesalers	224	362	2.34	61.6%	61.5%
424510	Grain and Field Bean Merchant Wholesalers	0	0	0.00	N/A	N/A
424520	Livestock Merchant Wholesalers	0	0	0.00	N/A	N/A
424590	Other Farm Product Raw Material Merchant Wholesalers	0	0	0.00	N/A	N/A
424810	Beer and Ale Merchant Wholesalers	255	384	6.14	50.6%	50.5%
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers	28	89	2.14	217.9%	217.7%
445210	Meat Markets	58	40	1.13	-31.0%	-31.2%
445220	Fish and Seafood Markets	2	1	0.10	-50.0%	-50.1%
445230	Fruit and Vegetable Markets	209	271	8.65	29.7%	29.5%
445291	Baked Goods Stores	31	19	1.26	-38.7%	-38.8%
445292	Confectionery and Nut Stores	0	63	4.34	N/A	N/A
445299	All Other Specialty Food Stores	485	345	5.28	-28.9%	-29.0%

TABLE B-5
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
446120	Cosmetics, Beauty Supplies, and Perfume Stores	65	59	0.83	-9.2%	-9.4%
446191	Food (Health) Supplement Stores	70	87	2.84	24.3%	24.2%
446199	All Other Health and Personal Care Stores	22	43	1.19	95.5%	95.3%
621310	Offices of Chiropractors	206	154	1.90	-25.2%	-25.4%
621399	Offices of All Other Miscellaneous Health Practitioners	29	14	0.46	-51.7%	-51.9%
621610	Home Health Care Services	175	120	0.20	-31.4%	-31.6%
622210	Psychiatric and Substance Abuse Hospitals	0	0	0.00	N/A	N/A
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals	572	3	0.03	-99.5%	-99.6%
623110	Nursing Care Facilities	747	810	0.72	8.4%	8.3%
623210	Residential Mental Retardation Facilities	296	152	0.63	-48.6%	-48.8%
623220	Residential Mental Health and Substance Abuse Facilities	364	361	3.19	-0.8%	-1.0%
623311	Continuing Care Retirement Communities	230	151	0.70	-34.3%	-34.5%
623312	Homes for the Elderly	230	420	1.91	82.6%	82.5%
623990	Other Residential Care Facilities	155	187	1.58	20.6%	20.5%
624110	Child and Youth Services	189	152	1.40	-19.6%	-19.7%
624120	Services for the Elderly and Persons with Disabilities	452	518	1.61	14.6%	14.5%
624190	Other Individual and Family Services	316	289	1.28	-8.5%	-8.7%
624310	Vocational Rehabilitation Services	225	280	1.26	24.4%	24.3%
	LIFESTYLE - NATURAL LIFESTYLE	**7,059**	**6,927**	**1.31**	**-1.9%**	**-2.0%**
487	Scenic and Sightseeing Transportation	14	21	1.06	50.0%	49.9%
5615	Travel Arrangement and Reservation Services	271	237	1.47	-12.5%	-12.7%
611620	Sports and Recreation Instruction	92	114	2.50	23.9%	23.8%
711110	Theater Companies and Dinner Theaters	2	44	1.02	2100.0%	2099.9%
711120	Dance Companies	2	0	0.00	-100.0%	-100.1%
711130	Musical Groups and Artists	71	30	1.04	-57.7%	-57.9%
711190	Other Performing Arts Companies	13	0	0.00	-100.0%	-100.1%
711310	Promoters of Performing Arts, Sports, and Similar Events with Facilities	7	8	0.19	14.3%	14.2%
711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities	7	4	0.26	-42.9%	-43.0%
711410	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	17	1	0.09	-94.1%	-94.2%
711510	Independent Artists, Writers, and Performers	27	36	1.15	33.3%	33.2%
712110	Museums	68	80	1.58	17.6%	17.5%
712120	Historical Sites	0	0	0.00	N/A	N/A
712130	Zoos and Botanical Gardens	0	0	0.00	N/A	N/A
712190	Nature Parks and Other Similar Institutions	0	2	0.41	N/A	N/A
713110	Amusement and Theme Parks	3	757	7.66	25133.3%	25133.2%
713120	Amusement Arcades	567	16	1.37	-97.2%	-97.3%
713910	Golf Courses and Country Clubs	185	173	0.73	-6.5%	-6.6%
713930	Marinas	27	1	0.04	-96.3%	-96.4%
713940	Fitness and Recreational Sports Centers	638	601	1.74	-5.8%	-5.9%
713950	Bowling Centers	3	23	0.42	666.7%	666.5%
713990	All Other Amusement and Recreation Industries	58	77	0.87	32.8%	32.6%
7211	Traveler Accommodation	1,233	1,098	0.87	-10.9%	-11.1%
7212	RV (Recreational Vehicle) Parks and Recreational Camps	131	84	2.28	-35.9%	-36.0%

TABLE B-5
LIFESTYLE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
722110	Full-Service Restaurants	4,111	4,306	1.40	4.7%	4.6%
722211	Limited-Service Restaurants	2,684	2,460	1.03	-8.3%	-8.5%
722212	Cafeterias, Grill Buffets, and Buffets	24	15	0.16	-37.5%	-37.6%
722213	Snack and Nonalcoholic Beverage Bars	653	697	2.38	6.7%	6.6%
722310	Food Service Contractors	35	28	0.10	-20.0%	-20.1%
722320	Caterers	387	118	1.12	-69.5%	-69.6%
722330	Mobile Food Services	0	3	0.58	N/A	N/A
722410	Drinking Places (Alcoholic Beverages)	169	189	0.73	11.8%	11.7%
	LIFESTYLE - RECREATIONAL SERVICES	**11,499**	**11,223**	**1.23**	**-2.4%**	**-2.5%**
336612	Boat Building	7	86	1.96	1128.6%	1128.4%
336991	Motorcycle, Bicycle, and Parts Manufacturing	94	107	7.95	13.8%	13.7%
33992	Sporting and Athletic Goods Manufacturing	34	50	1.31	47.1%	46.9%
33993	Doll, Toy, and Game Manufacturing	3	0	0.00	-100.0%	-100.1%
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers	151	119	3.43	-21.2%	-21.3%
423920	Toy and Hobby Goods and Supplies Merchant Wholesalers	8	3	0.18	-62.5%	-62.6%
441221	Motorcycle, ATV, and Personal Watercraft Dealers	99	95	1.98	-4.0%	-4.2%
441222	Boat Dealers	459	286	8.98	-37.7%	-37.8%
451110	Sporting Goods Stores	408	390	2.47	-4.4%	-4.5%
451120	Hobby, Toy, and Game Stores	153	125	1.25	-18.3%	-18.4%
	LIFESTYLE - RECREATIONAL PRODUCTS	**1,416**	**1,261**	**2.54**	**-10.9%**	**-11.1%**
	LIFESTYLE CLUSTER TOTAL	**24,447**	**23,668**	**1.24**	**-3.2%**	**-3.3%**

Source: ADE, data from IMPLAN CEW county employment database

Commercial Crafts

This subcategory within the lifestyle cluster comprises small-scale craft-oriented manufacturing industries producing woodworking, stone and glass products, as well as specialized products such as musical instruments. This activity also includes artists, designers, printers, advertising, photography, and supporting retail and distribution operations.

Between 1992 and 2005, commercial crafts businesses declined from 4,500 to 4,200 and from 4,400 to 4,200 between 2003 and 2005. The employment concentration for commercial crafts in Santa Cruz County is about the same as the national average.

Natural Lifestyle

Natural lifestyle businesses are tied to natural food products, alternative health products, alternative health services, natural health and beauty aids, and supporting distribution and retail operations.

Between 1992 and 2005, natural lifestyle industries in Santa Cruz County grew by 17 percent to nearly 7,000 jobs. Between 2003 and 2005, these industries had a slight decline of about two percent. Employment concentration in these industries is slightly above the national average (location quotient = 1.29).

Recreational Services

The recreational services subcategory includes recreational activities, attractions, restaurants, performing arts, and transportation services. Many of these industries serve both local and visitor-serving markets. The employment in this grouping is dominated by food service industries.

Between 1992 and 2005, the recreational services sectors in Santa Cruz County grew by 13 percent to over 10,000 jobs. The short-term trend (2003 to 2005) shows virtually no change with less than a one percent employment decline. Compared to national trends, the long-term employment growth since 1992 occurred at a slower rate, which is indicated by the negative shift-share (differential shift).

Recreational Products

This lifestyle subcategory primarily focuses on manufacturing and distribution of recreational products such as boats, bicycles, sporting and athletic goods, and toys and hobbies. Among the different subcategories within the lifestyle cluster, recreational products has the highest location concentration compared to national trends (location quotient = 2.54).

Between 1992 and 2005, recreational products sectors grew by about 30 percent for a 2005 total of nearly 1,300 jobs. However, the short-term trend showed an 11 percent decline from the 2003 employment total of 1,400 jobs. Despite the robust growth since 1992, the local job growth in recreational products still did not keep pace with national employment growth trends, as indicated by the negative shift-share (differential shift).

FOOD AND AGRICULTURE

Food and agricultural production is primarily concentrated in the southern section of Santa Cruz County, and represents a significant concentration of employment and economic activity in the region. Businesses in this sector also benefit from trade activity within Monterey County, which has one of the most prolific agricultural economies in the country. However, activity in this sector, while still highly concentrated, has declined significantly in recent years.

The cluster is generally comprised of the following major industry sectors and activities:

- Agricultural production
- Livestock production
- Agricultural support services
- Forestry
- Food processing
- Beverage manufacturing
- Wholesale trade
- Trucking
- Other transportation support services
- Refrigerated warehousing
- Packaging services

- Environmental consulting
- Other technical services

Between 1992 and 2005, employment in the food and agriculture cluster declined by over 30 percent, from over 17,300 jobs in 1992 to around 12,000 jobs in 2005. In more recent years, this employment decline has stabilized with only about 400 jobs lost between 2003 and 2005. The employment concentration, despite these steep declines, remains high in this cluster with a location quotient of 3.02.

TABLE B-6
FOOD AND AGRICULTURE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
------	Total	78,975	79,456	1.00	0.6%	0.0%
111	Crop Production	10,448	7,370	18.70	-29.5%	-30.1%
112	Animal Production	72	179	1.17	148.6%	148.0%
113	Forestry and Logging	17	24	0.47	41.2%	40.6%
115111	Cotton Ginning	0	0	0.00	N/A	N/A
115112	Soil Preparation, Planting, and Cultivating	36	47	2.87	30.6%	29.9%
115113	Crop Harvesting, Primarily by Machine	26	0	0.00	-100.0%	N/A
115114	Postharvest Crop Activities (except Cotton Ginning)	107	217	4.28	102.8%	102.2%
115115	Farm Labor Contractors and Crew Leaders	30	76	0.70	153.3%	152.7%
115116	Farm Management Services	121	2	0.18	-98.3%	-99.0%
115210	Support Activities for Animal Production	15	2	0.10	-86.7%	-87.3%
115310	Support Activities for Forestry	1	5	0.45	400.0%	399.4%
221310	Water Supply and Irrigation Systems	10	9	0.36	-10.0%	-10.6%
311	Food Manufacturing	4,491	1,972	1.86	-56.1%	-56.7%
312111	Soft Drink Manufacturing	14	0	0.00	-100.0%	N/A
312112	Bottled Water Manufacturing	0	5	0.45	N/A	N/A
312120	Breweries	110	0	0.00	-100.0%	N/A
312130	Wineries	66	158	6.54	139.4%	138.8%
312140	Distilleries	0	0	0.00	N/A	N/A
424420	Packaged Frozen Food Merchant Wholesalers	80	49	2.28	-38.8%	-39.4%
424430	Dairy Product (except Dried or Canned) Merchant Wholesalers	37	22	0.77	-40.5%	-41.1%
424440	Poultry and Poultry Product Merchant Wholesalers	0	0	0.00	N/A	N/A
424450	Confectionery Merchant Wholesalers	19	31	0.87	63.2%	62.5%
424460	Fish and Seafood Merchant Wholesalers	45	27	1.69	-40.0%	-40.6%
424470	Meat and Meat Product Merchant Wholesalers	2	1	0.04	-50.0%	-50.6%
424480	Fresh Fruit and Vegetable Merchant Wholesalers	276	84	1.55	-69.6%	-70.2%
424490	Other Grocery and Related Products Merchant Wholesalers	92	362	2.34	293.5%	292.9%
424510	Grain and Field Bean Merchant Wholesalers	0	0	0.00	N/A	N/A
424520	Livestock Merchant Wholesalers	0	0	0.00	N/A	N/A
424590	Other Farm Product Raw Material Merchant Wholesalers	0	0	0.00	N/A	N/A
424810	Beer and Ale Merchant Wholesalers	378	384	6.14	1.6%	1.0%
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers	88	89	2.14	1.1%	0.5%
424910	Farm Supplies Merchant Wholesalers	33	27	0.35	-18.2%	-18.8%
484110	General Freight Trucking, Local	147	273	1.64	85.7%	85.1%
484121	General Freight Trucking, Long-Distance, Truckload	117	19	0.05	-83.8%	-84.4%

TABLE B-6
FOOD AND AGRICULTURE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 1992 TO 2005

NAICS Code	Industry Description	1992 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
484122	General Freight Trucking, Long-Distance, Less Than Truckload	57	0	0.00	-100.0%	N/A
484220	Specialized Freight (except Used Goods) Trucking, Local	139	139	0.97	0.0%	-0.6%
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance	29	0	0.00	-100.0%	N/A
488210	Support Activities for Rail Transportation	0	0	0.00	N/A	N/A
488310	Port and Harbor Operations	0	0	0.00	N/A	N/A
488320	Marine Cargo Handling	0	0	0.00	N/A	N/A
488510	Freight Transportation Arrangement	7	23	0.18	228.6%	228.0%
488991	Packing and Crating	0	0	0.00	N/A	N/A
488999	All Other Support Activities for Transportation	0	0	0.00	N/A	N/A
493120	Refrigerated Warehousing and Storage	161	176	5.53	9.3%	8.7%
493130	Farm Product Warehousing and Storage	0	0	0.00	N/A	N/A
541614	Process, Physical Distribution, and Logistics Consulting Services	9	9	0.17	0.0%	-0.6%
541620	Environmental Consulting Services	20	136	2.76	580.0%	579.4%
541690	Other Scientific and Technical Consulting Services	12	144	2.29	1100.0%	1099.4%
561910	Packaging and Labeling Services	12	0	0.00	-100.0%	N/A
	FOOD AND AGRICULTURE CLUSTER TOTAL	**17,324**	**12,061**	**3.02**	**-30.4%**	**-31.0%**

Source: ADE, data from IMPLAN CEW county employment database

TABLE B-7
FOOD AND AGRICULTURE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
------	Total	79,353	79,456	1.00	0.1%	0.0%
111	Crop Production	8,189	7,370	18.70	-10.0%	-10.1%
112	Animal Production	82	179	1.17	118.3%	118.2%
113	Forestry and Logging	19	24	0.47	26.3%	26.2%
115111	Cotton Ginning	0	0	0.00	N/A	N/A
115112	Soil Preparation, Planting, and Cultivating	28	47	2.87	67.9%	67.7%
115113	Crop Harvesting, Primarily by Machine	0	0	0.00	N/A	N/A
115114	Postharvest Crop Activities (except Cotton Ginning)	166	217	4.28	30.7%	30.6%
115115	Farm Labor Contractors and Crew Leaders	70	76	0.70	8.6%	8.4%
115116	Farm Management Services	0	2	0.18	N/A	N/A
115210	Support Activities for Animal Production	1	2	0.10	100.0%	99.9%
115310	Support Activities for Forestry	6	5	0.45	-16.7%	-16.8%
221310	Water Supply and Irrigation Systems	93	9	0.36	-90.3%	-90.5%
311	Food Manufacturing	1,935	1,972	1.86	1.9%	1.8%
312111	Soft Drink Manufacturing	6	0	0.00	-100.0%	-100.1%
312112	Bottled Water Manufacturing	0	5	0.45	N/A	N/A
312120	Breweries	0	0	0.00	N/A	N/A
312130	Wineries	136	158	6.54	16.2%	16.0%
312140	Distilleries	0	0	0.00	N/A	N/A
424420	Packaged Frozen Food Merchant Wholesalers	49	49	2.28	0.0%	-0.1%
424430	Dairy Product (except Dried or Canned) Merchant Wholesalers	42	22	0.77	-47.6%	-47.7%
424440	Poultry and Poultry Product Merchant Wholesalers	0	0	0.00	N/A	N/A
424450	Confectionery Merchant Wholesalers	0	31	0.87	N/A	N/A

TABLE B-7
FOOD AND AGRICULTURE INDUSTRY CLUSTER SUMMARY, SANTA CRUZ COUNTY, 2003 TO 2005

NAICS Code	Industry Description	2003 Santa Cruz County Employment	2005 Santa Cruz County Employment	2005 Location Quotient	Percent Change	Shift-share (Proportional Shift)
424460	Fish and Seafood Merchant Wholesalers	27	27	1.69	0.0%	-0.1%
424470	Meat and Meat Product Merchant Wholesalers	0	1	0.04	N/A	N/A
424480	Fresh Fruit and Vegetable Merchant Wholesalers	147	84	1.55	-42.9%	-43.0%
424490	Other Grocery and Related Products Merchant Wholesalers	224	362	2.34	61.6%	61.5%
424510	Grain and Field Bean Merchant Wholesalers	0	0	0.00	N/A	N/A
424520	Livestock Merchant Wholesalers	0	0	0.00	N/A	N/A
424590	Other Farm Product Raw Material Merchant Wholesalers	0	0	0.00	N/A	N/A
424810	Beer and Ale Merchant Wholesalers	255	384	6.14	50.6%	50.5%
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers	28	89	2.14	217.9%	217.7%
424910	Farm Supplies Merchant Wholesalers	25	27	0.35	8.0%	7.9%
484110	General Freight Trucking, Local	177	273	1.64	54.2%	54.1%
484121	General Freight Trucking, Long-Distance, Truckload	118	19	0.05	-83.9%	-84.0%
484122	General Freight Trucking, Long-Distance, Less Than Truckload	10	0	0.00	-100.0%	-100.1%
484220	Specialized Freight (except Used Goods) Trucking, Local	202	139	0.97	-31.2%	-31.3%
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance	0	0	0.00	N/A	N/A
488210	Support Activities for Rail Transportation	0	0	0.00	N/A	N/A
488310	Port and Harbor Operations	0	0	0.00	N/A	N/A
488320	Marine Cargo Handling	0	0	0.00	N/A	N/A
488510	Freight Transportation Arrangement	20	23	0.18	15.0%	14.9%
488991	Packing and Crating	0	0	0.00	N/A	N/A
488999	All Other Support Activities for Transportation	0	0	0.00	N/A	N/A
493120	Refrigerated Warehousing and Storage	128	176	5.53	37.5%	37.4%
493130	Farm Product Warehousing and Storage	0	0	0.00	N/A	N/A
541614	Process, Physical Distribution, and Logistics Consulting Services	15	9	0.17	-40.0%	-40.1%
541620	Environmental Consulting Services	138	136	2.76	-1.4%	-1.6%
541690	Other Scientific and Technical Consulting Services	91	144	2.29	58.2%	58.1%
561910	Packaging and Labeling Services	0	0	0.00	N/A	N/A
	FOOD AND AGRICULTURE CLUSTER TOTAL	**12,427**	**12,061**	**3.02**	**-2.9%**	**-3.1%**

Source: ADE, data from IMPLAN CEW county employment database

HEALTH CARE AND CONSTRUCTION INDUSTRIES

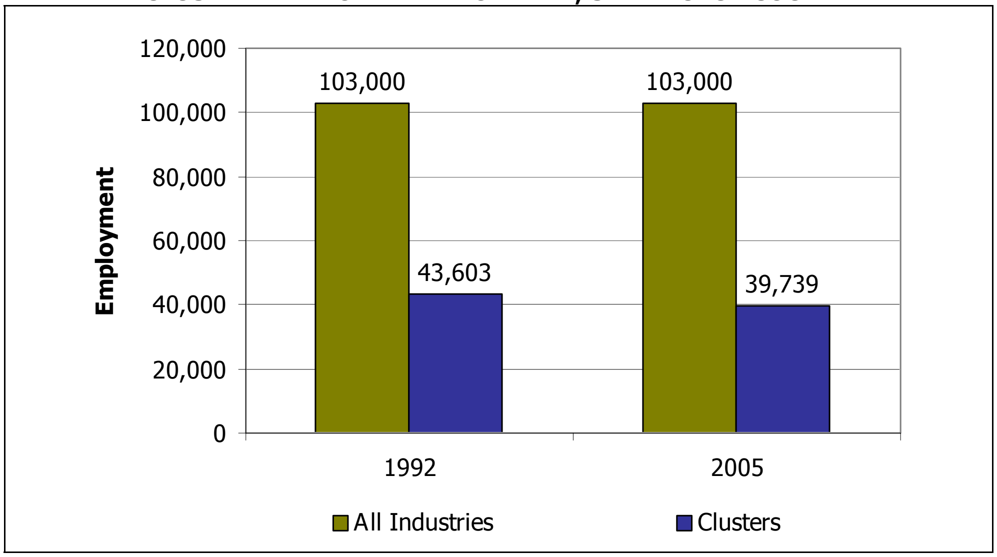
The County recognizes that the health care and construction industries provide important employment opportunities. However, they have not yet achieved the concentration levels comparable to industry clusters in the County, as shown in Table B-8.

TABLE B-8
SANTA CRUZ COUNTY HEALTH CARE AND CONSTRUCTION INDUSTRIES

NAICS	Description	County 1992 Employment	County 2005 Employment	U.S. 1992 Employment	U.S. 2005 Employment	LQ 1992	LQ 2005	County Employment Change	County % Change	Shift-Share
------	**Total, all industries**	**33,744**	**38,237**	**89,270,150**	**110,634,500**	**1.00**	**1.00**	**4,493**	**13.3%**	**-10.6%**
	HEALTH									
62	Health care and social assistance	1,606	2,409	10,162,780	14,337,710	0.42	0.49	803	50.0%	8.9%
	SELECTED INDUSTRY COMPONENTS									
3254	Pharmaceutical and medicine manufacturing	51	0	235,145	287,952	0.57	0.00	-51	-100.0%	-122.5%
446	Health and personal care stores	238	307	795,363	948,622	0.79	0.94	69	29.0%	9.7%
621	Ambulatory health care services	856	1,392	3,342,060	5,107,869	0.68	0.79	536	62.6%	9.8%
622	Hospitals	48	388	3,535,465	4,300,763	0.04	0.26	340	708.3%	686.7%
623	Nursing and residential care facilities	452	79	2,085,351	2,841,976	0.57	0.08	-373	-82.5%	-118.8%
	TOTAL SELECTED INDUSTRIES	**1,645**	**2,166**	**9,993,384**	**13,487,182**	**0.53**	**0.41**	**104.20**	**123.5%**	**93.0%**
	CONSTRUCTION									
23	Construction	1,490	1,966	4,532,844	7,267,301	0.87	0.78	476	31.9%	-28.4%
	SELECTED INDUSTRY COMPONENTS									
238	Specialty trade contractors	845	1,266	2,679,536	4,626,996	0.83	0.79	421	49.8%	-22.9%
236	Construction of buildings	342	397	1,125,269	1,709,601	0.80	0.67	55	16.1%	-35.8%
237	Heavy and civil engineering construction	303	303	728,040	930,704	1.10	0.94	0	0.0%	-27.8%
337	Furniture and related product manufacturing	27	8	591887	565031	0.12	0.04	-19	-70.4%	-65.8%
	TOTAL SELECTED INDUSTRIES	**1,517**	**1,974**	**5,124,732**	**7,832,332**	**0.72**	**0.61**	**114.25**	**-1.1%**	**-38.1%**

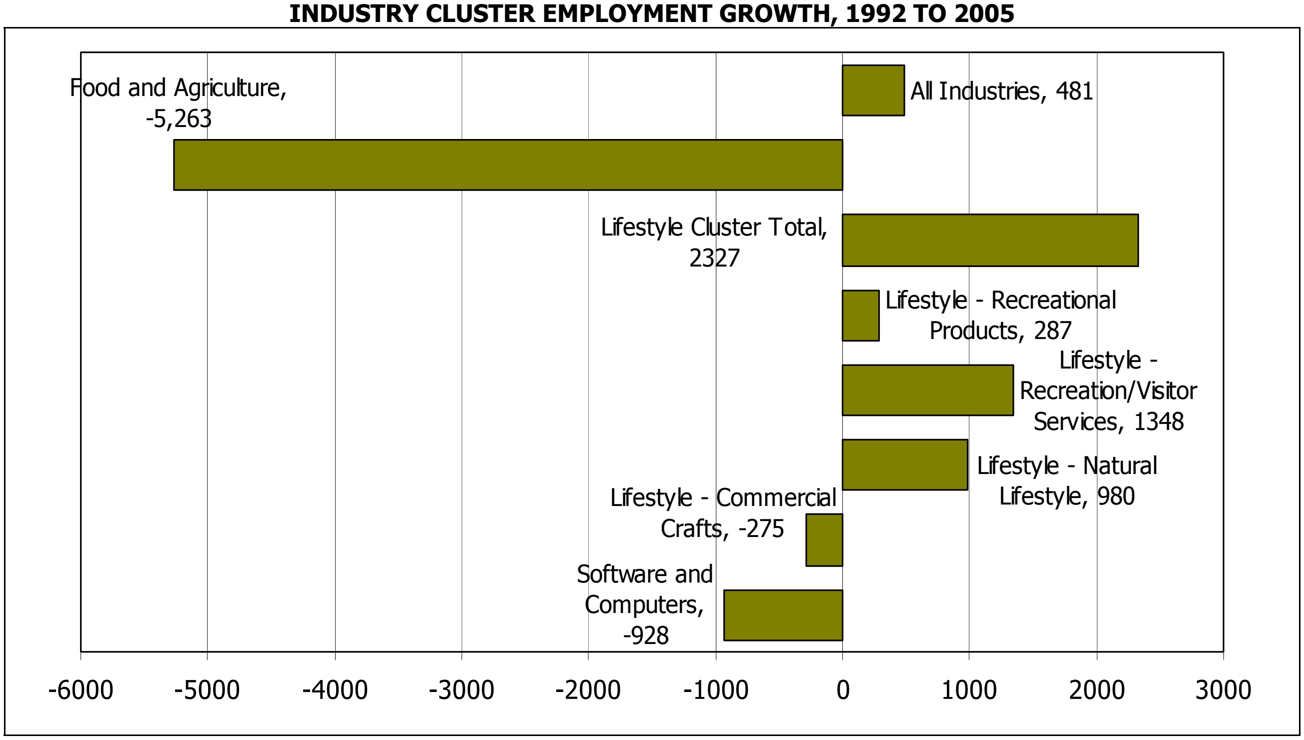
Source: ADE, Inc., Minnesota IMPLAN Group 2005

FIGURE B-1
CLUSTER AND TOTAL EMPLOYMENT, SANTA CRUZ COUNTY



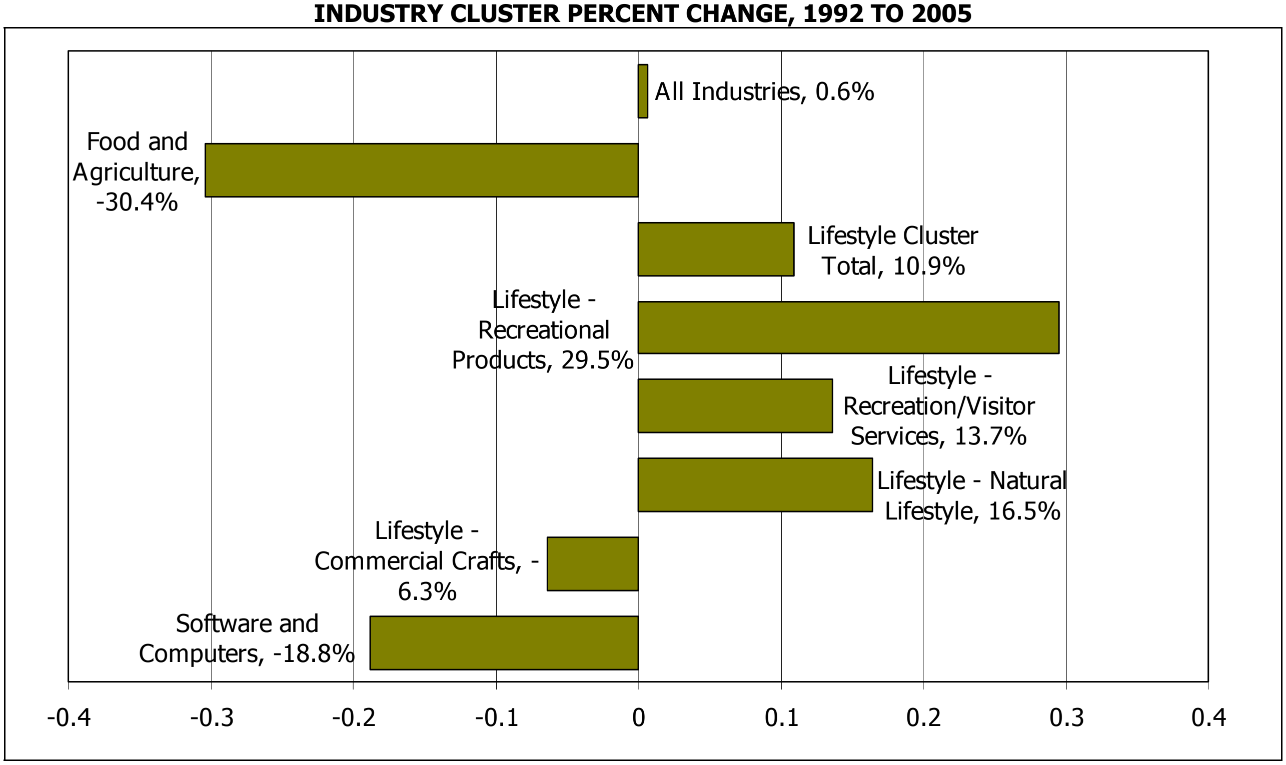
Source: Census of Employment and Wages

FIGURE B-2
INDUSTRY CLUSTER EMPLOYMENT GROWTH, 1992 TO 2005



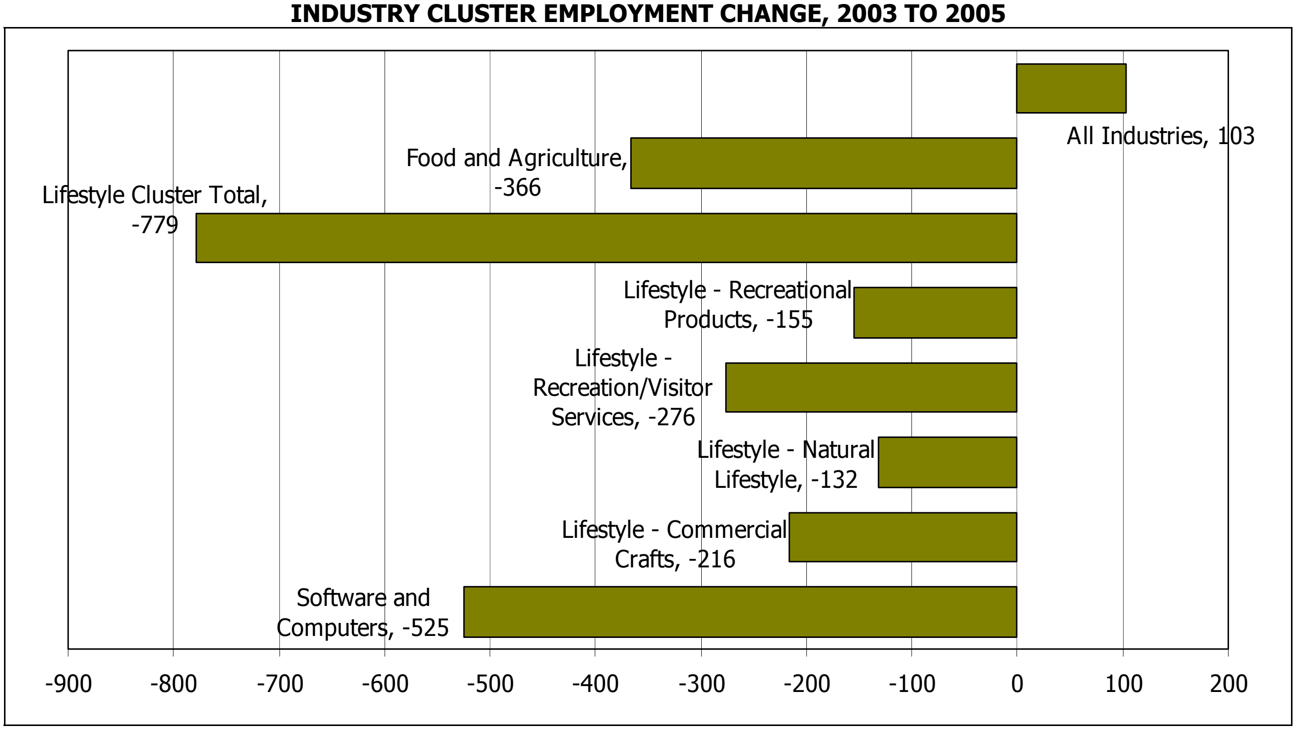
Source: ADE, Inc. 2007

FIGURE B-3
INDUSTRY CLUSTER PERCENT CHANGE, 1992 TO 2005



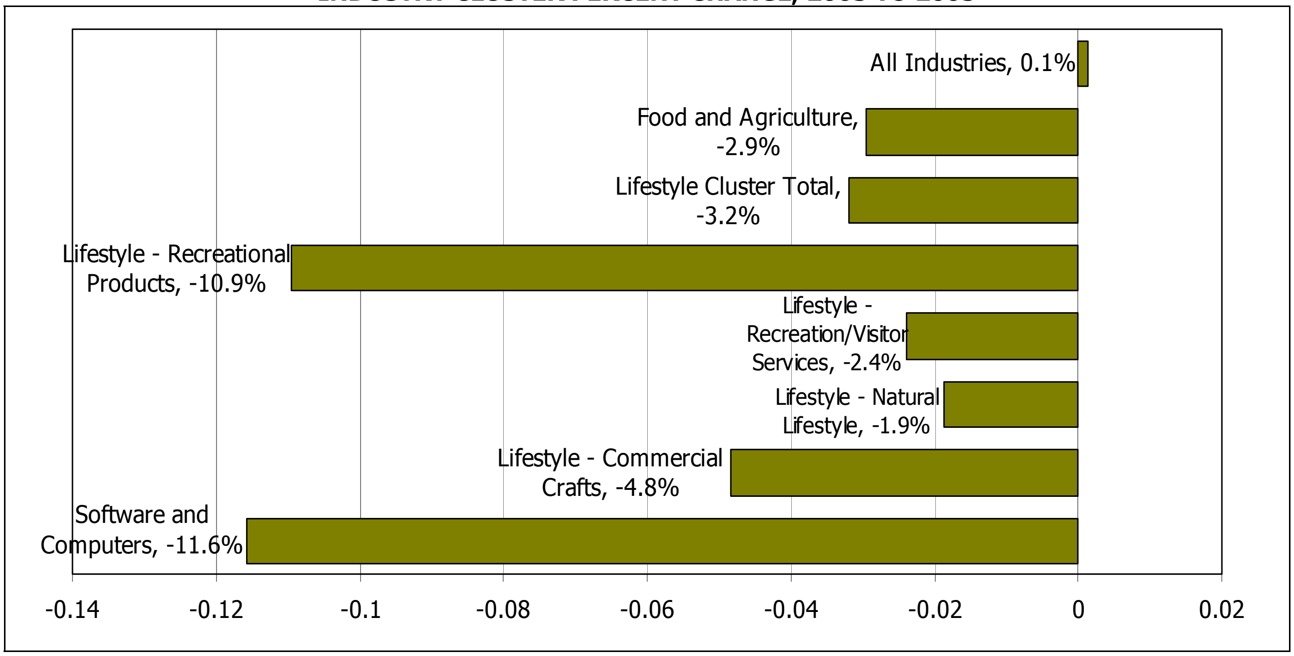
Source: ADE, Inc. 2007

FIGURE B-4
INDUSTRY CLUSTER EMPLOYMENT CHANGE, 2003 TO 2005



Source: ADE, Inc. 2007

FIGURE B-5
INDUSTRY CLUSTER PERCENT CHANGE, 2003 TO 2005



Source: ADE, Inc. 2007

APPENDIX C: PARTNERS

The CEDS chapter discussing regional countywide participation lists many of the economic development partners in Santa Cruz County. In addition, the implementation plan indicates the leading partners for the specific goals and objectives in the plan. The Workforce Investment Board (WIB) itself represents a wide range of interested agencies and organizations involved in economic development, as reflected in the affiliations of the WIB members below. The County wishes to recognize additional partners in the process, some of which are indicated by type of organization below. This list is not exhaustive, and the County intends to work with all organizations that contribute to the economic development efforts in Santa Cruz County.

Workforce Investment Board Members	Agency Partners
▪ Sherer, Howard, Chair, Hutton-Sherer Marketing ▪ Arsenault, Paul, Sheet Metal Workers Union #104 ▪ Ayyad, Alia, Center for Employment Training ▪ Blitzer, Donna, University of California, Santa Cruz ▪ Bustichi, Dene, Bustichi Construction ▪ Campos, Tony, Santa Cruz County Board of Supervisors ▪ Collins, John T., II, Goodwill Industries ▪ Cuevas, Christina, Community Foundation of Santa Cruz County ▪ Dittrick, Janeen, California Employment Development Department ▪ Dlott, Jo Anne, Santa Cruz Seaside Company ▪ Elliot, Russ, O'Neill, Inc. ▪ Espinola, Cecilia, Santa Cruz County Human Resources Agency ▪ Gelwicks, Bob, California Department of Rehabilitation ▪ Heien, Janet, Driscoll Strawberry Associates, Inc. ▪ Hood, David, First Alarm Co. ▪ Johnson-Lyons, Christine, Community Action Board ▪ Kennedy, Linda, West Marine, Inc. ▪ Lambert, Julie, S. Martinelli and Co. ▪ Morr, Bonnie, United Transportation Union, Local 23 ▪ Nocella, Al, Sutter Santa Cruz ▪ Palacios, Carlos, City of Watsonville ▪ Pfotenhauer, Rock, Cabrillo College ▪ Picard, Tone'e, Bay Federal Credit Union ▪ Powers, Mary, Santa Cruz Adult School ▪ Quist, James, Coast Commercial Bank ▪ Slack, Ron, Good Times ▪ Tysseling, William, Santa Cruz Chamber of Commerce ▪ Wagy, Bill, Granite Construction, Inc.	▪ Cabrillo College ▪ California Employment Development Department ▪ Chambers of Commerce in each community ▪ Center for Employment Training ▪ Redevelopment Agencies in each jurisdiction ▪ Human Care Alliance of Santa Cruz County (and other non-profit organizations) ▪ Santa Cruz County Business Council ▪ Santa Cruz County Farm Bureau ▪ Santa Cruz County Office of Education ▪ Santa Cruz Convention and Visitors Council ▪ UCSC ▪ United Way of Santa Cruz County

APPENDIX D: ADDITIONAL PERFORMANCE INDICATORS

In the process of establishing performance evaluation criteria for the CEDS goals and objectives, the CEDS Committee has identified a number of additional indicators that may be useful to individual jurisdictions or agencies in the County to evaluate economic development activities in which they are engaged. However, the following measures are not part of the formal CEDS evaluation process for Santa Cruz County.

WORKFORCE DEVELOPMENT

Job placements for WIB participants

State/University public health reports and statistics

No. of participants in training programs

No. of sectoral-based training programs and participants

No. of youth-oriented training programs and participants

Dollars spent on training facilities improvement projects

Trends in education indicators

REGIONAL PROSPERITY

Lodging development/growth in hotel rooms
Jobs saved through business retention activities

QUALITY OF LIFE

Trends in municipal/public expenditures for services

INFRASTRUCTURE

Pavement management statistics