



Economic Development Vision and Strategy
Santa Cruz County 2014



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Board of Supervisors

Zach Friend, Board Chair – District 2

Greg Caput – District 4

Neal Coonerty – District 3

John Leopold – District 1

Bruce McPherson – District 5

County of Santa Cruz:

Susan A. Mauriello, County Administrative Officer

Susan Pearlman, Principal Administrative Analyst

Kathy Molloy Previsich, Planning Director

Barbara Mason, Economic Development Coordinator

Consultant Team: BAE Urban Economics

Janet Smith-Heimer, MBA, President and Project Manager

Paul Peninger, MCP, Principal

Jessica Hitchcock, MCP, Associate

Mikayla Weissman, Analyst

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Overview of the Economic Development Vision and Strategy

The Santa Cruz County Economic Development Vision and Strategy (EDVS) presents a Preliminary Economic Vitality **Vision**, along with priority **Strategies** and **Action** items from the recently prepared Economic Vitality Study, which would be the focus of County of Santa Cruz economic development efforts in 2015 and 2016.

Core Values: Sustainability and Community Investment

Because it has been well over twenty years since the last County economic development strategy was created, the process leading to presentation of this EDVS included consultant analysis of economic conditions and trends, as well as an extensive series of public outreach efforts and stakeholder input meetings associated with the Economic Vitality Study (EVS) process conducted during 2013/14. The EVS revealed important perspectives that are widely shared, as well as items that attract less attention but are also worthy of consideration. It is safe to conclude that nearly EVS participants believed that there are strategies and actions that the County could pursue that would improve not only business climate and job growth in the County, but also community quality of life. The EVS led to preparation of this EDVS, which focuses on key priorities for the County of Santa Cruz for the next two years.

It is important to recognize, and indeed celebrate, certain core community values that exist in Santa Cruz County. Unlike many other regions in California, Santa Cruz County has worked for decades to balance growth and development with local values of natural resource preservation and sustainability. This Strategy was developed with these key core values in mind, while also taking a 21st century forward-looking view. As a result, the process emphasized economic opportunities that can strengthen and preserve the County's key assets, including a high quality of life, an emphasis on environmental conservation and restoration, and a mindfulness of the importance of equity for all County residents.

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

Important contributions to this EDVS came not only through the EVS process, but also through the Sustainable Santa Cruz County (SSCC) planning effort that was initiated prior to the EVS and continued through the same timeframe as the EVS, with both efforts concluding at about the same time. There is a complementary relationship between both efforts, as a key component of

community sustainability is economic sustainability. In that “economics” affects all aspects of household and community life, the Vision and Guiding Principles developed through the SSCC process are also relevant to this EDVS.

Presentation of Key EDVS Priorities

This Economic Development Vision and Strategy presents the “Vision and Guiding Principles” approved by the Santa Cruz Board of Supervisors through the Sustainable Santa Cruz County process, as a point of departure for future development of an Economic Vision through a stakeholder process suggested by this EDVS. This EDVS also presents selected priority strategies and action items from the Economic Vitality Study, which would guide the work efforts of the County of Santa Cruz economic development program over the next two years.

The strategies and actions are organized by the seven key goals identified through the process of preparing the Economic Vitality Study:

Goal 1: Create a Shared Vision and Organize for Action

Goal 2: Support Sustainable Development with Housing and Transportation Choices

Goal 3: Strengthen Key Economic Sectors: Agriculture, Health, Education, and Leisure/Hospitality

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

Goal 5: Expand Public Sector Capacity and Infrastructure

Goal 6: Revitalize and Strengthen Town Centers and Commercial Areas

Goal 7: Promote Santa Cruz County to Regional, State, National, and Global Markets



A Vision for a Sustainable Future for Santa Cruz County

The following preliminary vision statement and economic sustainability guiding principles, were prepared based on public input from a series of community workshops in October of 2012 held during the Sustainable Santa Cruz County process. At this workshop, participants described their vision for the future of the county and discussed the following questions:

1. *What does sustainability mean to you, relating to concepts such as environment, equity, and economy?*
2. *What are the ways that we can become more sustainable in Santa Cruz County?*
3. *Of the ways to achieve more sustainable communities identified in the prior conversations, which ideas are most important for Santa Cruz County?*

Following the community workshops, the County drafted guiding principles and a vision statement based on responses to these questions. The guiding principles and vision were reviewed by the Advisory Group and Planning Commission on December 12, 2012 and approved by the Board of Supervisors on February 12, 2013. The Vision Statement also pertains to economic sustainability.



A Vision for an Economically Sustainable Santa Cruz County

All parts of Santa Cruz County, both urban and rural, benefit from the increased vitality of more sustainable patterns of development and conservation. Within all neighborhoods, investments in transportation improvements have increased residents' transportation options, mobility, and quality of life. The unique needs of the various communities are taken into account in County policy-making and transportation decisions, allowing appropriate solutions for each area. The rural areas maintain the character and densities that recognize their topography and important natural resources, and that distinguish them from the urban part of the County. There are improved links among rural areas and between rural and urban areas. Residents, businesses, non-profit organizations, and governmental agencies work together in an effective partnership to encourage economic growth and private investment that benefits county residents and businesses, and supports the ability of governmental agencies to provide necessary facilities and services.

Within all neighborhoods, there are retail and other services that meet the needs of residents. The robust economy generates increased County revenues, which can then be leveraged to obtain grant-funding necessary to provide the expanded multi-modal transportation system desired by the community. Commercial centers feature quality design and convenient connections to neighborhoods for pedestrians and cyclists. Local businesses contribute to a distinctive sense of place and community pride, with jobs providing a living wage to residents. The area is attractive to knowledge-based industries that benefit from the County's unique assets, such as lifestyle enterprises, ecotourism, and sustainable industries. The environmental and social stresses of a large commuter population have been reduced by increasing the number of local well-paying jobs. All residents have the opportunity to benefit from this growth and prosperity – the area is known as a diverse and inclusive community with equal access to opportunity. A healthy local economy contributes to the fiscal sustainability of schools and public agencies and enables the County to provide the high quality services desired by all residents.

Within urban areas, infill development has occurred on vacant and underutilized commercial properties along key transportation corridors. In some places, this development is mixed use with residential or office uses located above ground-floor commercial uses. The best characteristics of favorite areas, such as the Villages and lower 41st Avenue in Pleasure Point, have been replicated elsewhere. Development is well designed to support a walkable environment and a unique sense of place. Along key corridors, development is of sufficient intensity to support an active environment with transportation choices. New development provides a variety of housing types, and there are housing options that are affordable to households of all income levels. All residents who wish to are able to live within easy walking distance of activity centers that enhance community ties.

Transportation choices are such that residents can leave cars at home for some of their daily trips. Bike and pedestrian infrastructure has been optimized so that there is a good network of on-road lanes and sidewalks, supplemented by some off road facilities. It is easy and safe to walk or bike from one neighborhood or commercial area to another, as new connections supplement the existing grid pattern. The Santa Cruz Branch Rail Line, and the Monterey Bay Sanctuary Trail Network

(MBSST) popularly known as the rail-trail, contribute to transportation and recreation choices, as well as enhance the sense of community and the vitality of the industries that use the rail. The barrier created by Highway One between the ocean and inland sides of the County has been lessened by strategic improvement of crossings and connectivity to those crossings. Better functioning Highway One reduces travel times on the freeway and also removes some pressure from local streets, increasing the reliability of travel.

Development within urban areas reduces development pressure in rural areas of the County and helps to preserve valued open space. Development in the Plan area is environmentally friendly due to its location, density, and green building practices. Within the urban area open space and natural habitat are protected, and new development is designed to help protect these resources. The area is a part of a sustainable system of food production with community gardens, urban agriculture, artisan food businesses, and organic farming practices. Development is designed to minimize per capita consumption of resources such as water and energy.



Guiding Principles for Economic and Community Sustainability

The following principles, which have been re-ordered to emphasize the principles that most strongly relate to economic sustainability, and slightly edited to reflect findings from the Economic Vitality Study, were used to guide the preparation of the Sustainable Santa Cruz County Plan (SSCC Plan), and are relevant as guiding principles for economic vitality in Santa Cruz County.

Economic Vitality. Support locally owned businesses that bind the community together, and new small- to mid-size businesses that generate environmentally friendly, well-paying jobs and local economic prosperity. Encourage businesses that employ creative and technology professionals that generate tax revenue (such as hotels that generate transient occupancy tax), enterprises that generate sales tax, and manufacturing and other basic productive businesses that export products and intellectual property.

Focused Development. When market demand stimulates new commercial, residential, office, or retail activity, encourage those new uses to use land efficiently. New development should be compact, located primarily within existing urban areas, and should feature a mixture of uses and development intensities that support transportation choices including transit, cycling, walking, and carpools, and to the extent possible, promote the fiscal sustainability of the area.

Transportation Choices. Develop safe, reliable, and efficient transportation choices to improve air quality, reduce greenhouse gas emissions, promote public health, and enhance quality of life. Recognize that specific strategies to promote transportation alternatives will vary depending on economic developments that create demand for indirect supportive economic activity, so that important services such as police, fire, community services, and a social safety net can continue to be provided to residents. Support efforts to train and prepare County residents to occupy locally available jobs. Ensure that County regulations encourage private investment and allow for economically feasible development projects consistent with sustainability goals.

Housing Options. Expand housing choices for people of all ages and incomes to lower the combined cost of housing and transportation and to promote diversity in terms of age, income, and family size throughout the County. Recognize that many factors including economic feasibility affect the provision of housing choices.

Fiscal Sustainability. Recognize that there is a significant gap between the level of governmental revenue that is generated by the existing land use pattern in Santa Cruz County and the level that is needed to sustainably fund necessary public facilities and services. Promote development patterns and specific land uses that generate revenues to provide the infrastructure and services necessary for thriving communities. Recognize that economic development projects help fiscal health by generating revenues that enable high quality public services.

Unique Community Character. Enhance the unique characteristics of communities by investing in healthy, safe, attractive, and walkable neighborhoods and efficient transportation choices between

communities. Focus County investment within existing communities to increase community vitality, provide infrastructure efficiently, increase mobility, and promote social connections while protecting open space and existing community assets.

Open Space and Resource Preservation. Preserve the County’s unique natural resources and habitats by carefully managing new development outside the urban and rural services line. Inside the urban and rural services line, promote the reuse of existing structures or developed land, and ensure that open spaces and parks are protected, accessible, and open to all County residents. Preserve the “natural capital” assets and resources of Santa Cruz County that support agricultural, timber, open space, recreation, and other economic enterprises.

Inclusive Decision-Making. Encourage community and stakeholder involvement in planning and decision-making. Ensure that planning decisions are predictable, fair, forward thinking, and cost-effective. Reform the project review process to encourage high-quality infill development and reduce unnecessary uncertainty and expense.

Governmental Coordination. Align policies and funding among local, County, regional, and State governmental agencies, including schools and colleges. Remove barriers to collaboration, leverage funding, improve local control over local resources, and increase the effectiveness of all levels of government that impact growth and development in Santa Cruz County. Improve financial sustainability of city and county governments, especially given the loss of redevelopment financing for local projects.



Goal 1: Create Shared Vision and Organize for Action

A. Accept Economic Vitality Study (EVS) and Approve a County of Santa Cruz Economic Development Vision and Strategy (EDVS) for 2015 through 2016

A.1: Convene a group of key stakeholders to create a proposed “Economic Vision Statement” for Santa Cruz County. This Statement would be an expansion of the Vision initially presented in the EDVS, and could be used to ensure consistent communications by stakeholders; to guide investments in and balanced use of built, natural, human and social capital; to foster prosperity for all residents; and to support strong businesses that provide living wage jobs as well as needed goods and services.

B. Organize County Economic Vitality Staffing and Resources

B.1: Dedicate County staff, through an interdepartmental approach, and provide funding for targeted professional services. Focus on using existing staff, and consider only targeted expansion of staff as needed to bring on new skill sets and expertise, in order to implement the following activities. Overall policy direction is established by the Board of Supervisors.

Economic Development Office

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

County Administrative Office

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

Human Services Agency

- Workforce Investment, Community Services

Planning Department, along with other Development Services Departments and Agencies

- Permit Assistance and Ombudsman; Land Use/Regulatory Assistance

Interdepartmental Team Supporting RDA Successor Agency

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

B.2: Designate a Point Person for Economic Vitality in each County Department

B.3: Meet with Partner Agencies to Discuss the Economic Vitality Study, and Offer to Provide Training to Agency Staff

B.4: Direct the County Administrative Officer to Authorize the Planning Director to Lead an Inter-Departmental County Strategic Action Team (SAT) charged with overseeing Streamlining of Regulations and Permits, and Facilitation of Key Projects

C. Facilitate Regional Economic Vitality Partnerships & Support Systems within Santa Cruz County, and Collaborate with Economic Development Efforts in Nearby Counties, especially those in Monterey and Santa Clara Counties

D. Create Communications Strategy to Education and Promote Vision

E. Identify Appropriate Metrics to Track Economic Vitality, and Create Partnership and Role for Cabrillo College to Serve as Central Source of Economic Data



Goal 2: Support Sustainable Development with Housing and Transportation Choices

- A. Accept the Sustainable Santa Cruz Planning Study and Direct Staff to Identify Components for Implementation
- B. Update General Plan Elements with Economic Vitality Goals/Policies
- C. Modernize County Codes, Zoning, and Sign Ordinances
- D. Pursue “One-Stop Development Services Center” Model
- E. Continue Removing Regulatory Obstacles/Streamline Permit Process, and Review Permit and Impact Fees to Ensure Reasonable and Justifiable Levels
- F. Create “New Tools” in Zoning Districts & Development Standards
- G. Update County Housing Element
- H. Program for Successor Agency Affordable Housing Reuse Funds
- I. Incentivize Accessory/Second Units and Small Rental Units that are Affordable by Design
- J. Work with CalTrans, AMBAG, Metro Bus, and RTC to Ensure a Balanced Approach to the Funding of Local and Regional-Serving Transportation Improvements.



Goal 3: Strengthen Key Economic Sectors: Agriculture, Health, Education, and Leisure/Hospitality

- A. Adopt Amendments to County Code to Support Agricultural-Related Enterprises, Including Wineries.
- B. Work with Sutter/PAMF, Other Medical District Health Providers, and the Community on Medical District Master Planning Efforts, and on Reuse Strategies for Existing Medical Buildings.
- C. Work with Dominican/Dignity Health, Sutter/PAMF, and Others to Improve Transportation Access and Mobility for the Medical District Area
- D. Work with Medical District Property Owners to Attract a Hotel
- E. Facilitate Development of Visitor Facilities at Santa Cruz Harbor
- F. Provide Technical Assistance and Consider Incentives to Support New Investment in and Increased Utilization of Lodging Properties
- G. Facilitate Development of Sustainable Visitor Facilities at Appropriate VA Locations
- H. Contract with Small Business Development Center (SBDC) to Provide Business Support to Visitor-Serving Sector, including Restaurants
- I. Partner with State to Enhance Recreational and Parking Opportunities on State Lands



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

- A. Contract with Small Business Development Center (SBDC) to Support Small Business
- B. Pursue Programs to Train Businesses in E-Commerce (e.g., Etsy and Ebay)
- C. Create an “Over the County” Home Occupation Business Permit and Designate a Small Business Ombudsman in the Planning Department
- D. Collaborate with Local Economic Development Practitioners to Support Small Business
- E. Convene Annual Small Business Symposium with Local Partners
- F. Joint Existing Local Economic Development Organizations
- G. Assist UCSC with Efforts to Foster Innovation and Technology, including the Human Genome Institute Initiative
- H. Identify locations and Encourage Adaptive Reuse for Innovation Sector Employment as well as Recreation and Visitor Services
- I. Seek to Retain and Attract Innovation and “Maker” Companies
- J. Work with Property Owner and Stakeholders for Reuse of CEMEX Site to Foster Job Creation as well as Recreation and Visitor Services
- K. Work with Par 3 Property Owners on Potential Reuse Options
- L. Develop Financing Incentive Program and Assistance Tools
- M. Support Cross-Promotion Marketing Initiatives



GOAL 5: Expand Public Sector Capacity & Infrastructure

- A. Support Expansion of High Speed Broadband Infrastructure throughout the County
- B. Ensure Maintenance of Local Roadway System, and Work with Regional Transportation Agencies to Achieve Balanced Funding for Improvements to All Modes
- C. Prepare 2035 County of Santa Cruz Infrastructure Master Plans, and Prepare a Development Impact Fee Study to Update Fee Levels, and Maximizes Grants and Other Sources to Assist Funding for Adequate Infrastructure
- D. Support Integrated Regional Water Management, the Integrated Watershed Restoration Program (IWRP), and a Variety of Water Supply Strategies
- E. Encourage Development of Information for, and Public Participation in, a Structured “Community Conversation” about the Status of County of Santa Cruz Revenues and Expenditures, including for Community Programs
- F. Prioritize Funding to Increase Access and Mobility of People, Goods, and Services throughout the County through a Variety of Transportation Choices
- G. Ensure Sufficient Funding for Public Safety
- H. Encourage Lodging Development to Foster Visitor Services and Fiscal Revenues
- I. Maximizes Opportunities for New Retail and Service Businesses
- J. Encourage Non-Retail Sales and Use Tax Generators (B2B Sales)
- K. Explore and Implement Funding Mechanisms to Stimulate Job Creation, Affordable Housing, and Economic Vitality
- L. Encourage Youth and Young Adult Access to Internships, Mentors, and Apprentice Programs
- M. Promote Hiring Tax Credits and Other Incentives to Business for Job Creation

Goal 6: Revitalize and Strengthen Town Centers and Commercial Areas

- A. Encourage Expansions and New Retail Development to Capture Sales: Aptos Village Project, East Cliff Village Shopping Center Revitalization, 17th Avenue, / Capitola Road Site for Retail/Community Hub
- B. Engage in Main Street Approach to Revitalize Town Centers, especially for San Lorenzo Valley Towns, Pleasure Point, Soquel, and Seacliff

Goal 7: Promote Santa Cruz County to Regional, State, National, & Global Markets

- A. Support Marketing Initiatives by Conference and Visitors Council
- B. Assist Chambers of Commerce and Other Organizations to “Tell Success Stories:
- C. Consider Joint Marketing with Incorporated Cities



Resources and Companion Documents

The companion documents to the Economic Vitality Vision and Strategy, including the Economic Vitality Study and the Economic Trends Report can be found at this link:

<http://www.sccoplanning.com/PlanningHome/EconomicDevelopment/EconomicVitalityStrategy.aspx>