



SANTA CRUZ COUNTY
WORKFORCE
DEVELOPMENT

Tourism and Hospitality in Santa Cruz County

Table of Contents

Table of Contents.....	i
List of Figures	iii
List of Tables	iv
Introduction	1
Tourism Industry Definitions.....	1
Tourism Industry Segments.....	2
Executive Summary	3
Conclusions and Recommendations	5
Santa Cruz County’s Tourism & Hospitality Economy	5
Today’s Hospitality Workforce.....	5
The Tourism Talent Pipeline	5
The Quality of Life Equation	6
Santa Cruz County Tourism and Hospitality Study Region	7
Tourism and Hospitality Employment in Santa Cruz County.....	8
Greater Hospitality Workforce Demographics and Diversity.....	11
Overall Greater Hospitality Employment Growth	13
Employment by Sub-Industry	16
Education and Training in Santa Cruz County	23
Regional Education and Training Opportunities.....	23
Cabrillo College	23
The Santa Cruz County Office of Education (COE) Career Technical Education Partnership (CTEP)	24
California State University Monterey Bay (CSUMB).....	25
Santa Cruz Tourism and Hospitality Careers.....	25
Career Pathways	27
Foundational Skills in Tourism and Hospitality	33
Employer Survey	35
Profile of Respondents	35
Respondent Firms’ Preferences and Opinions.....	39
Hiring Difficulty and Practices	41
Economic Impact of Tourism in Santa Cruz County	44
Baseline Impact.....	44
Economic Impact Forecast Scenarios	49

Appendix A: Methodology..... 52

 Quantitative Primary and Secondary Data Collection..... 52

 Qualitative Data Collection 53

 IMPLAN Modeling and Analysis 53

Appendix B: Employer Survey Toplines 55

List of Figures

Figure 1. Two Definitions of Employment in Santa Cruz County	1
Figure 2. Greater Hospitality Share of all Jobs	8
Figure 3. Portion of Greater Hospitality Jobs out of all Jobs	8
Figure 4. Greater Hospitality Employment by Sub-Industry	9
Figure 5. Visitor-Dependent Employment by Sub-Industry	9
Figure 6. Greater Hospitality Employment in Santa Cruz County by Zip Code, 2018.....	10
Figure 7. Age Distributions of Greater Hospitality Employment.....	11
Figure 8. Age Distributions of Employment in Santa Cruz County	11
Figure 9. Santa Cruz County Employment by Race and Ethnicity	12
Figure 10. Employment Growth Among Greater Hospitality Employment and the Overall Regional Economy	13
Figure 11. Employment Growth Among Greater Hospitality and Overall Employment by Sub- Region.....	14
Figure 12. Change in Tourism Employment by Zip, 2013-2018.....	15
Figure 13. Proportion of Workers by Sub-Industry and Region	16
Figure 14. Proportion of Workers by Sub-Industry in Comparable Counties.....	17
Figure 15. Greater Hospitality Sales by Sub-Sector, 2018.....	19
Figure 16. Greater Hospitality Sub-Industries	22
Figure 17. Industries of survey respondents	35
Figure 18. Change in number of employees at Santa Cruz County location(s) over past three years	36
Figure 19. Share of respondents whose business employs temporary and/or seasonal workers	36
Figure 20. Origins of Visitors	37
Figure 21. Sub-industries’ Geographic Origin of Primary Customers.....	38
Figure 22. Opinion on Santa Cruz County as a place to do Business.....	39
Figure 23. Opinion on Business Climate for Tourism and Hospitality in Santa Cruz County.....	39
Figure 24. Santa Cruz County as a Place to do Business by Hiring Difficulty.....	40
Figure 25. Importance and Satisfaction with Services and Events.....	40
Figure 26. Importance and Satisfaction with Talent Needs	41
Figure 27. Reasons for Entry-Level Position Hiring Difficulty	42
Figure 28. Reasons for Non-Entry-Level Position Hiring Difficulty	42
Figure 29. At Least Some Interest in Potential Programs and Opportunities	43
Figure 30. How Often Respondents Promote from Within.....	43
Figure 31. Ten Sectors with the Greatest Increase in Employment due to Indirect Effects	46

Figure 32. Ten Sectors with the Greatest Increase in Employment due to Induced Effects..... 46
Figure 33. Ten Sectors with the Greatest Increase in Employment due to Indirect Effects 48
Figure 34. Ten Sectors with the Greatest Increase in Employment due to Induced Effects..... 48

List of Tables

Table 1. Greater Hospitality Employment Growth, 2013-2018 13
Table 2. Employment by Sector in Santa Cruz County 18
Table 3. Employment Growth, Average Wages, and Job Quality by Tourism Sector 21
Table 4. Top 15 Tourism Occupations in Santa Cruz County..... 25
Table 5. Importance of Entry-Level Tourism and Hospitality Abilities 33
Table 6. Importance of Entry-Level Tourism and Hospitality Knowledge Attributes..... 34
Table 7. Importance of Entry-Level Tourism and Hospitality Skills..... 34
Table 8. Total Economic Impact of Greater Hospitality Employment in Santa Cruz County 45
Table 9. Impact of Tourism-related Employment on Taxes 45
Table 10. Total Economic Impact of Tourism-related Employment in Santa Cruz County 47
Table 11. Impact of Tourism-related Employment on Taxes 47
Table 12. Economic Impact of Maintained Growth in Santa Cruz County through 2021 49
Table 13. Impact of Maintained Growth Scenario on Taxes 50
Table 14. Economic Impact of Recession in Santa Cruz County through 2021..... 50
Table 15. Impact of Recession on Taxes..... 50
Table 16. Economic Impact of Optimal Growth Scenario in Santa Cruz County through 2021 51
Table 17. Impact of Optimal Growth Scenario on Taxes..... 51
Table 18. Overview of Survey Methodology 52
Table 19. Industry Definitions and Percent of Exported Sales 53

Introduction

BW Research, in partnership with the **Santa Cruz Workforce Development Board & Visit Santa Cruz County**, has developed a comprehensive profile of the Hospitality and Tourism industry in Santa Cruz County (County includes all of the local cities, Capitola, Santa Cruz, Scotts Valley, and Watsonville, as well as unincorporated areas of the County). This research will allow stakeholders to better understand the underlying drivers, trends, and conditions that shape and drive Hospitality and Tourism activity countywide, as well as prepare educators and trainers for the evolving needs of Tourism and Hospitality employers. Furthermore, this research serves to provide a quantitative analysis of the economic impacts of the Tourism and Hospitality industry and provide insights into how these impacts may change within the next three to five years.

Tourism Industry Definitions

Two definitions of employment in Tourism and Hospitality will be used throughout this report. These two definitions allow for greater understanding and a more comprehensive perspective of the Tourism and Hospitality industry countywide. The two definitions¹ are as follow:

- **Greater Hospitality Industry:** This includes all jobs in industries that are related to Tourism and Hospitality. Under this definition, all employment in restaurants, hotels, wineries, and other related hospitality industries are included.
- **Visitor-Dependent Tourism Industry:** This definition only includes employment that is directly attributed to visitor expenditures and is therefore a sub-set of the greater hospitality industry (Figure 1). These jobs are determined through percentage of export sales² by industry. Thus, if 34% of full-service restaurant sales are exported (buyers from outside of Santa Cruz County), only 34% of employment in full-service restaurants is counted under this definition.

Figure 1. Two Definitions of Employment in Santa Cruz County



¹ Definitions by NAICS are available in Appendix A.

² Export sales by industry extracted from Emsi 2019.2

Tourism Industry Segments

The Tourism and Hospitality industry are made up of several industry segments. For this study, the greater industry is delineated into the following seven industry segments:

- **Accommodations and Lodging** includes hotels and motels, casino hotels, bed-and-breakfast inns, RV parks and campgrounds, room and board houses, and all other traveler accommodations. The occupations in this sector providing the most jobs include maids and housekeeping, desk clerks, waiters and waitresses, general maintenance and repair workers, restaurant cooks, and dining room, cafeteria, and bartender helpers. This industry segment has 83 firms and 1,310 greater hospitality jobs countywide.
- **Attractions** includes sales and employment related to museums, historical sites, nature parks and other similar institutions, and amusement and theme parks. The occupations with the most jobs within this sector are amusement and recreation attendants, cashiers, food preparation and serving workers, counter attendants, and lifeguards and other recreational protective service workers. This industry segment has 9 firms with 1,243 greater hospitality jobs countywide.
- **Food and Beverage Services** includes food service contractors, caterers, drinking places (alcoholic beverages), full- and limited-service restaurants, cafeterias, and snack and non-alcoholic bars. Occupations with the greatest number of employees are combined food preparation and serving workers, waiters and waitresses, restaurant cooks, food preparation, and fast food cooks. This industry segment has 563 firms with 10,486 greater hospitality jobs countywide.
- **Recreation and Entertainment** includes marinas, recreational goods rental, sports teams and clubs, racetracks, other gambling industries, golf courses and country clubs, recreational and vacation camps, and all other amusement and recreation industries. The most employed occupations in the County include fitness trainers, amusement and recreation attendants, recreation workers, receptionists and information clerks, and landscaping and groundskeeping workers. This industry segment has 91 firms with 1,298 greater hospitality jobs countywide.
- **Transportation** includes businesses related to scenic and sightseeing land transportation, scenic and sightseeing water transportation, scenic and sightseeing other transportation, and the charter bus industry. The occupations with most jobs in this sector include reservation and transportation ticket agents, bus drivers, office clerks, bus and truck mechanics, and dispatchers. This industry segment has 122 firms with 132 greater hospitality jobs countywide.
- **Visitor and Travel Services** includes gift, novelty, and souvenir stores, art dealers, travel agencies, tour operators, and all other travel arrangement and reservation services. The occupations that are most employed are retail salespersons, self-enrichment education teachers, reservation and transportation ticket agents and clerks, and cashiers. This industry segment has 61 firms with 346 greater hospitality jobs countywide.
- **Events and Conferences** includes convention and visitors' bureaus and convention and trade show organizers. This industry segment has 4 firms with less than 50 greater hospitality jobs countywide.

Executive Summary

The following section highlights some of the key findings and insights discussed throughout this report.

Greater hospitality grew at a faster rate in Santa Cruz County than overall employment. While overall employment countywide increased by 8% between 2013 and 2018, greater hospitality employment increased by more than double that (17%) amount over the same time period. Greater hospitality employment in North County grew faster (18%) than employment in South County (13%).

Greater hospitality employment accounts for a larger share of overall employment in Santa Cruz County than state and national averages. When viewed in comparison to surrounding counties, the County has a higher proportion of greater hospitality jobs than Santa Clara County or Monterey County, though a lower proportion than San Luis Obispo and San Mateo counties. About 17% of all jobs countywide are related to greater hospitality employment (based on economic impact analysis which includes indirect and induced jobs).

Finding, recruiting, and retaining talent—at all levels of experience—are one of employers most significant challenges for the greater hospitality industry. Two-thirds of employers stated they had difficulty hiring entry-level applicants. High costs of living, entry-level wages, and traffic-filled commutes make attracting and retaining talent a constant challenge. Subsequently, it is no surprise that 31% of greater hospitality employees in the County are 24 years of age or younger. About 27% of this younger workforce are between the ages of 14-18. The portion of workers 55 and older are comparable to state averages.

Tourism employers have mixed feelings about the direction of Santa Cruz County as a place to do business. About one-third (32%) felt that the County was getting better, 22% felt it was getting worse, and 43% felt it was staying about the same. When these responses are tabulated by the level of hiring difficulty an employer has, a trend is observable. Over two-thirds (68%) of respondents that indicated the business climate for Tourism and Hospitality countywide was getting worse also stated they were having great difficulty hiring, compared to only 39% of those that indicated the business climate was getting better for Tourism and Hospitality, indicated great hiring difficulty. This suggests hiring difficulty plays a meaningful role in the perception of the County's business climate.

Greater hospitality employment in Santa Cruz County creates over 3,600 additional jobs throughout the County. These jobs, created through indirect and induced effects,³ are most commonly created in industries like real estate, restaurants, management of companies and enterprises, independent artists, writers, and performers, and wholesale trade. Visitor-dependent employment results in over 1,800 additional jobs throughout countywide.

³ For definitions of indirect and induced effects, please see page 34

The revenue generated through the County’s Transient Occupancy Tax (TOT) rose steadily from 2011 to 2018. Over this period, total County TOT revenue increased by 82%.⁴ The TOT rate increased from 9.5% to 11% in July of 2013 which accounted for some of the increased revenue, but most can be attributed to greater spending on lodging and property rentals, such as Airbnb. Employment in the Accommodations and Lodging industry segment over this same time period only increased by 22%, considerably less than the large proportional increase in TOT revenue. This indicates our employment and economic impact figures are undercounting the employment and economic impact that is found in the online rental market, directly tied to visitor expenditures.

Santa Cruz County’s high cost of housing is hampering the Tourism and Hospitality sector as it works to find and retain valuable employees. Housing programs and other alternatives have been developed in other parts of the country and can increase the availability of low or moderate-income housing to expand the local workforce. Communities such as Martha’s Vineyard in Massachusetts have created a non-profit organization (Island Housing Trust) that is working with community partners to create and sustain permanently affordable housing solutions for the local workforce. To learn more about the Island Housing Trust, please visit <http://www.ihtmv.org/about/>. The practice of employer-assisted housing has even attracted the attention of the Federal Reserve Bank, which highlighted the types of employer-assisted housing programs in its newsletter, which can be viewed here: <https://www.bostonfed.org/-/media/Documents/necdac/EmployerAssistedHousing.pdf>.

⁴ Santa Cruz County Treasurer-Tax Collector

Conclusions and Recommendations

BW Research offers the following conclusions and recommendations based on the findings from this study;

Santa Cruz County's Tourism & Hospitality Economy

The Tourism and Hospitality sector in Santa Cruz plays a foundation role in the Countywide economy. **One out of every six jobs in the County** is directly or indirectly tied to the sector. On average, every month the sector generates as much economic impact as one and half Comic-cons, **or 18 comic-cons in a single year**. The Tourism and Hospitality sector not only creates jobs and brings in revenue from outside the region, the sector also provides valuable **opportunities for local entrepreneurs** (see "A Santa Cruz County Case Study: The Aspromonte's - A Santa Cruz Family" on page 11) as well as **students and job-seekers looking to develop new skills and enter occupational career pathways** (see the sector's Occupational Career Pathways on pages 26-30). Lastly, the sector plays an important part in defining and improving the region's quality of life (see Quality of Life Equation, in this section).

Today's Hospitality Workforce

There were several valuable themes we learned from talking to Santa Cruz County employers in the Tourism and Hospitality sector, **but none more pronounced than the current challenge of finding, retaining, and developing qualified entry-level workers**. Over 85% of Tourism and Hospitality businesses that responded to our employer survey indicated either some difficulty (39%) or great difficulty (48%) finding qualified entry-level job applicants, and a similar percentage (88%) indicated that the ability to retain valued employees over time was "very important". These figures indicate that an entry-level workforce shortage for Tourism and Hospitality in the County is not something on the horizon but is here today and is likely having an impact on the sector. It is also important to note that the workforce shortage in Tourism and Hospitality is likely to have a domino effect on other industries such as real estate, retail, and finance as younger, developing talent often acquire and expand their workforce environment skills while employed in an entry-level position in the Tourism and Hospitality sector.

The Tourism Talent Pipeline

As the section above describes there are several workforce challenges facing the Tourism and Hospitality industry, namely recruiting and developing skilled talent that will continue to be available to employers in the County. The following workforce development strategies are meant to support both students and jobseekers in the region as well as Tourism and Hospitality businesses;

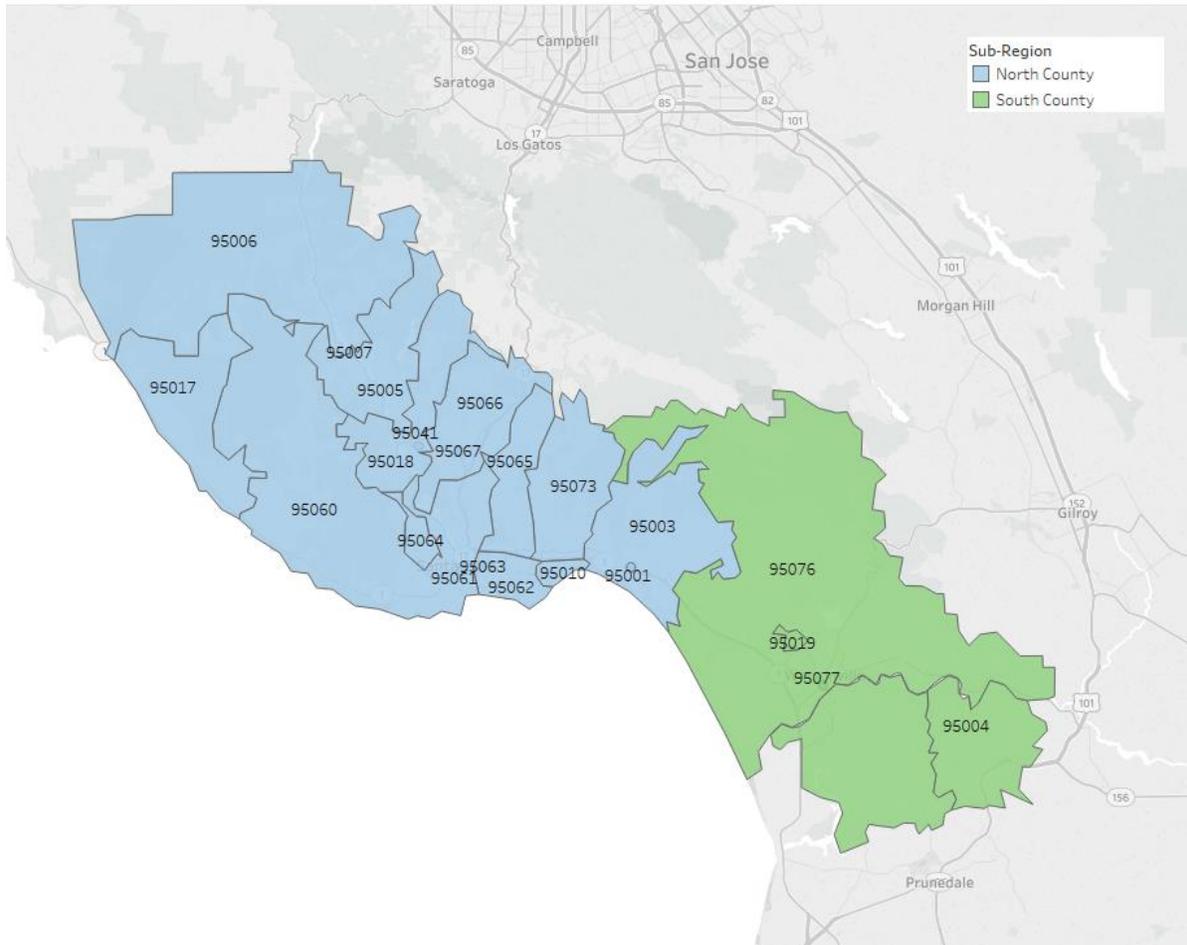
1. **Develop and promote the occupational career pathways that are often found in the Tourism and Hospitality sector and connected to other industry clusters**. This will include the workplace skills that are often developed in the industry and can be connected to other industry sectors, such as F.I.R.E. (Finance, Insurance, Banking, & Real Estate), Business Services and Retail. (See pages 26 – 32 for more information on sector skills and relevant career pathways.)

2. **Expand connections with local high schools, colleges and universities to better communicate the employment opportunities for students in the Tourism and Hospitality sector.** The communications should be geared towards highlighting some of the skills students can gain from employment in these occupations (i.e. communication, customer service, management, etc.) as well as the entry into different career pathways. Potential employees should also be made aware of the perks for employment (i.e. providing free Boardwalk wristbands for employees, etc.). Potential partnerships with schools should be explored to create work-study programs or potentially offer credits for certain courses and/or programs.
3. **Examine opportunities to support small businesses and entrepreneurship in Santa Cruz County's Tourism and Hospitality sector.** This could include branding and marketing investments in the region, supporting the expansion or improvement of local recreation resources, and/or identifying and supporting events and conferences that improve the image and opportunities for the sector.

The Quality of Life Equation

Ultimately, like any foundational industry cluster within a region, the Tourism and Hospitality industry not only provides important economic benefits for the region; it helps define and is intertwined into the quality of life equation for the community. In Santa Cruz County, the natural recreational resources, the food and beverage firms, the lodging and accommodation facilities, as well as local attractions such as the Boardwalk and the wharf all play a central role in defining and supporting the County's high quality of life. This relationship is also true in the other direction. The region's overall quality of life has a considerable impact on the health and vitality of the County's Tourism and Hospitality sector. Issues such as **homelessness**, traffic, **transportation**, and the **high cost of living** are already impacting the industry and help explain the entry-level workforce shortage that was discussed earlier in this section.

Santa Cruz County Tourism and Hospitality Study Region



NORTH

Aptos, Ben Lomond, Boulder Creek, Brookdale, Capitola, Davenport, Felton, Mount Hermon, Santa Cruz, Scotts Valley, Soquel
95001, 95003, 95005, 95006, 95007, 95010, 95017, 95018, 95041, 95060, 95061, 95062, 95063, 95064, 95065, 95066, 95067, 95073

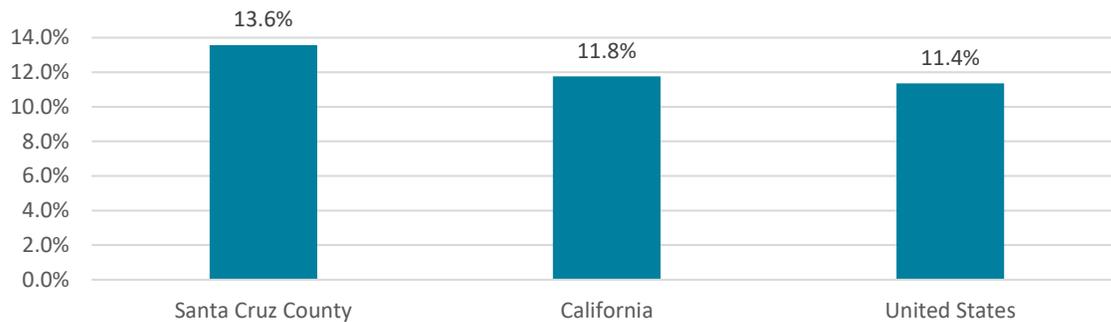
SOUTH

Aromas, Freedom, Watsonville
95004, 95019, 95076, 95077

Tourism and Hospitality Employment in Santa Cruz County

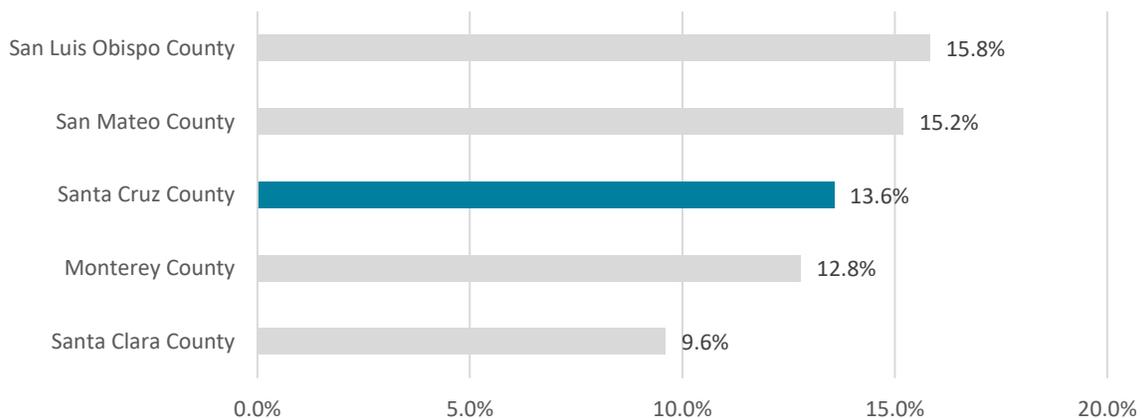
Greater hospitality employment accounts for a larger portion of jobs in the County than in California or the United States. Nearly 14% of jobs countywide can be categorized as greater hospitality related employment, while only about 12% and 11% of all jobs in California and the United States, respectively, can be classified as such (Figure 2).

Figure 2. Greater Hospitality Share of all Jobs⁵



Greater hospitality employment countywide is moderately concentrated compared to other nearby counties. More than 15% of employment in San Luis Obispo and San Mateo counties is in greater hospitality. The County has a larger proportion of greater hospitality employment than Monterey County and Santa Clara County, where greater hospitality accounts for 13% and 10% of all employment, respectively.

Figure 3. Portion of Greater Hospitality Jobs out of all Jobs⁶

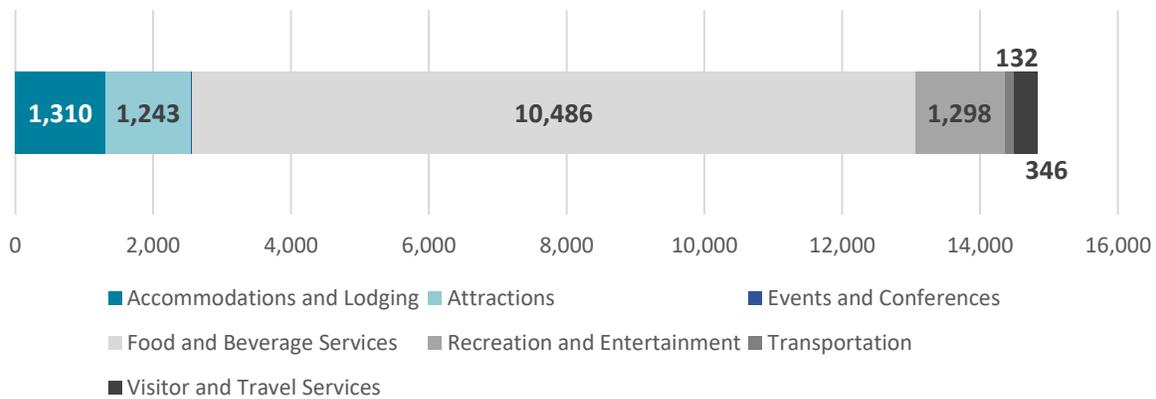


⁵ Emsi 2019.2 QCEW and Non-QCEW

⁶ Emsi 2019.2 QCEW and Non-QCEW

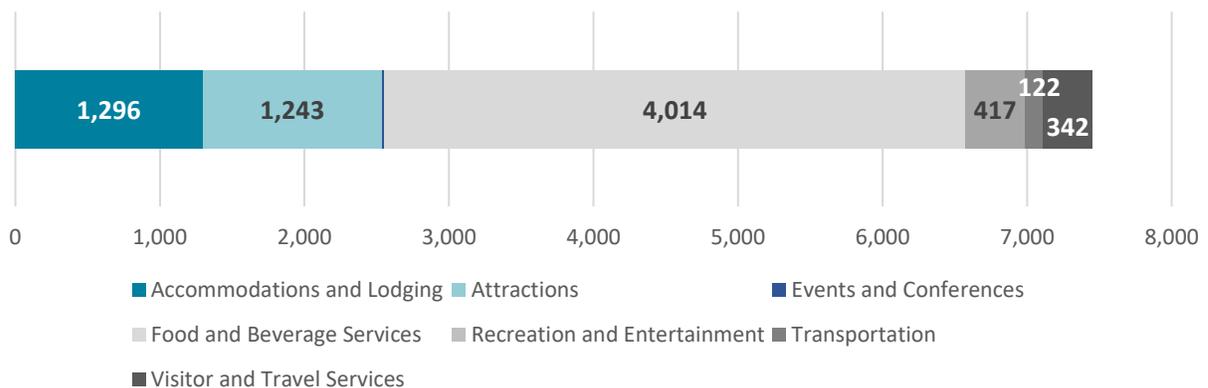
There are 14,833 greater hospitality jobs countywide. Food and beverage services account for the greatest number of jobs in the region, with over two-thirds of greater hospitality employment. Accommodations and lodging, attractions, and recreation and entertainment each employ over 1,200 individuals countywide (Figure 4).

Figure 4. Greater Hospitality Employment by Sub-Industry⁷



Food and beverage services are also the largest source of visitor-dependent tourism employment, accounting for just over half (54%) of all industry jobs. Accommodations and lodging, and attractions, respectively the second and third-largest sub-industries, account for a combined 34% of visitor-dependent employment (Figure 5).

Figure 5. Visitor-Dependent Employment by Sub-Industry⁸

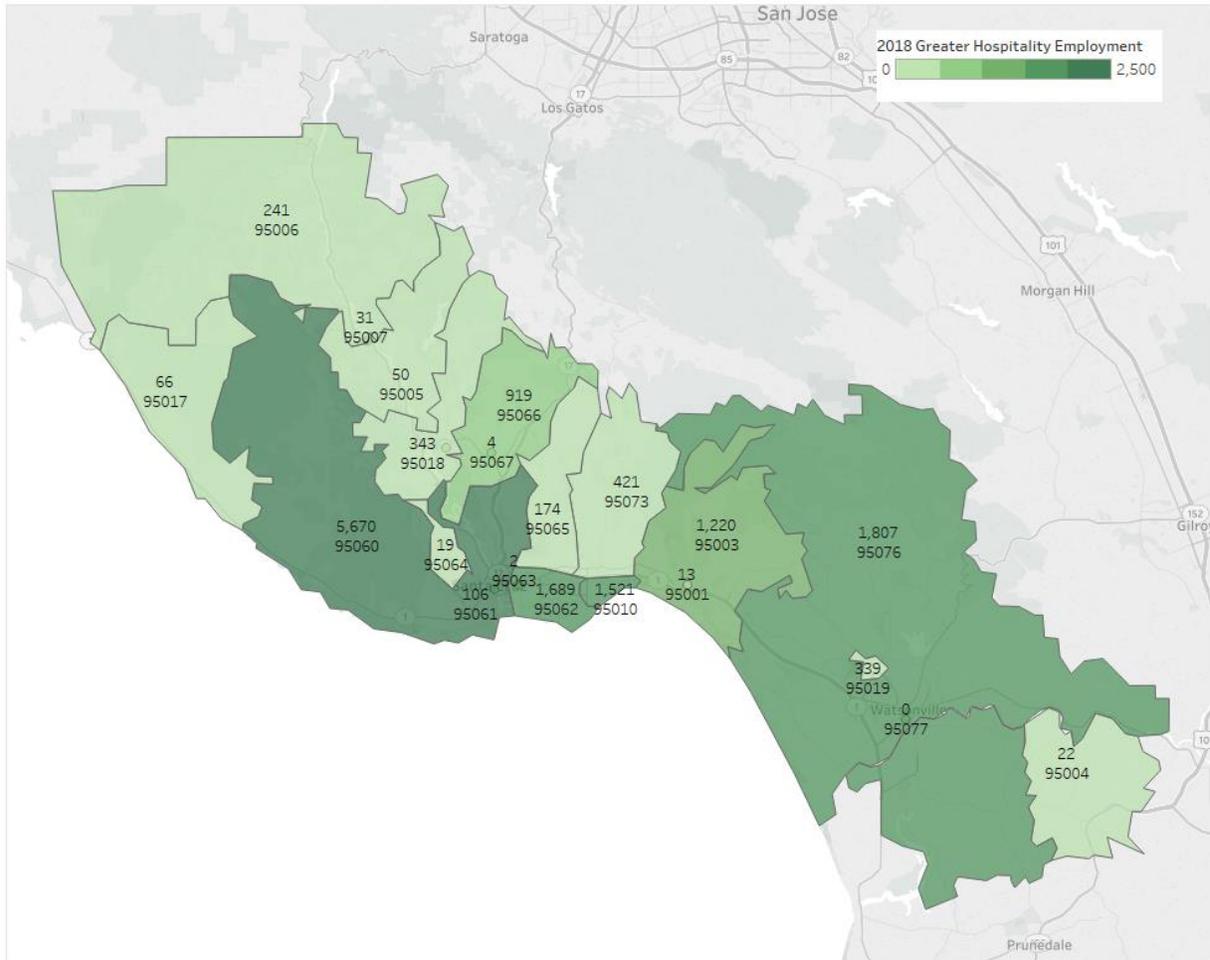


⁷ Emsi 2019.2 QCEW and Non-QCEW

⁸ Emsi 2019.2 QCEW and Non-QCEW

The zip code 95060, which includes a portion of the City of Santa Cruz, Pasatiempo, and Bonny Doon, has more than 5,600 greater hospitality jobs. The zip code 95076 (near Watsonville), 95062 (including portions of the City of Santa Cruz, Live Oak, and Capitola), and 95010 (Capitola) each have more than 1,500 greater hospitality jobs (Figure 6).

Figure 6. Greater Hospitality Employment in Santa Cruz County by Zip Code⁹, 2018



⁹ Emsi 2019.2 QCEW and Non-QCEW

Greater Hospitality Workforce Demographics and Diversity

Demographics and diversity among those working in greater hospitality roles countywide are comparable to those found across California. Females make up 51% of the greater hospitality workforce, while females account for 50% of greater hospitality employment in all of California. The County’s greater hospitality workforce has a higher percentage of workers who are between the ages of 14 and 24, compared to California’s greater hospitality workforce (Figure 7). In the County, the greater hospitality workforce is also notably younger than the overall workforce. While 31% of greater hospitality workers are 24 years of age or younger, only 14% of the overall workforce falls under this age bracket (Figure 8).

Figure 7. Age Distributions of Greater Hospitality Employment¹⁰

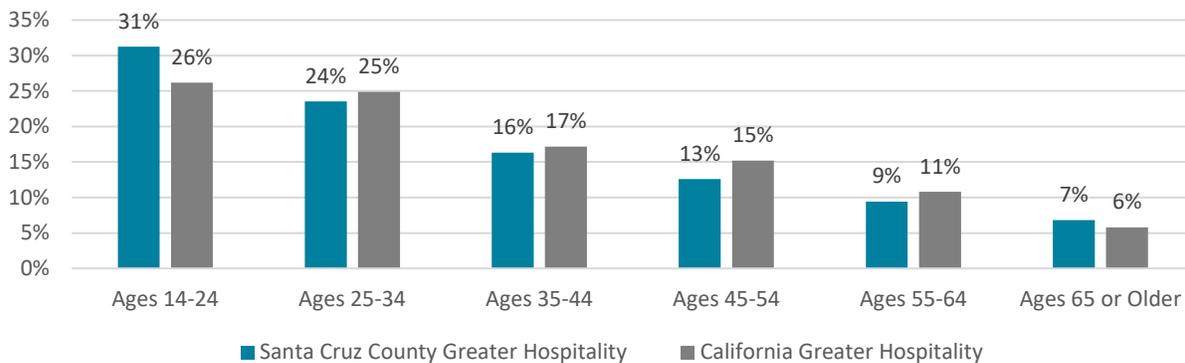
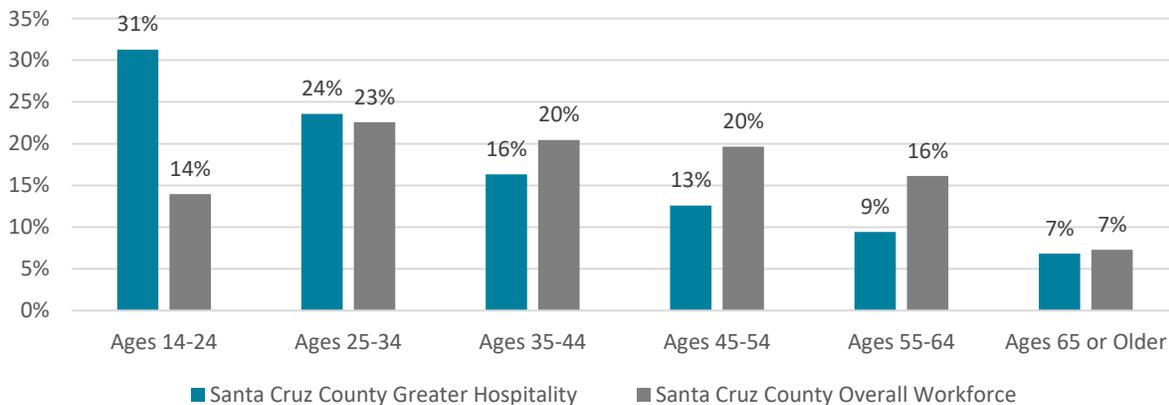


Figure 8. Age Distributions of Employment in Santa Cruz County¹¹

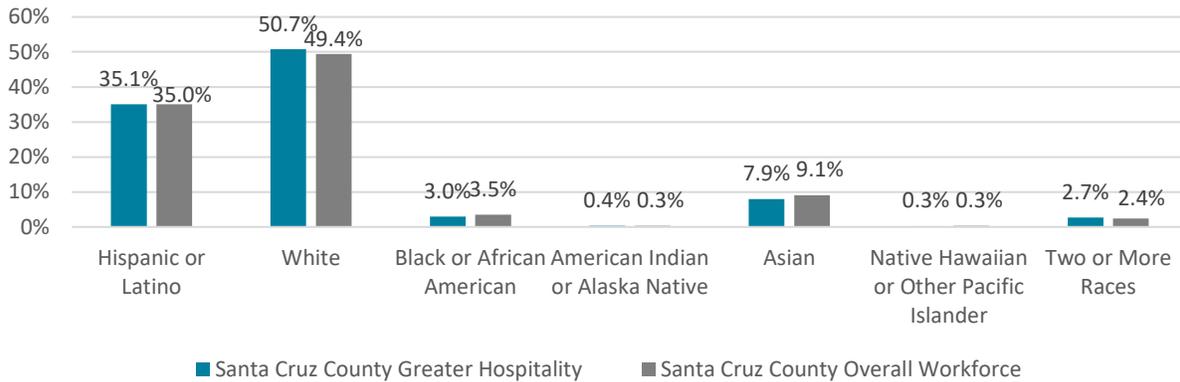


¹⁰ Emsi 2019.2 QCEW and Non-QCEW

¹¹ Emsi 2019.2 QCEW and Non-QCEW

In regards to race and ethnicity, the County’s greater hospitality workforce is proportionally similar to the County’s overall workforce (Figure 9) and is providing employment opportunities for individuals across race and ethnicity.

Figure 9. Santa Cruz County Employment by Race and Ethnicity¹²



A Santa Cruz County Case Study: The Aspromonte’s - A Santa Cruz Family

In 1960 Joe and Elena Aspromonte arrived in Santa Cruz. They managed a small motel while Joe labored in a factory and Elena waitressed. They pulled their savings together to buy the Sea Beach Motel across from the Boardwalk. They added on to it and then sold it. They then built and sold two more inns by the Boardwalk and then built the Islander on Ocean Street. At that point, Joe tragically passed away; he was only 40. Elena persevered and built a second hotel on Ocean Street, the Continental. She succeeded despite having to navigate a business and construction world dominated by men and in a language that was not her own. She had emigrated from Italy in her late teens.

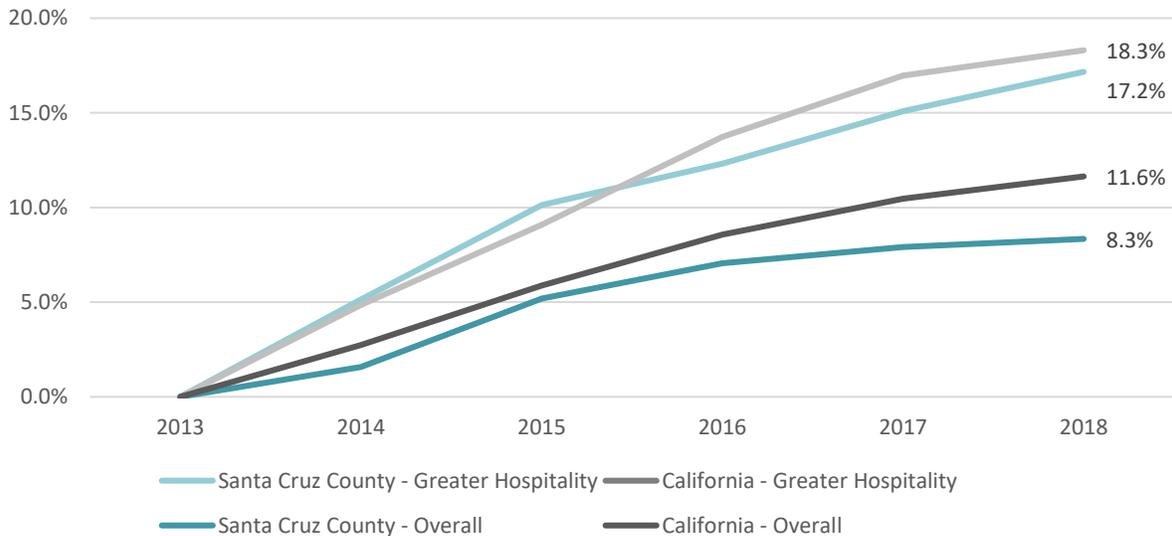
Elena then found the second love of her life, Dennis Wall, and together they continued to build and operate hotels—18 in all —across Northern and Central California, favoring local contractors and artisans when possible. Elena Aspromonte passed away in early 2019 and is survived by her sons Dan, Bill, and Mark. The family currently operates two award-winning hotels in Capitola, a Marriott Fairfield and Best Western, and Best Westerns in Watsonville and Angels Camp. The Aspromonte’s are proud of their commitment to and their contributions for the local community.

¹² Emsi 2019.2 QCEW and Non-QCEW

Overall Greater Hospitality Employment Growth

Between 2013 and 2018, greater hospitality employment, in both the County and in California, outpaced the employment growth rates of the overall economies of their respective regions. While California’s overall employment outpaced the County’s overall employment rate by more than three percentage-points, one percentage-point separates the greater hospitality employment growth rates of the two regions (Figure 10).

Figure 10. Employment Growth Among Greater Hospitality Employment and the Overall Regional Economy¹³



Greater hospitality employment countywide grew at a faster rate than the neighboring Counties of San Luis Obispo, Monterey, and San Mateo. Only greater hospitality employment in Santa Clara County increased at a greater rate, driven by strong growth in full- and limited-service restaurants (Table 1).

Table 1. Greater Hospitality Employment Growth, 2013-2018¹⁴

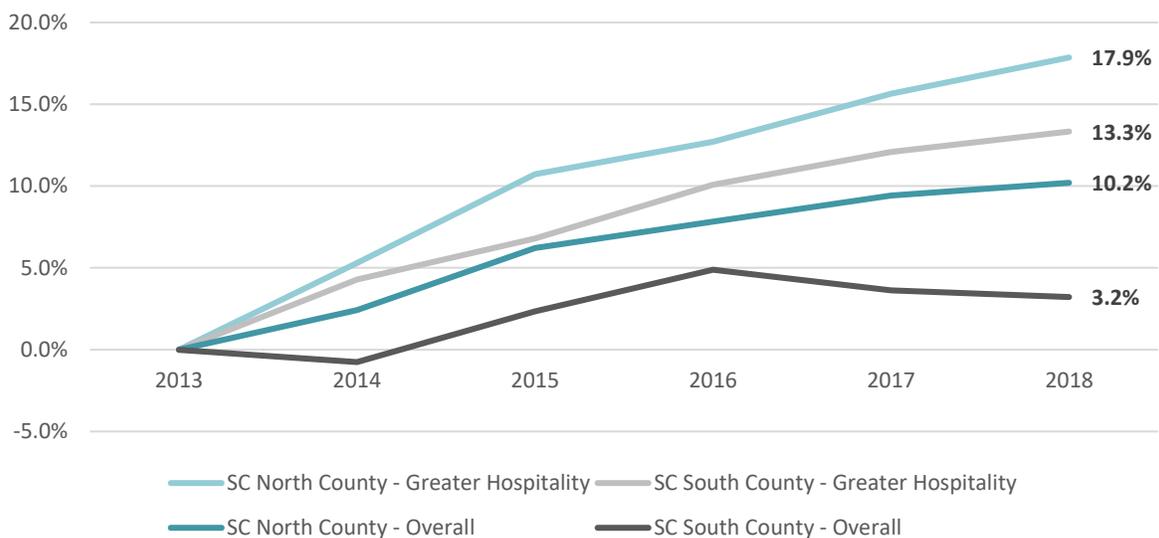
18.5%	Santa Clara County
17.2%	Santa Cruz County
16.4%	San Luis Obispo County
13.2%	Monterey County
10.4%	San Mateo County

¹³ Emsi 2019.2 QCEW and Non-QCEW

¹⁴ Emsi 2019.2 QCEW and Non-QCEW

Greater hospitality employment in the sub-regions of the County each grew more than overall employment in their respective regions. Greater hospitality employment in the North County sub-region increased by seven percentage-points more than overall employment in the sub-region. The variation was even greater in the South County sub-region; greater hospitality employment increased by 10-percentage points more than overall employment in the sub-region (Figure 11). This discrepancy can largely be accounted for through two phenomena. First, employment in North County was aided by strong employment growth on the Boardwalk and other amusement locations, such as Mystery Spot. Second, greater hospitality employment was the primary driver of overall employment growth in South County; about 30% of all employment growth in South County between 2013-2018 was driven by gains in the greater hospitality industry.

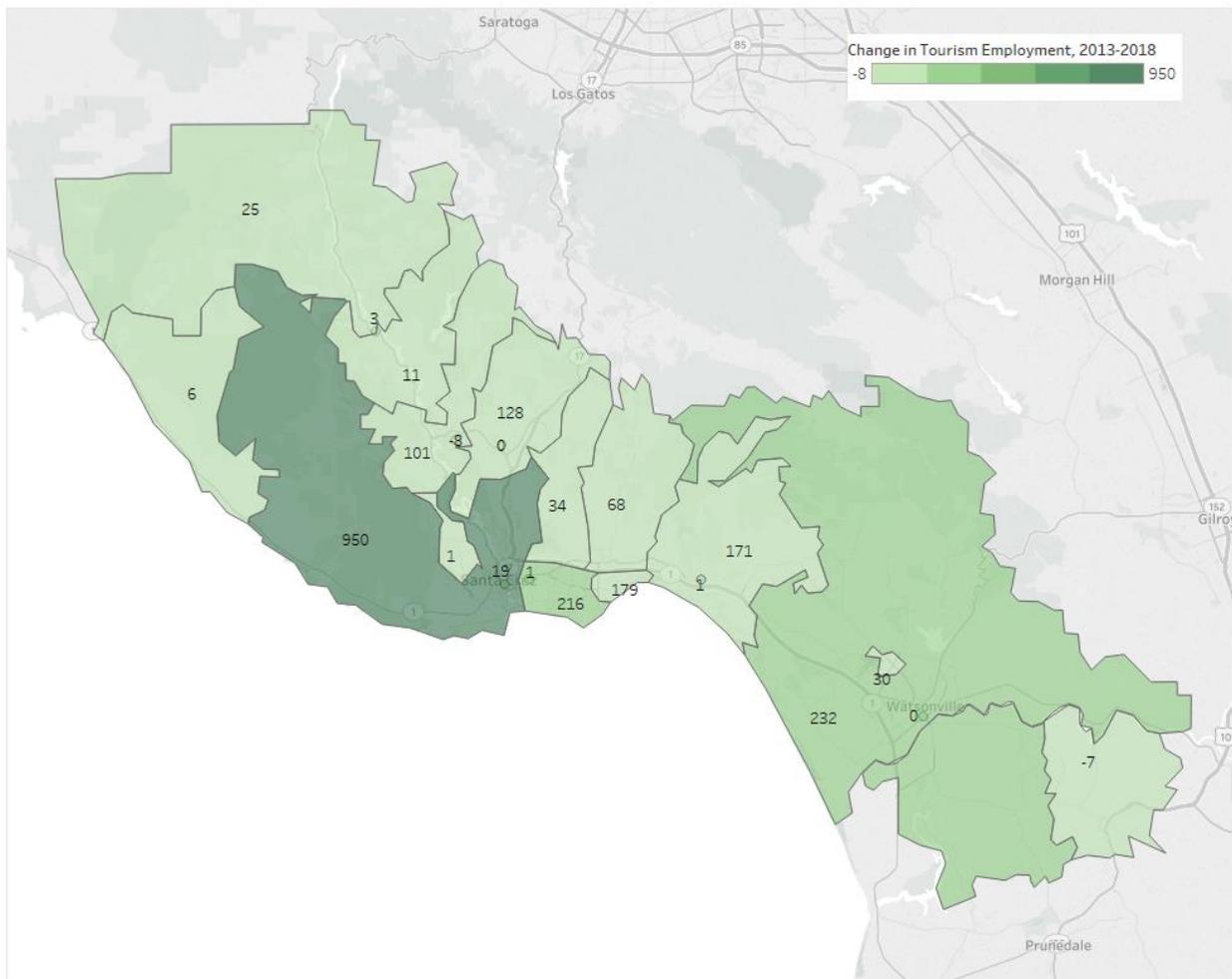
Figure 11. Employment Growth Among Greater Hospitality and Overall Employment by Sub-Region¹⁵



¹⁵ Emsi 2019.2 QCEW and Non-QCEW

Tourism jobs have increased in greatest numbers near 95060 (covering portions of the City of Santa Cruz) and the southern and coastal portions of the County, such as 95076 (near Watsonville) and 95062 (within the City of Santa Cruz and portions of Live Oak). The latter two zip codes saw an increase of over 200 greater hospitality employees between 2013-2018, and tourism jobs in 95060 increased by 950 jobs (Figure 12). Most of this employment growth was in full-service restaurants, snack and nonalcoholic beverage bars, and drinking places. The zip code 95060 also saw an increase of about 200 more jobs in amusement and theme parks (primarily the Boardwalk).

Figure 12. Change in Tourism Employment by Zip, 2013-2018¹⁶

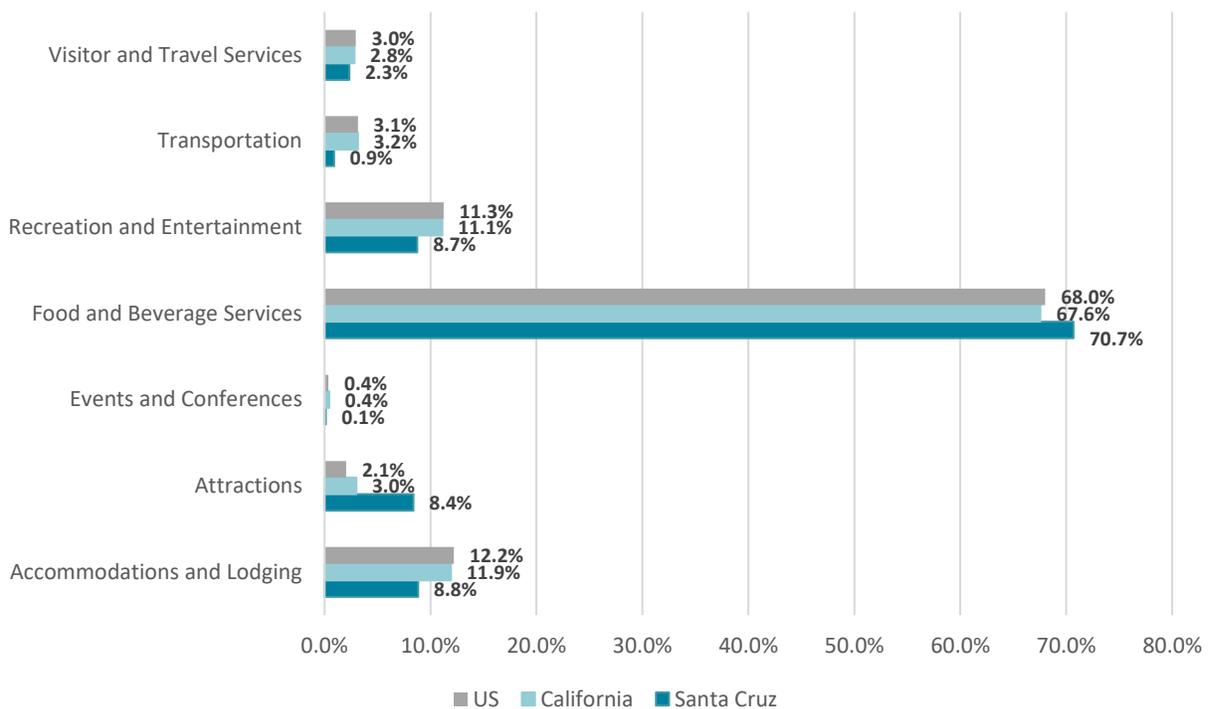


¹⁶ Emsi 2019.2 QCEW and Non-QCEW

Employment by Sub-Industry

Comparing the proportions of employment across the sub-categories within greater hospitality provides insight into how the County’s Tourism and Hospitality industry differs from that of the state and nation. The County has a notably higher percentage of employment within the attractions sub-industry and relatively lower percentages of those working in accommodations and lodging, recreation and entertainment, and transportation (Figure 13).

Figure 13. Proportion of Workers by Sub-Industry and Region



A glimpse at the proportions of sub-industry employment in neighboring counties reveals similar trends. Again, the County stands out in its high portion of employment in the attractions sub-industry, most of which can be attributed to the Boardwalk. The County also has a relatively low proportion of those working in accommodations and lodging (Figure 14). The County seems to be most similar to Santa Clara County in regard to Tourism and Hospitality employment by sub-industries. Relatively high proportions of food and beverage services seem to correlate with recent strong overall greater hospitality growth; Santa Clara and Santa Cruz counties had the two largest employment growth rates of all comparison counties.

Figure 14. Proportion of Workers by Sub-Industry in Comparable Counties

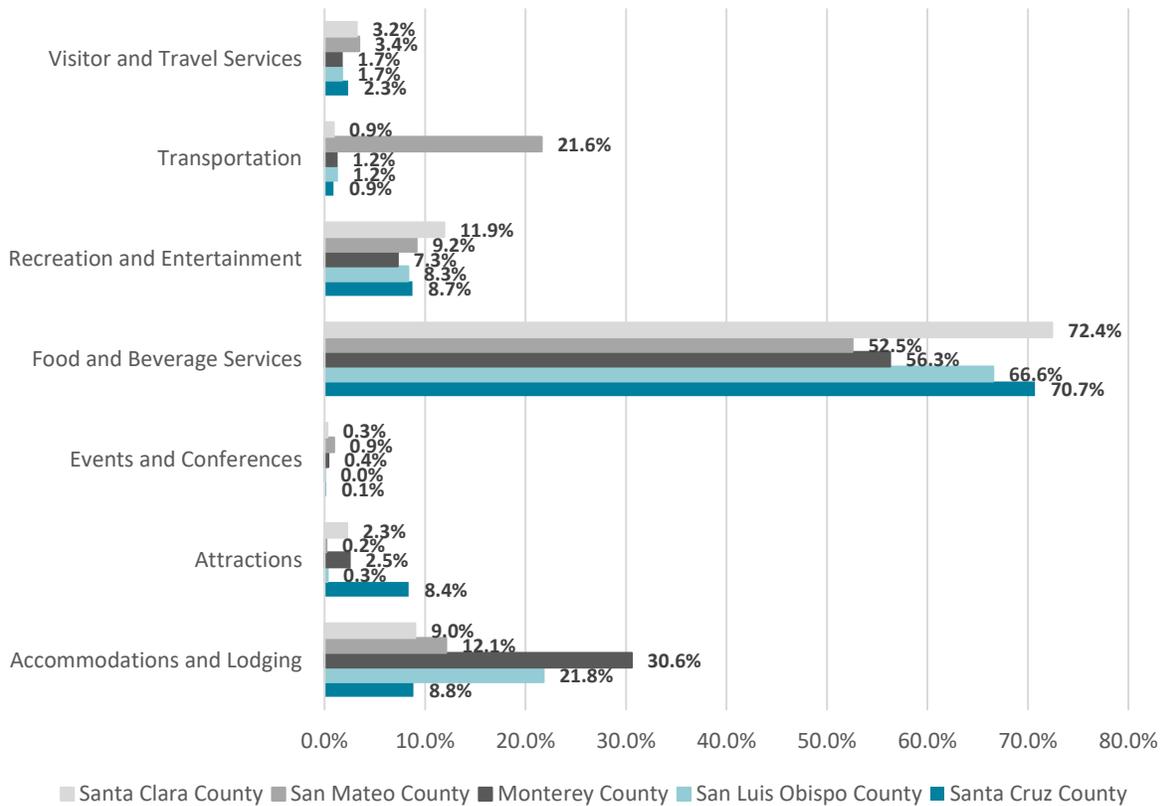


Table 2 highlights number of greater hospitality and visitor-dependent jobs, total establishments related to this employment, 2018 visitor-dependent sales, and the average annual earnings of each industry sector. Food and beverage services accounted for about 39% of all visitor-dependent sales in 2018 while accounting for about 54% of the jobs in the region. The events and conferences sub-industry is the only sub-industry to offer average annual earnings above \$40,000 per year (Table 2). Ultimately, the industry’s generally entry-level wages combined with the County’s relatively high cost of living are creating an increasing gap between workers and employers.

Table 2. Employment by Sector in Santa Cruz County¹⁷

TOURISM INDUSTRY SECTORS	GREATER HOSPITALITY JOBS	TOTAL ESTABLISHMENTS ¹⁸	VISITOR-DEPENDENT JOBS	2018 VISITOR-DEPENDENT SALES ¹⁹	AVERAGE ANNUAL EARNINGS
Attractions	1,243	9	1,243	\$107,410,152	\$30,044
Accommodations/Lodging	1,310	83	1,296	\$196,123,135	\$33,741
Events and Conferences	18	4	18	\$10,068,614	\$54,700
Food and Beverage Services	10,486	563	4,014	\$284,155,391	\$25,689
Recreation and Entertainment	1,298	91	417	\$49,633,571	\$23,443
Transportation	132	8	122	\$20,267,412	\$39,182
Visitor/Travel Services	346	61	342	\$53,611,168	\$27,852
TOTAL	14,833	819	7,452	\$721,269,443	\$28,700

Attractions includes sales and employment related to museums, historical sites, zoos and botanical gardens, nature parks and other similar institutions, and amusement and theme parks. In 2018, total visitor-dependent sales for this sector were over \$107 million and accounted for about 27% of all visitor-dependent sales. The occupations with the most jobs within this sector are amusement and recreation attendants, cashiers, food preparation and serving workers, counter attendants, and lifeguards and other recreational protective service workers.

Accommodations and Lodging includes hotels and motels, casino hotels, bed-and-breakfast inns, RV parks and campgrounds, rooming and boarding houses, and all other traveler accommodations. Total visitor-dependent sales were about \$196 million. Hotels and motels are the main drivers of growth and employment in this subsector. The occupations in this sector providing the most jobs include maids and housekeeping cleaners, hotel, motel and resort desk clerks, waiters and waitresses, general maintenance and repair workers, restaurant cooks, and dining room, cafeteria, and bartender helpers.

Food and Beverage Services includes food service contractors, caterers, drinking paces (alcoholic beverages), full- and limited-service restaurants, cafeterias, and snack and non-alcoholic bars. Total visitor-dependent sales in the food and beverage services sector about \$284 million or 39% of the total visitor-dependent sales in 2018. Since 2013, industries like full-service restaurants, snack and nonalcoholic beverage bars, and food service contractors have experienced the greatest growth in employment. Occupations with the greatest number of employees are combined food preparation and serving workers, waiters and waitresses, restaurant cooks, food preparation, and fast food cooks.

Recreation and Entertainment includes marinas, recreational goods rental, sports teams and clubs, racetracks, casinos, other gambling industries, golf courses and country clubs, recreational and vacation camps, and all other amusement and recreation industries. Total visitor-dependent sales within this sector were about \$49 million in

¹⁷ EMSI 2019.2 QCEW and Non-QCEW

¹⁸ DataUSA.com

¹⁹ Calculated as the share of total sales that are exports.

2018, or 7% of all visitor-dependent sales. The most employed occupations in the County include fitness trainers, amusement and recreation attendants, recreation workers, receptionists and information clerks, and landscaping and groundskeeping workers.

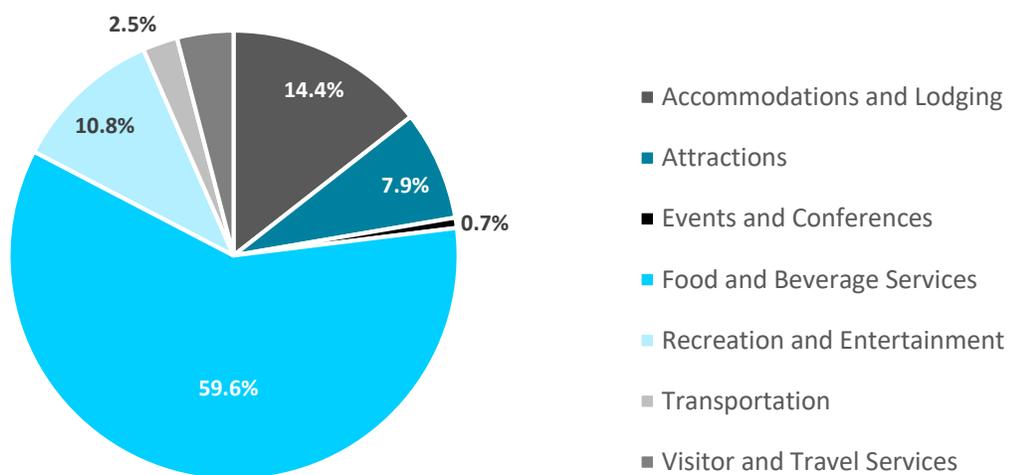
Transportation includes businesses related to scenic and sightseeing land transportation, scenic and sightseeing water transportation, scenic and sightseeing other transportation, and the charter bus industry. Total visitor dependent sales in the transportation sector were \$20.2 million in 2018, or 3% of total visitor-dependent sales. The occupations with most jobs in this sector include reservation and transportation ticket agents, bus drivers, office clerks, bus and truck mechanics, and dispatchers.

Visitor and Travel Services includes gift, novelty, and souvenir stores, art dealers, travel agencies, tour operators, and all other travel arrangement and reservation services. Visitor-dependent sales in this sector were over \$53.6 million. The occupations that are most employed are retail salespersons, self-enrichment education teachers, reservation and transportation ticket agents and clerks, and cashiers.

Events and Conferences includes convention and visitors' bureaus and convention and trade show organizers. Total visitor-dependent sales for 2018 were \$10 million, or 1.4% of visitor-dependent sales.

Food and beverage services accounted for about 60% of all greater hospitality sales in the County in 2018. Accommodations and lodging accounted for about 14% (Figure 15) and recreation and entertainment accounted for just under 11% of greater hospitality sales. In comparison, food and beverage services accounted for about 56% of greater hospitality sales in Santa Clara County, and accommodation and lodging accounted for about 13%. Given that these proportions are relatively close in line with one another and that both Counties had the highest employment growth rates of the comparison regions, it suggests that the proportions of employment and revenues of each sub-sector are in relatively strong states.

Figure 15. Greater Hospitality Sales by Sub-Sector, 2018



The following occupational segmentation technique delineates most occupations into one of three tiers, based on their average wages and skill requirements. They are broadly defined as follows:

Tier 1 Occupations	Tier 2 Occupations	Tier 3 Occupations
<p>are typically the highest-paying, highest-skilled occupations in the economy. In 2018, the median annual wage for Tier 1 occupations in Santa Cruz County was approximately \$89,031 per year. This occupational category includes positions such as managers (e.g., Chief Executives and Sales Managers), professional positions (e.g., Lawyers and Physicians) and highly skilled technology occupations, such as scientists, engineers, computer programmers, and software developers.</p>	<p>are typically the middle-skill, middle-wage occupations. In 2018, the median annual wage for Tier 2 occupations in Santa Cruz County was approximately \$51,088 a year. This occupational category includes positions such as technicians, teachers, office and administrative positions (e.g., Accounting Clerks and Secretaries), and manufacturing, operations, and production positions (e.g., Assemblers, Electricians, and Machinists).</p>	<p>are typically the lowest-paying, lowest-skilled occupations that have historically provided the largest portion of employment in the region. In 2018, the median annual wage for Tier 3 occupations in Santa Cruz County was approximately \$33,215 a year. These occupations include positions such as security guards, food service and retail positions, building and grounds cleaning positions (e.g., Janitors), and personal care positions (e.g., Home Health Aides and Child Care Workers).</p>

Each of these sectors varies in terms of structure and organization, occupational staffing patterns, job growth, job quality, and average wages. Transportation, recreation and entertainment, and visitor and travel services provide the highest concentrations of tier 2 and tier 1 employment, which generally offer higher wages (Table 3). In comparison, only one out of every 20 (5%) food and beverage jobs are tier 1 or tier 2.

Table 3. Employment Growth, Average Wages, and Job Quality by Tourism Sector^{20 21}

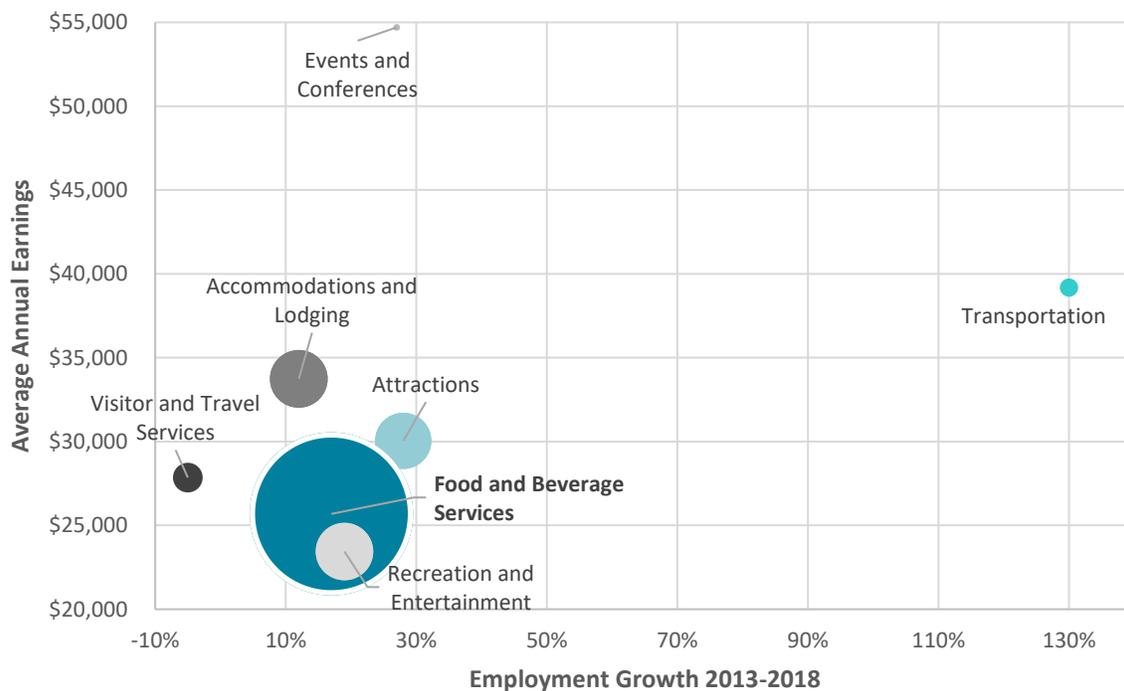
	GREATER HOSPITALITY EMPLOYMENT GROWTH 2013-2018	AVERAGE WAGE 2018	% TIER 1 OCCUPATIONS	% TIER 2 OCCUPATIONS	% TIER 3 OCCUPATIONS
Accommodation and Lodging	12%	\$33,741	6.2%	13.3%	80.5%
Recreation and Entertainment	19%	\$23,443	7.6%	20.2%	72.2%
Food and Beverage	17%	\$25,689	2.7%	1.9%	95.3%
Visitor & Travel Services	-5%	\$27,852	8.8%	18.6%	72.6%
Attractions	28%	\$30,044	8.5%	16.2%	75.3%
Events and Conferences	27%	\$54,700	N/A	N/A	N/A
Transportation	130%	\$39,182	5.9%	43.9%	50.2%
OVERALL	33%	\$28,700	4.1%	6.4%	89.5%

²⁰ Emsi 2019.2 QCEW and Non-QCEW

²¹ Insufficient employment in Events and Conferences to determine occupational tiers

With exception of transportation, events and conferences, and visitor and travel services, most sub-industries are clustered in the range of 10-30% growth and annual earnings between \$20,000 and \$35,000 (Figure 16). These four sub-industries also account about 97% of greater hospitality employment countywide. Four out of seven sub-sectors in Santa Clara County grew at rates greater than those in Santa Cruz County, though nearly all of these rates were within five percentage-points of each other. Conversely, employment in Santa Clara attractions and transportation increased at slower rates than the sub-sectors in Santa Cruz County. This means that, while growth rates differed slightly between the two counties due to their different underlying composition, Santa Cruz saw strong growth that is relatively comparable to the counties that have experienced the strongest growth in Tourism and Hospitality.

Figure 16. Greater Hospitality Sub-Industries



*Bubble size is relational to the number of employees within greater hospitality

Education and Training in Santa Cruz County

Regional Education and Training Opportunities

Talent attraction and retention are among the most substantial challenges Tourism and Hospitality employers in the County face. Our survey of employers revealed that their satisfaction with their ability to retain valued employees, ability to recruit workers that have strong customer service skills, and satisfaction with local education and training institutions was relatively low (Figure 26).

Regarding entry-level applicants, two-thirds of employers reported there were too few applicants and nearly four-in-ten stated applicants did not have appropriate skills (Figure 27). Among non-entry level roles, 37% of employers cited a lack of relevant industry skills and 31% cited a lack of management skills as reasons for hiring difficulty. Another 31% selected a free-response answer, of which a majority cited high or unaffordable salary expectations (Figure 28).

These findings illustrate that quality and quantity of talent among Tourism and Hospitality employers countywide is a widespread struggle. Education and career pathways are one way which quantity and quality of talent can be improved. Tourism and Hospitality education in the County reaches a wide range of ages; students interested in the field can take industry-specific courses starting in junior high and continue all the way through a college-level education. Many programs feature partnerships with local businesses and offer hands-on experience in the kitchen, dining room, or front desk. Increased partnerships with these institutions and programs will help generate increases in quality and quantity of applicants, however, in a region where competition for talent is strong, the more potential talent pipelines, the better. This following section highlights some regional education and training centers in and around Santa Cruz County.

Cabrillo College

Cabrillo College offers a specialization in Culinary Arts and Hospitality (CAHM), which seeks to prepare students for a range of potential careers within culinary arts and hospitality. This specialization is offered through four different programs: cooking, wine, baking, and food services management. Along with offering an associate degree in culinary arts and hospitality management, Cabrillo College offers eight different certificates in skills ranging from baking to catering to wine tasting room management. In total, the program takes 18 months to complete and about 83% of program graduates received jobs upon completion.²²

²² Cabrillo College

The Santa Cruz County Office of Education (COE) Career Technical Education Partnership (CTEP)

The Santa Cruz COE offers two levels of culinary arts courses. The first is an entry-level course that prepares students for entry level roles by covering topics such as menu planning, safety and sanitation, use of commercial equipment, and understanding and managing establishments with different food-styles. The second course offered builds upon the first, though introduces more advanced and complex concepts.

The Santa Cruz Office of Education has also created a career technical education partnership with Seaside Company to offer a course in hospitality. The course will cover everything from food service to human resources to finance and business relevant to hospitality careers. Along with offering relevant experience, the course offers paid employment one Saturday per month and free Boardwalk wristbands for participants and their families.

Tourism and Hospitality Career Development Education

Early exposure to the culinary and hospitality industries can help spark lasting interest and passion in the field. The Santa Cruz County Office of Education currently offers a number of programs aimed at junior high and high school level students. One such program, which attracts high schoolers from across Santa Cruz County, is taught at “The Food Lounge”, a private business owned by Chef Andrea Mollenauer. The SC County Office of Education has even developed a culinary program for incarcerated men and women in Santa Cruz County. All told, these programs attract about 200 students from across the County.

In late Summer of 2019, a new SC County Office of Education program will start. The program—a collaboration with the Seaside Company and the Santa Cruz Beach Boardwalk—will introduce 20-25 students to food service, marketing, human resources, maintenance, safety, security, and other related topics. This program also provides students with a paid role one Saturday every month as well as a bracelet for the Boardwalk.

Ultimately, these courses offer more than introductory lessons on cooking and safety. As Mark Hodges, Senior Director of the Career Technical Education Partnership, said “The exposure that students get is invaluable. They often work several professional events for organizations within the community and gain real-world experience. They learn how to dress for success, sit in on business negotiations, earn a few dollars while they learn, and make connections with industry leaders.” While some education consists of rote learning and textbooks, these programs offer exciting, real-world opportunities for growth and learning.

California State University Monterey Bay (CSUMB)

Though outside of the County, the nearby Monterey Bay CSU campus offers a Bachelor of Science degree in hospitality management. This degree offers two concentrations; Sustainable Hotel, Resort, and Event Management and Sustainable Ecotourism Management. The degree also offers the Career Gateway Program, which matches local employers with recent graduates. While some current opportunities are offered within Aptos and Watsonville, a vast majority of these offerings are outside of the County. Extended partnership with this program may increase the quantity and quality of talent headed into the County.

Santa Cruz Tourism and Hospitality Careers

The following table highlights the top 15 occupations in the County’s Tourism and Hospitality industry, based on overall percentage of employment in the industry. Much of employment in the Tourism and Hospitality industry is concentrated in entry-level wages, low-skill food service occupations such as waiters and waitresses, cooks, food preparation workers, and dishwashers (Table 4).

Table 4. Top 15 Tourism Occupations in Santa Cruz County²³

OCCUPATIONS	EMPLOYMENT 2018	% CHANGE 2013-2018	% OF TOURISM JOBS 2018	MEDIAN HOURLY EARNINGS	TYPICAL ENTRY LEVEL EDUCATION	WORK EXPERIENCE REQUIRED	TYPICAL ON-THE-JOB TRAINING
Combined Food Preparation and Serving Workers	2,334	25%	19.7%	\$11.53	No formal educational credential	None	Short-term on-the-job training
Waiters and Waitresses	1,747	10%	13.0%	\$11.94	No formal educational credential	None	Short-term on-the-job training
Cooks, Restaurant	958	23%	8.0%	\$13.60	No formal educational credential	Less than 5 years	Moderate-term on-the-job training
Food Preparation Workers	665	4%	4.7%	\$11.24	No formal educational credential	None	Short-term on-the-job training
Cooks, Fast Food	568	2%	3.9%	\$11.61	No formal educational credential	None	Short-term on-the-job training

²³ Emsi 2019.2 QCEW and Non-QCEW

OCCUPATIONS	EMPLOYMENT 2018	% CHANGE 2013- 2018	% OF TOURISM JOBS 2018	MEDIAN HOURLY EARNINGS	TYPICAL ENTRY LEVEL EDUCATION	WORK EXPERIENCE REQUIRED	TYPICAL ON- THE-JOB TRAINING
First-Line Supervisors of Food Preparation and Serving Workers	456	16%	3.6%	\$15.28	High school diploma or equivalent	Less than 5 years	None
Dishwashers	486	7%	3.5%	\$11.31	No formal educational credential	None	Short-term on-the-job training
Bartenders	374	25%	3.2%	\$12.60	No formal educational credential	None	Short-term on-the-job training
Cashiers	357	31%	3.1%	\$11.69	No formal educational credential	None	Short-term on-the-job training
Amusement and Recreation Attendants	367	26%	3.1%	\$11.86	No formal educational credential	None	Short-term on-the-job training
Dining Room and Cafeteria Attendants and Bartender Helpers	334	16%	2.6%	\$11.44	No formal educational credential	None	Short-term on-the-job training
Maids and Housekeeping Cleaners	312	15%	2.4%	\$12.90	No formal educational credential	None	Short-term on-the-job training
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	276	18%	2.2%	\$10.91	No formal educational credential	None	Short-term on-the-job training
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	287	10%	2.1%	\$11.52	No formal educational credential	None	Short-term on-the-job training
Hotel, Motel, and Resort Desk Clerks	226	14%	1.7%	\$12.95	High school diploma or equivalent	None	Short-term on-the-job training

Career Pathways

This section outlines career pathways across greater hospitality employment in the County. The charts highlight key occupations, their median earnings, growth, and typical entry-level education. The tables following each chart highlight the essential knowledge, skills, and abilities (KSAs) most important for those roles.²⁴ From entry-level to senior-level roles, the KSAs in the entry-level column are foundational to mid- and senior-level occupations.

When the Student Becomes the Teacher

Chef Andrea Mollenauer began her instructing days when a customer of her catering company asked if she had interest in teaching a culinary class. Having received her degree in culinary arts and hospitality from Cabrillo College, Andrea accepted. Her first class operated out of her kitchen, providing her students with experience in a professional kitchen environment. The class was a hit among students.

Twelve years later, Andrea now teaches three separate high school culinary classes across Santa Cruz County every year. A former student and teacher's assistant of hers now teaches the junior high school level culinary courses. The classes of 25-30 students are always full, and some even have a waitlist. These courses provide career pathways for students as young as junior high and offer high school and college credit as well. Students of the two-semester high school course also receive the benefit of receiving their food handlers' card—a requirement to work with food in the State of California. Ultimately, these courses help passionate students get an early step ahead along culinary career pathways.

²⁴ Importance determined by both O*NET importance and "level", or the extent to which a skill is necessary.



Customer Service

Entry-level

Cashiers
 Amusement and Recreation Attendants
 Restaurant and Lounge Hosts and Hostesses

\$11.55

Median Hourly Wage, 2018

25%

Growth, 2013-2018

No formal education & short-term on-the-job training

Mid-level

Hotel, Motel, and Resort Desk Clerks
 Receptionists and Information Clerks
 Reservation and Transportation Ticket Agents

\$14.33

Median Hourly Wage, 2018

14%

Growth, 2013-2018

High school or more & moderate-term to no on-the-job training

Senior-level

General and Operations Managers
 Lodging Managers
 Other Managers

\$48.31

Median Hourly Wage, 2018

36%

Growth, 2013-2018

Bachelor's degree or higher & five years or less work experience

ENTRY-LEVEL →

MID-LEVEL →

SENIOR-LEVEL →

	ENTRY-LEVEL →	MID-LEVEL →	SENIOR-LEVEL →
KNOWLEDGE	<ul style="list-style-type: none"> Customer and personal service English Language Clerical 	<ul style="list-style-type: none"> Computers and electronics Transportation Public safety and security 	<ul style="list-style-type: none"> Personal and human resources Administration and management Sales and marketing
SKILLS	<ul style="list-style-type: none"> Active listening Service orientation Speaking 	<ul style="list-style-type: none"> Critical thinking Social perceptiveness Reading comprehension 	<ul style="list-style-type: none"> Monitoring Management of personal resources Coordination
ABILITIES	<ul style="list-style-type: none"> Oral expression Oral comprehension Speech clarity 	<ul style="list-style-type: none"> Speech recognition Written comprehension Information ordering 	<ul style="list-style-type: none"> Problem sensitivity Deductive reasoning Fluency of ideas



Accounting and Finance

Entry-level	Mid-level	Senior-level
General Office Clerks	Bookkeeping, Accounting, and Auditing Clerks	Accountants and Auditors
Cashiers	Secretaries and Administrative Assistants	Administrative Service Managers
Stock Clerks and Order Fillers	Receptionists and Information Clerks	Business Operations Specialists
\$12.35	\$19.77	\$36.65
Median Hourly Wage, 2018	Median Hourly Wage, 2018	Median Hourly Wage, 2018
26%	20%	5%
Growth, 2013-2018	Growth, 2013-2018	Growth, 2013-2018
High school diploma or less & short-term on-the-job training	High school diploma or some college & short to moderate-term on-the-job training	Bachelor's degree & moderate-term to no on-the-job training

ENTRY-LEVEL →

MID-LEVEL →

SENIOR-LEVEL →

	ENTRY-LEVEL →	MID-LEVEL →	SENIOR-LEVEL →
KNOWLEDGE	<ul style="list-style-type: none"> • Clerical • Customer and personal service • Mathematics 	<ul style="list-style-type: none"> • Computers and electronics • Economics and accounting • Administration and accounting 	<ul style="list-style-type: none"> • Personal and human resources • Production and processing • Sales and marketing
SKILLS	<ul style="list-style-type: none"> • Reading comprehension • Active listening • Speaking 	<ul style="list-style-type: none"> • Writing • Time management • Service orientation 	<ul style="list-style-type: none"> • Monitoring • Critical thinking • Mathematics
ABILITIES	<ul style="list-style-type: none"> • Oral expression • Oral comprehension • Written comprehension 	<ul style="list-style-type: none"> • Written expression • Mathematical reasoning • Speech Recognition 	<ul style="list-style-type: none"> • Number facility • Deductive reasoning • Problem sensitivity



Food and Beverage

Entry-level

Combined Food Preparation and Serving Workers

Waiters and Waitresses

Food Preparation Workers

\$11.64

Median Hourly Wage, 2018

17%

Growth, 2013-2018

No formal education & short-term or moderate on-the-job training

Mid-level

Restaurant Cooks

First-Line Supervisors of Food Preparation and Serving

Bartenders

\$13.79

Median Hourly Wage, 2018

22%

Growth, 2013-2018

High school diploma & long-term to no on-the-job training

Senior-level

Food Service Managers

General and Operations Managers

Chefs and Head Cooks

\$32.89

Median Hourly Wage, 2018

23%

Growth, 2013-2018

High school diploma to Bachelor's degree & long term training

ENTRY-LEVEL →

MID-LEVEL →

SENIOR-LEVEL →

	ENTRY-LEVEL →	MID-LEVEL →	SENIOR-LEVEL →
KNOWLEDGE	<ul style="list-style-type: none"> • Customer and personal service • Public safety and security • Food production 	<ul style="list-style-type: none"> • Education and training • Production and processing • Administration and management 	<ul style="list-style-type: none"> • Personnel and human resources • Mathematics • Sales and marketing
SKILLS	<ul style="list-style-type: none"> • Active listening • Service orientation • Social perceptiveness 	<ul style="list-style-type: none"> • Speaking • Monitoring • Coordination 	<ul style="list-style-type: none"> • Reading comprehension • Critical thinking • Management of personal resources
ABILITIES	<ul style="list-style-type: none"> • Speech recognition • Oral comprehension • Oral expression 	<ul style="list-style-type: none"> • Problem sensitivity • Deductive reasoning • Speech clarity 	<ul style="list-style-type: none"> • Written comprehension • Information ordering • Inductive reasoning



Sales and Marketing

Entry-level

Retail Salesperson
 Driver/ Sales Workers
 Service Sales Representative

\$17.52

Median Hourly Wage, 2018

23%

Growth, 2013-2018

High school diploma or less & short-term on-the-job training

Mid-level

First-Line Supervisors of Non-Retail Sales Workers
 First-Line Supervisors of Retail Sales Workers
 Market Research Analysts and Marketing Specialists

\$21.69

Median Hourly Wage, 2018

34%

Growth, 2013-2018

High school or more & short- to moderate-term on-the-job training

Senior-level

Sales Managers
 General and Operations Managers
 Other Managers

\$48.93

Median Hourly Wage, 2018

36%

Growth, 2013-2018

Bachelor's degree or higher & five years or less work experience

ENTRY-LEVEL →

MID-LEVEL →

SENIOR-LEVEL →

	ENTRY-LEVEL →	MID-LEVEL →	SENIOR-LEVEL →
KNOWLEDGE	<ul style="list-style-type: none"> • Sales and marketing • Customer and personal service • Administration and management 	<ul style="list-style-type: none"> • Mathematics • Education and training • Personnel and human resources 	<ul style="list-style-type: none"> • Production and processing • Economics and accounting • Computers and electronics
SKILLS	<ul style="list-style-type: none"> • Speaking • Persuasion • Active listening 	<ul style="list-style-type: none"> • Reading comprehension • Monitoring • Management of personnel resources 	<ul style="list-style-type: none"> • Social perceptiveness • Coordination • Critical thinking
ABILITIES	<ul style="list-style-type: none"> • Oral comprehension • Oral expression • Speech recognition 	<ul style="list-style-type: none"> • Written comprehension • Deductive reasoning • Inductive reasoning 	<ul style="list-style-type: none"> • Written expression • Speech clarity • Problem sensitivity



Human Resources

Entry-level

Hotel, Motel, and Resort Desk Clerks
 Reception and Information Clerks
 Reservation and Transportation Ticket Agents and Clerks

\$14.33

Median Hourly Wage, 2018

14%

Growth, 2013-2018

High school or less & short-term on-the-job training

Mid-level

Human Resources Assistants

Social and Human Services Assistants

Payroll and Timekeeping Clerks

\$19.86

Median Hourly Wage, 2018

5%

Growth, 2010-2018

High school or some college & short- to moderate-term on-the-job training

Senior-level

Human Resources Specialists

Human Resources Managers

\$49.22

Median Hourly Wage, 2018

0%

Growth, 2013-2018

Bachelor's degree & about five years work experience

ENTRY-LEVEL →

MID-LEVEL →

SENIOR-LEVEL →

	ENTRY-LEVEL →	MID-LEVEL →	SENIOR-LEVEL →
KNOWLEDGE	<ul style="list-style-type: none"> • Customer and personal service • Clerical • Computer and electronics 	<ul style="list-style-type: none"> • Psychology • Therapy and counseling • Education and training 	<ul style="list-style-type: none"> • Personnel and human resources • Administration and management • Law and government
SKILLS	<ul style="list-style-type: none"> • Active listening • Service orientation • Speaking 	<ul style="list-style-type: none"> • Social perceptiveness • Reading comprehension • Writing 	<ul style="list-style-type: none"> • Management of personal resources • Judgment and decision making • Negotiation
ABILITIES	<ul style="list-style-type: none"> • Oral expression • Speech clarity • Speech recognition 	<ul style="list-style-type: none"> • Written comprehension • Problem sensitivity • Written expression 	<ul style="list-style-type: none"> • Deductive Reasoning • Oral comprehension • Inductive Reasoning

Foundational Skills in Tourism and Hospitality

The knowledge, skills, and abilities (KSAs) developed in entry-level Tourism and Hospitality jobs are often essential for a wide range of occupations and industries beyond Tourism and Hospitality. While on average any given KSA was important in 10-13% of occupations, the KSAs that are foundational to and are developed through entry-level Tourism and Hospitality roles were important in an average 23-54% of occupations. **Ultimately, this analysis reveals that the KSAs developed in entry-level Tourism and Hospitality roles are will build knowledge, skills, and abilities that are relevant to almost any job.** Even in occupations where these KSAs were not counted as important in this analysis, employers often look for these attributes at some level in virtually all roles.

This analysis investigates the KSAs highlighted in the career pathways entry-level occupations and looks at their relative importance across all 967 occupations identified by O*NET²⁵. The “Importance” of a KSA to a respective occupation was determined through survey responses by workers in that occupation.²⁶

Tourism and Hospitality Abilities

Five abilities were identified as being the most relevant to entry-level Tourism and Hospitality roles. These abilities are also the abilities employees are most likely to develop and build over the course of an entry-level job. On average, **13.1% of all abilities were classified as important.** Conversely, **these five fundamental entry-level Tourism and Hospitality abilities were classified as important for 53.8% of all 967 occupations,** on average (Table 5). This fact demonstrates that the same abilities developed during these entry-level jobs are transferable to a wide range of jobs. Specifically, oral comprehension, oral expression, and written comprehension were important for more than 50% of all 967 occupations tested.

Table 5. Importance of Entry-Level Tourism and Hospitality Abilities

ABILITY	PERCENT OF OCCUPATIONS IN WHICH THE ABILITY WAS IMPORTANT
Oral Comprehension	70.1%
Oral Expression	65.0%
Written Comprehension	54.8%
Speech Clarity	42.7%
Speech Recognition	36.2%

²⁵ O*NET is the Occupational Information Network and sponsored by the U.S. Department of Labor/Employment and Training Administration. For more information, please visit <https://www.onetcenter.org/overview.html>

²⁶ “Importance” of a KSA to a particular occupation was ranked on a scale of 1-5. This analysis stated any KSA that averaged above 3.5 was important.

Tourism and Hospitality Knowledge

Across the five career pathways highlighted previously in this report, there are nine key knowledge attributes that are vital to and can be developed through entry-level Tourism and Hospitality roles. **Only 11.5%** of knowledge attributes were considered “important”. In contrast, the nine knowledge attributes essential in entry-level Tourism and Hospitality roles were important in **23.1%** of all 967 occupations, on average. Some knowledge attributes, such as English language, customer and personal service, and mathematics, were important for more than a quarter of all occupations. Table 6 highlights the percentage of occupations of which the knowledge attributes were considered important.

Table 6. Importance of Entry-Level Tourism and Hospitality Knowledge Attributes

KNOWLEDGE ATTRIBUTE	PERCENT OF OCCUPATIONS OF WHICH THE ATTRIBUTE WAS IMPORTANT
English Language	61.7%
Customer and Personal Service	49.1%
Mathematics	27.7%
Computer and electronics	22.2%
Administration and Management	17.9%
Public Safety and Security	12.0%
Clerical	9.0%
Sales and Marketing	5.7%
Food Production	2.4%

Tourism and Hospitality Skills

The six skills identified as most relevant to and likely to be developed through entry-level Tourism and Hospitality roles were ranked important for an average 33.4% of jobs. **Skills such as active listening, speaking, and reading comprehension were determined to be important for 50% or more of all occupations** (Table 7).

Table 7. Importance of Entry-Level Tourism and Hospitality Skills

SKILL	PERCENT OF OCCUPATIONS IN WHICH THE SKILLS WAS IMPORTANT
Active Listening	58.8%
Speaking	52.6%
Reading Comprehension	49.5%
Social Perceptiveness	20.6%
Service Orientation	12.9%
Persuasion	5.8%

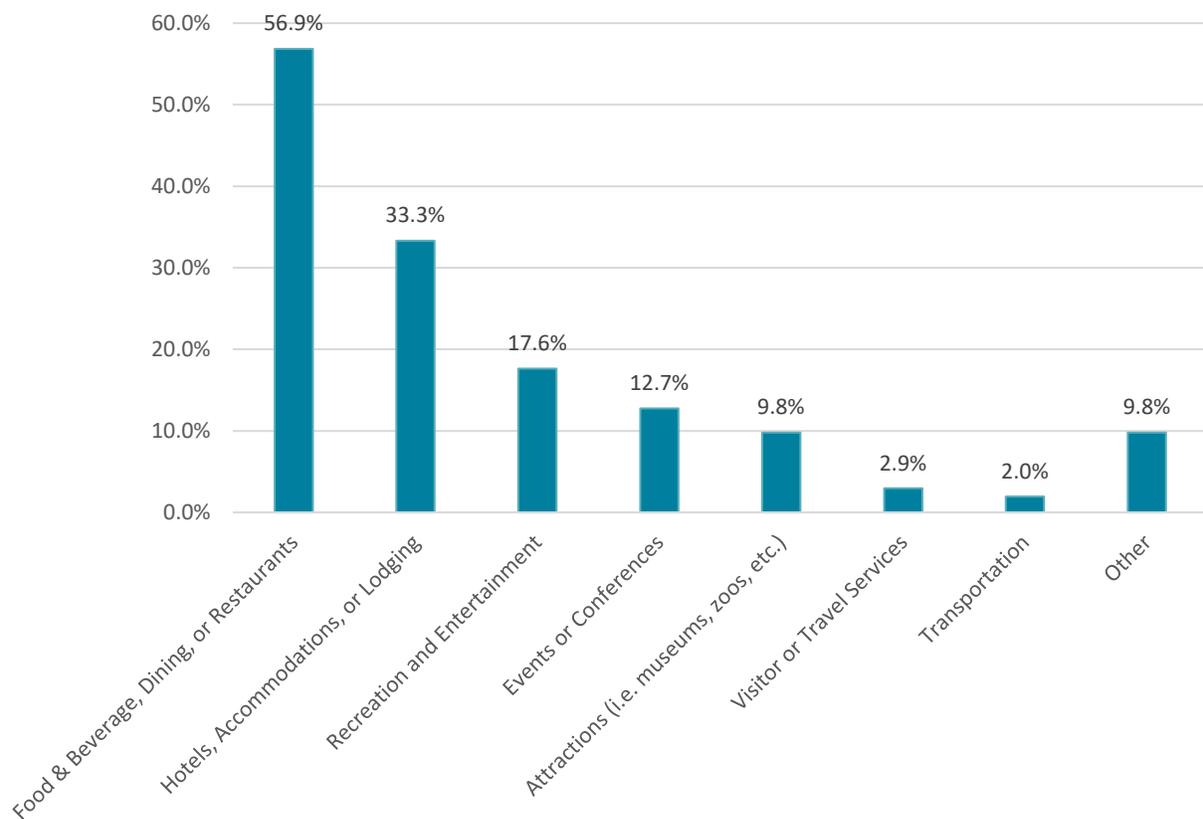
Employer Survey

A survey of over 100 Tourism and Hospitality firms within the County was conducted in May 2019. The survey sought to capture employer’s and stakeholder’s perspectives on the regional business climate, future expectations, strengths and weaknesses of Tourism and Hospitality industry, and workforce opportunities and challenges. This section summarizes these findings.

Profile of Respondents

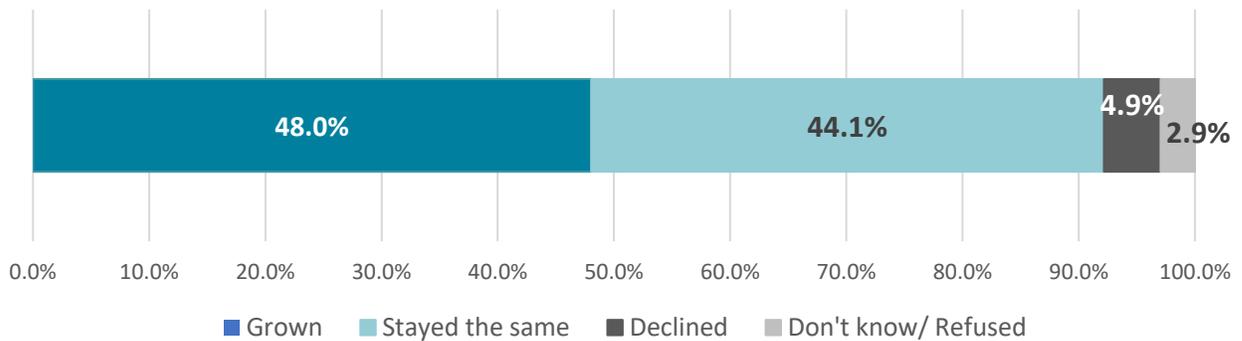
A majority (57%) of respondents worked within the food & beverage, dining, or restaurant industry. One-third of respondents (33%) worked within hotels, accommodations, or lodging (Figure 17). Of the respondents who responded under “other”, retail firms were the most common.

Figure 17. Industries of survey respondents



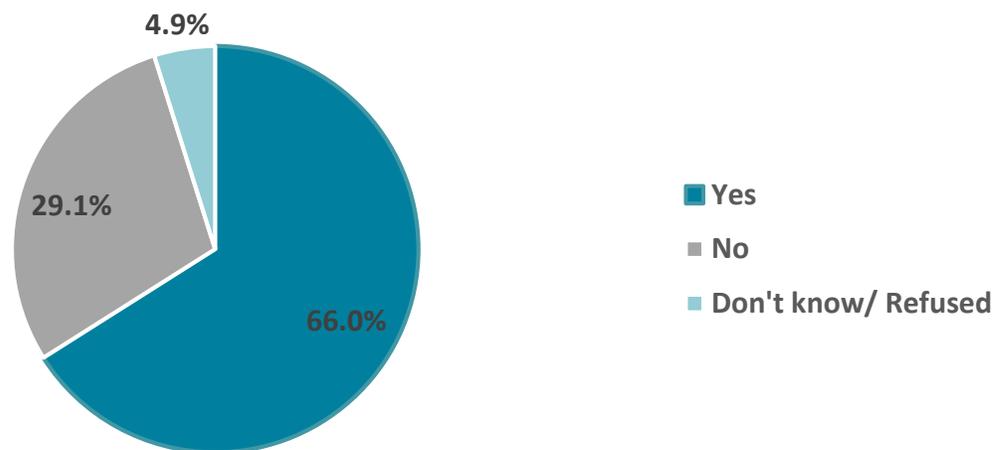
Expectation of future employment are high; nearly half (46%) of respondents felt that they would have more employees within the next 12 months. Another 48% felt that their number of employees would remain the same over the next year. Ultimately, no respondents felt that their firm would have fewer respondents within the next year. Historical growth rates are promising as well; about half (48%) of respondents' firms had increased the number of their employees within the past three years. Another 44% of respondent firms had maintained the same number of employees during that time (Figure 18).

Figure 18. Change in number of employees at Santa Cruz County location(s) over past three years



Two-thirds of respondents stated that their business employs temporary and/or seasonal workers (Figure 19). This notably high percentage indicates that many businesses rely upon temporary and seasonal workers. The median number of temporary workers was 5, while the average was 28, suggesting that several firms employ relatively large numbers of temporary and/or seasonal workers. Large quantities of temporary workers suggest that local high school and college students, as well as workers from abroad, may be suitable candidates for these types or roles.

Figure 19. Share of respondents whose business employs temporary and/or seasonal workers



QUALITY OF LIFE

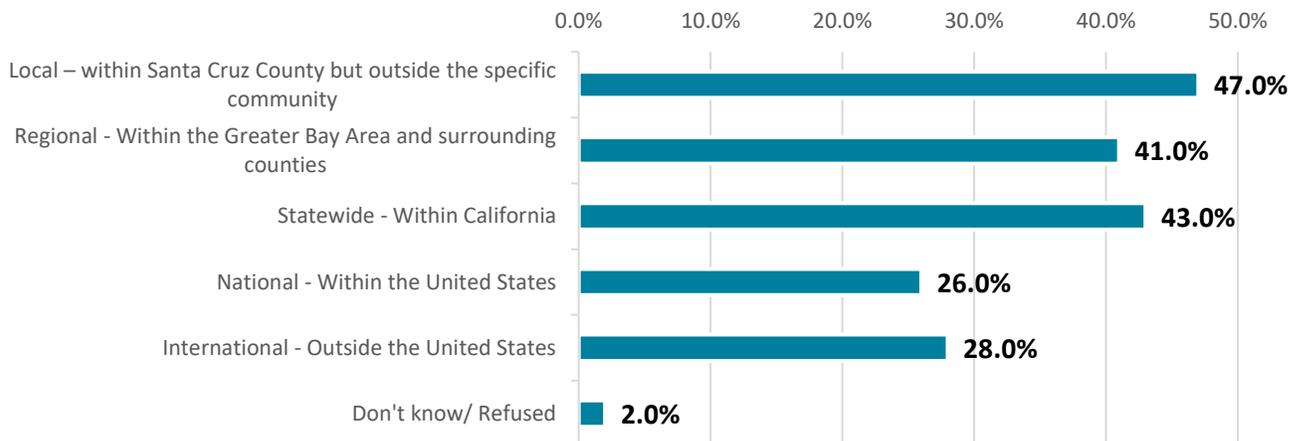
“I came to Santa Cruz in 2014 as a General Manager at a full-service hotel. Two years later I was requested to relocate to their flagship hotel in the Bay Area, with the benefit of a substantial salary increase. However, I ultimately chose to remain in Santa Cruz, primarily due to the quality of life, proximity to family, and opportunity to work with and contribute to the success of a respected local hotel business owner.

I have found that succeeding as a business manager in Santa Cruz presents unique challenges with a limited supply of qualified hospitality employees. People are at the heart of the success for a hospitality business and finding and recruiting the right people is difficult when wages and cost of living are not in sync. Ultimately, I continue to choose Santa Cruz, as I believe it provides the combination of natural beauty, outdoor activities, and arts & culture that make my life feel complete.”

--Julie Baylor, Regional Director of Operations

Areas surrounding the County were the most common geographic location for visitors, though regional (the Greater Bay Area) and statewide are substantial sources of visitors as well (Figure 20).

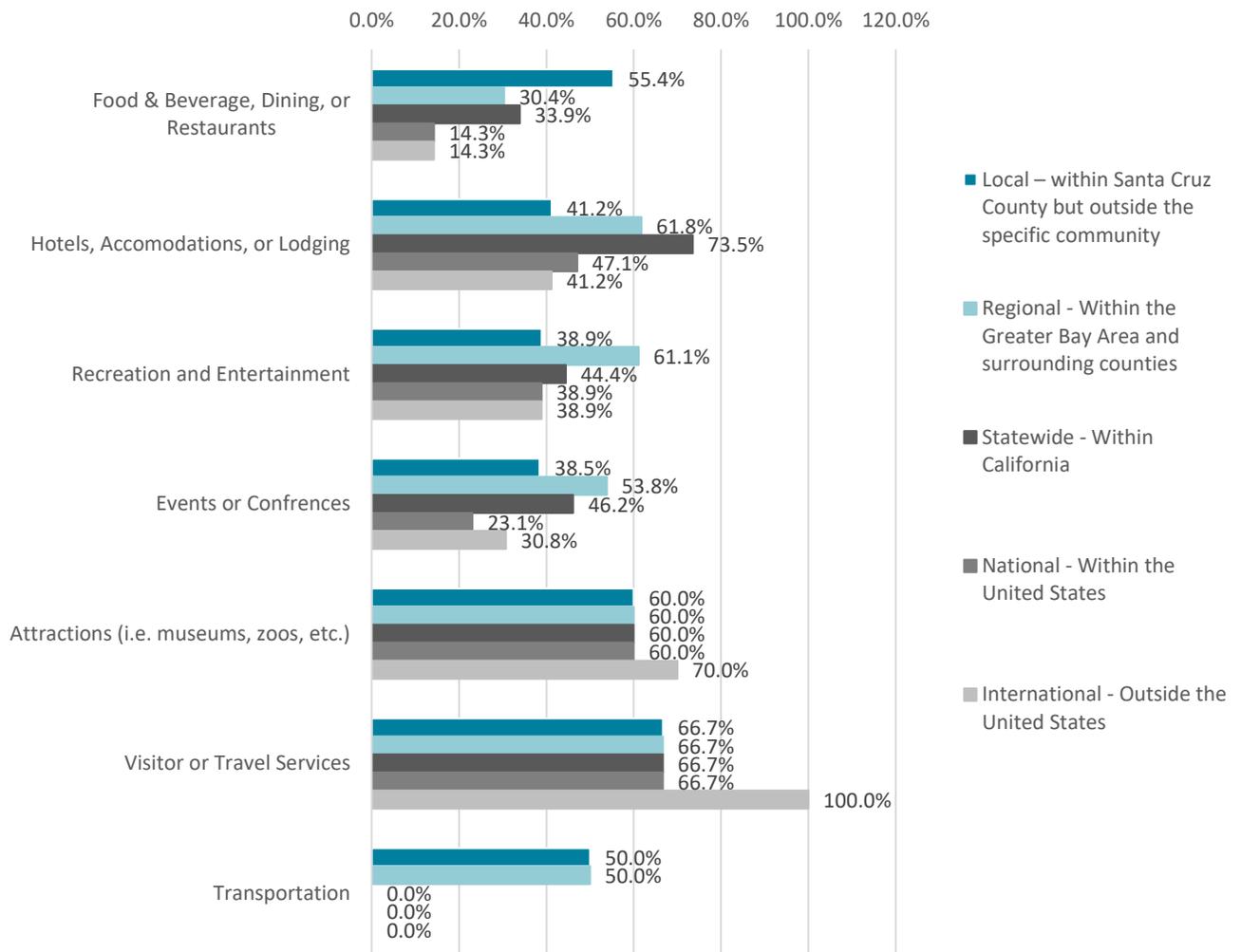
Figure 20. Origins of Visitors²⁷



²⁷ Respondents could select multiple choices, so percentages add up to more than 100%

While most sub-industries have customers from a wide range of geographic locations, some sub-industries see greater concentrations of specific visitors. A substantial portion of Food & Beverage, Dining, and Restaurants customers are from the local Santa Cruz area, while Hotels, Accommodations, or Lodging see relatively higher rates of customers from the Greater Bay Area or the broader state. Customers of the Recreation and Entertainment sub-industry more frequently see customers from the Greater Bay area and surrounding counties (Figure 21).

Figure 21. Sub-industries' Geographic Origin of Primary Customers²⁸

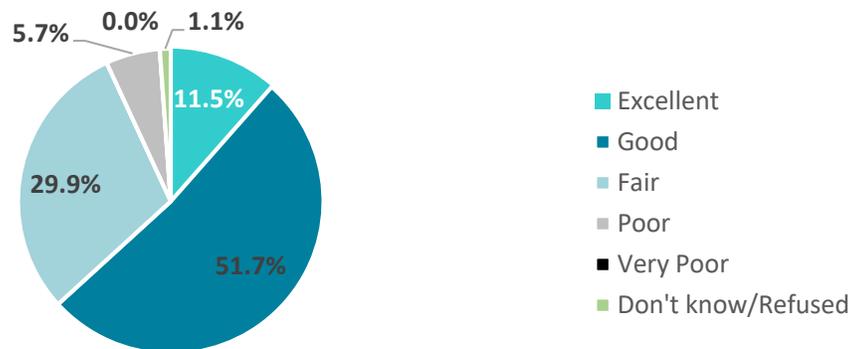


²⁸ Respondents could select multiple responses so responses may add up to more than 100%

Respondent Firms' Preferences and Opinions

Overall, the County is perceived as a good place to do business for firms in the greater hospitality industry. Sixty-three percent of respondents felt that the County was a “good” or “excellent” place to do business and another 30% felt that it was “fair”. Only 6% felt it was “poor” and no respondents felt it was “very poor”.

Figure 22. Opinion on Santa Cruz County as a place to do Business



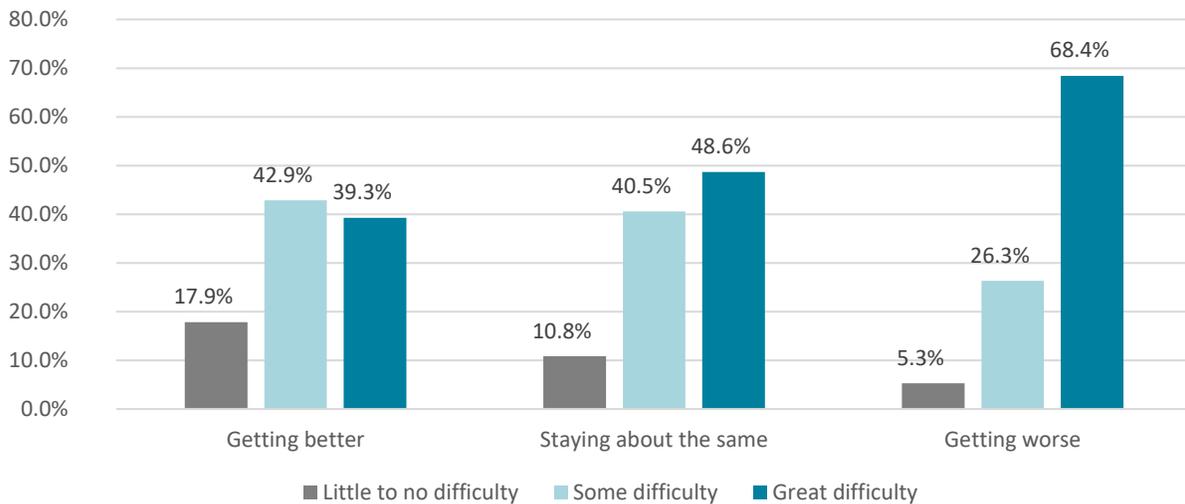
Respondents were less optimistic about the future of the business climate for tourism in the County. Just under one-third (32%) of respondents thought the business climate was getting better, 22% of respondents felt that the business climate for Tourism and Hospitality in the County was getting worse, and about 43% felt that it was staying about the same (Figure 23).

Figure 23. Opinion on Business Climate for Tourism and Hospitality in Santa Cruz County



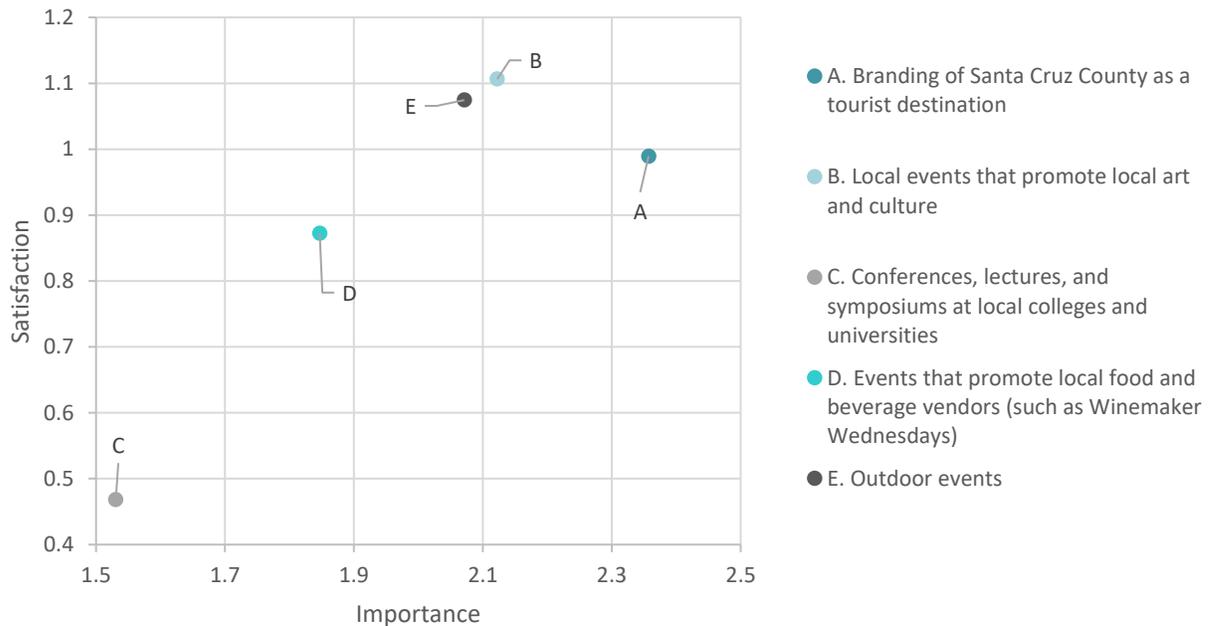
Among those who felt that the County was getting worse as a place to do business, 68% reported having great difficulty hiring entry-level workers, which is notably higher than respondents who felt that the business climate was staying about the same or getting better. While this may be a correlation, the frequency in which hiring challenges appear throughout responses indicates that this is a meaningful trend and that employment challenges have hampered businesses and stakeholders' perceptions of Santa Cruz County as a place to do business.

Figure 24. Santa Cruz County as a Place to do Business by Hiring Difficulty



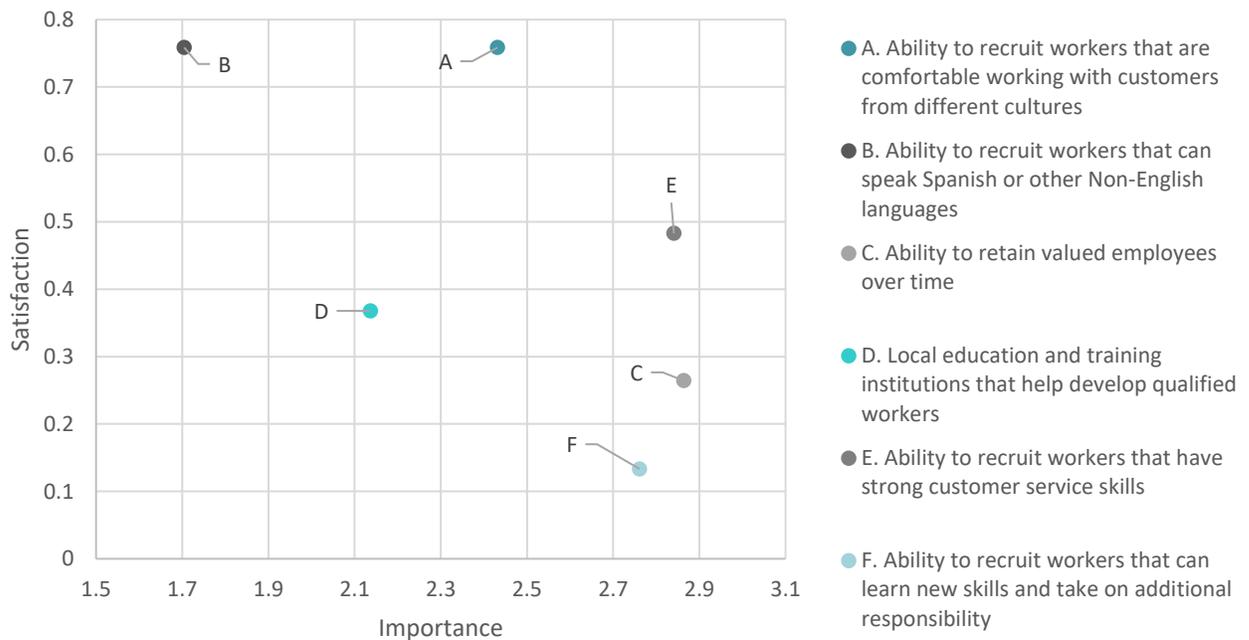
Satisfaction with the tested services and events in the County were relatively high, particularly among the three services or events that were of the greatest importance. Outdoor events and local events that promote local art and culture both received relatively high importance and satisfaction scores. Branding of Santa Cruz County as a tourist destination received the greatest scores of importance, and relatively high satisfaction (Figure 25).

Figure 25. Importance and Satisfaction with Services and Events



Among the three talent needs that scored the greatest in importance, ability to retain valued employees and ability to recruit workers that can learn new skills and take on additional responsibilities received the two lowest satisfaction scores. The second most-important talent need, ability to recruit workers that have strong customer service skills, received a slightly higher satisfaction score, though still lower relative to other talent needs tested (Figure 26). These results highlight three talent needs that are vitally important to employers yet are unavailable to the extent employers require.

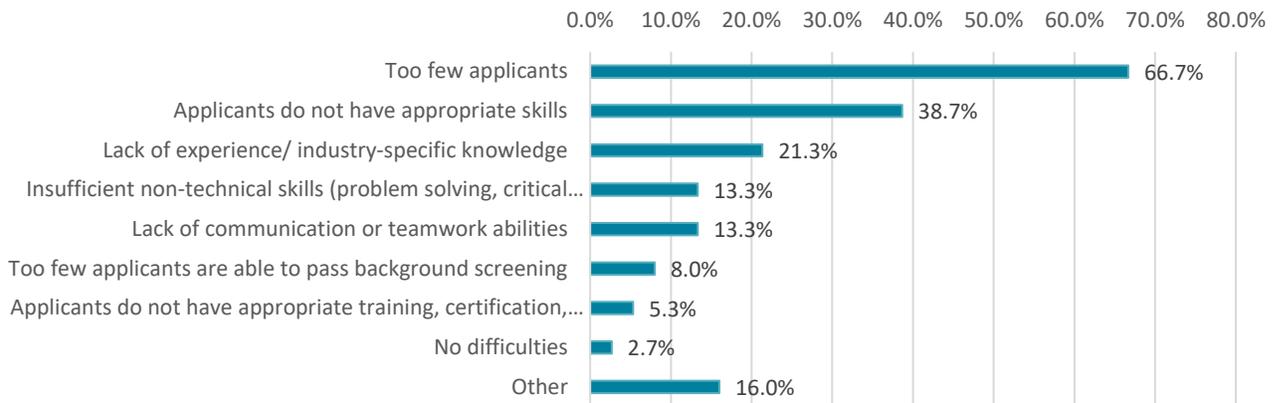
Figure 26. Importance and Satisfaction with Talent Needs



Hiring Difficulty and Practices

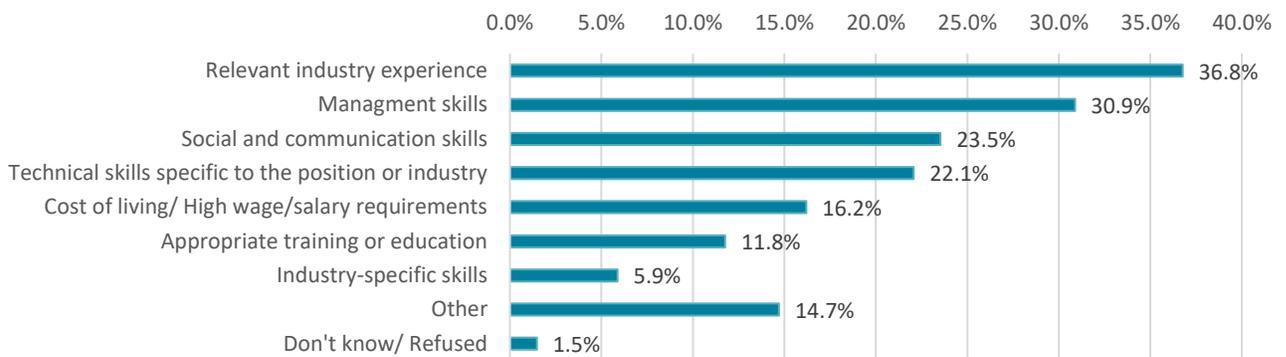
Forty-eight percent of respondents stated they had great difficulty finding qualified entry-level applicants, another 39% reported some difficulty, and only 13% reported little to no difficulty. Among reasons for difficulty, a small applicant pool was by far the most common reason, with two-thirds of respondents citing this reason. A lack of appropriate skills (39%) was also a substantial factor in hiring difficulty for entry-level positions (Figure 27).

Figure 27. Reasons for Entry-Level Position Hiring Difficulty²⁹



Hiring challenges persist among non-entry-level roles as well; 42% of respondents reported great difficulty in finding qualified non-entry level applicants, and another 38% reported some difficulty. Among reasons for hiring difficulty, relevant industry experience and management skills were among the most common (Figure 28). About three-in-ten respondents supplied an “other” response, among which high/unaffordable salary expectations (as a result of the cost of living) was the most common supplied response.

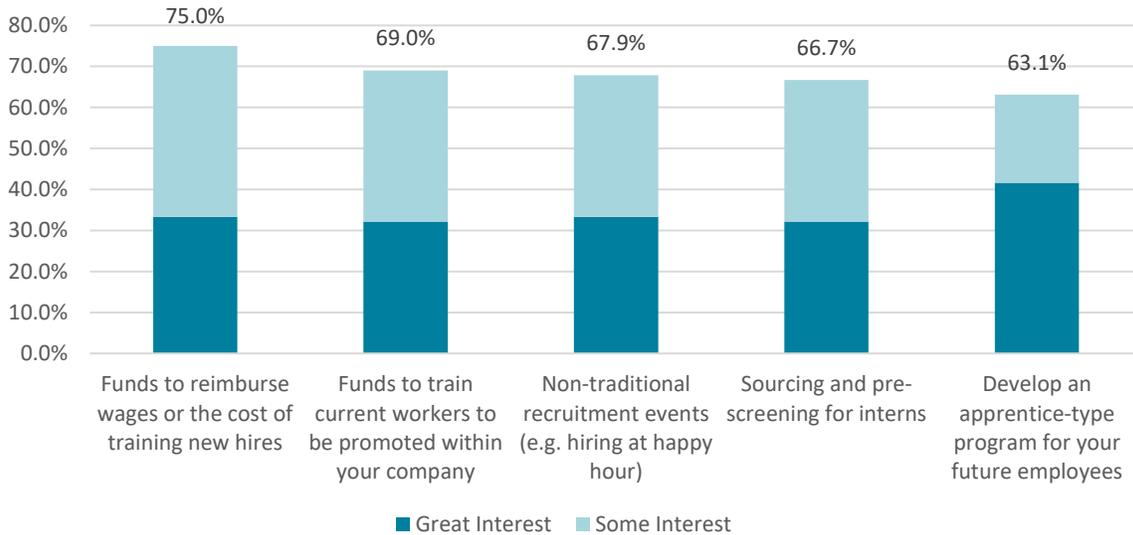
Figure 28. Reasons for Non-Entry-Level Position Hiring Difficulty



When asked of their interest in select programs, firms expressed the greatest interest in funds to reimburse wages or the costs of training new hires. This is not a surprising preference given the challenges of finding new talent (Figure 29). The second-most common response (funds to train current workers to be promoted within your company) was not surprising either, as 85% of respondent firms reported that they usually or frequently promoted from within.

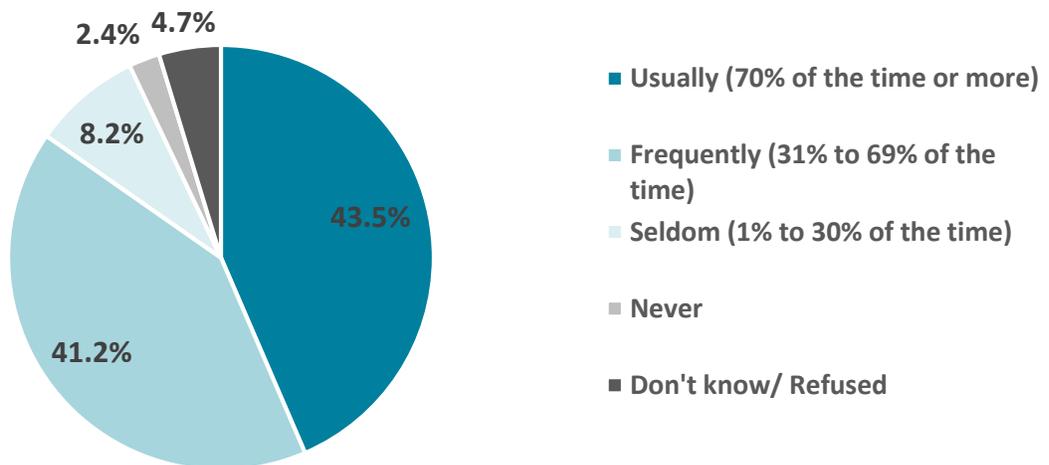
²⁹ Respondents could select multiple choices, so percentages do not add up to 100%.

Figure 29. At Least Some Interest in Potential Programs and Opportunities



Internal promotion is the status-quo among Tourism and Hospitality employers in the County; nearly 85% stated they usually or frequently promoted from within. That percentage is relatively high and reveals that for those that are willing to stay, upward mobility is relatively available (Figure 30). This fact could be leveraged to improve employee retention and attraction.

Figure 30. How Often Respondents Promote from Within



Economic Impact of Tourism in Santa Cruz County

For the economic impact analyses discussed in this section, the research team used the IMPLAN model, an economic impact input-output modeling tool³⁰. The results of the IMPLAN model are categorized into direct, indirect, and induced effects.

- **Direct effects** show the change in the economy associated with the initial job creation (or loss), or how the industry experiences the change. An example of direct jobs would be the jobs that are a direct result of tourism activity (i.e. a tour guide or hotel desk clerk).
- **Indirect effects** include all the backward linkages or the supply chain responses as a result of the initial job change. An example of an indirect job would be a job in towel manufacturing that is created as a result of towels needed for a hotel in Santa Cruz.
- **Induced effects** refer to household spending and are the result of workers who are responsible for the direct and indirect effects spending their wages. An example of an induced job would be a new nurse is hired due to increased demand for healthcare from the direct jobs mentioned above.

Baseline Impact

This section highlights two states of the Hospitality and Tourism Industry in the County in 2018: Greater Hospitality, which captures all industries that maintain tourism aspects, and Visitor-Dependent, which captures jobs that are only supported by visitors from outside Santa Cruz County. By exploring both scenarios, we can gain a better understanding of the Hospitality and Tourism industry throughout Santa Cruz County and its impacts on surrounding industries within the County.

Greater Hospitality Employment

In this model, we include the greater hospitality definition of Tourism and Hospitality, which equates to 14,833 jobs countywide. Our modelling shows that these 14,833 jobs have led to an additional 1,664 indirect jobs and an additional 2,026 induced jobs countywide. In total, these 18,522 employees received nearly half a billion (\$495 million) dollars in labor compensation and are responsible for over \$1 billion in value added³¹ and over \$1.6 billion in output³² annually. In total, greater hospitality employment accounts for 12.2% of Santa Cruz County's Gross Regional Product (GRP) and about 7.6% of the County's value added. For reference, this represents about 12 times the overall economic impact that Comic-Con has in San Diego every year.³³

³⁰ For more information on IMPLAN economic modeling, please see Appendix A.

³¹ Value added is the gross output (sales or receipts and other operating income plus inventory change) minus inputs (consumption of goods purchased from other industries).

³² Output is the value of all production by the industry/industries.

³³ Based on the estimated \$140 million in annual economic impact of Comic-Con 2018.

Table 8. Total Economic Impact of Greater Hospitality Employment in Santa Cruz County

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
Direct Effect	14,833	\$366,968,441	\$720,879,842	\$1,147,544,772
Indirect Effect	1,664	\$56,311,037	\$141,119,189	\$240,098,426
Induced Effect	2,025	\$72,402,821	\$175,804,817	\$287,008,228
Total Effect	18,522	\$495,682,298	\$1,037,803,848	\$1,674,651,427

The 18,522 jobs that result from the Tourism and Hospitality industry in the County have notable effects on local, state, and federal taxes. The direct, indirect, and induced Tourism and Hospitality Jobs in the County generate an estimated \$14 million in taxes for the County. These jobs also generate an estimated \$107 million in state and local taxes³⁴ and \$141 million in federal taxes (Table 9).

Table 9. Impact of Tourism-related Employment on Taxes

TAXES	IMPACT ON TAXES
County Taxes	\$14,170,502
State and Local Taxes	\$106,669,190
Federal Taxes	\$140,825,726

The Real Estate sector saw the largest increase in employment due to Tourism and Hospitality jobs, increasing by 271 jobs. Other sectors, such as management of companies and enterprises, independent artists, writers, and performers and wholesale trade, increased by more than 75 indirect jobs each in the County as a result of the Tourism and Hospitality industry (Figure 31). Increased demand for real estate, management companies, and wholesale trade is likely driven, at least in part, by the increase in number of businesses opening that require physical locations, management services, and wholesale goods suppliers. New restaurants and shops also often hire artists and performers to provide live music or interior decoration.

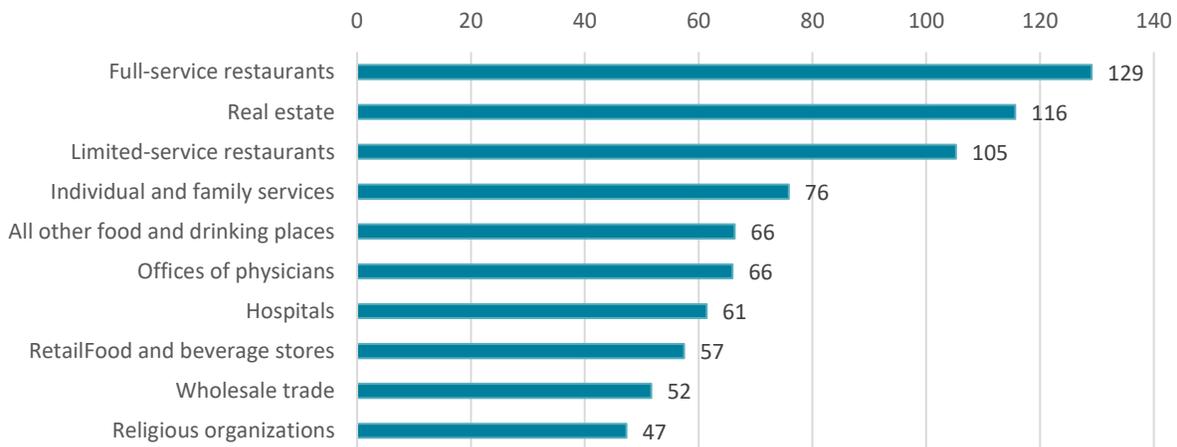
³⁴ This value generally includes County taxes, though these are disaggregated for this analysis

Figure 31. Ten Sectors with the Greatest Increase in Employment due to Indirect Effects



Full-service restaurants, real estate, and limited-service restaurants gained the most employees as a result of induced effects from the Santa Cruz County Tourism and Hospitality Industry. Each of these three sectors gained over 100 employees because of greater hospitality workers eating and buying or renting real estate (Figure 32).

Figure 32. Ten Sectors with the Greatest Increase in Employment due to Induced Effects



Visitor-Dependent Employment

This model captures employment that strictly provides goods or services to customers from outside Santa Cruz County. Overall employment was determined by proportioning the number of employees in an industry by that industry's exported sales.³⁵ In this model, the County has 7,452 direct visitor-dependent jobs. An additional 820 jobs are produced through indirect effects and another 1,068 jobs are created through induced effects. These 9,340 jobs are paid about \$384 million in labor compensation, and create \$491 million in value added and \$796 million in output annually (Table 10). Ultimately, visitor-dependent employment accounts for 5.8% of the County's Gross Regional Product (GRP) and about 3.5% of the region's total value added. The overall economic impact of visitor-dependent activity is equivalent to about five and half Comic-Con events.³⁶

Table 10. Total Economic Impact of Tourism-related Employment in Santa Cruz County

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
Direct Effect	7,452	\$254,385,411	\$332,348,153	\$530,761,100
Indirect Effect	820	\$42,690,668	\$66,653,581	\$114,337,043
Induced Effect	1,068	\$51,045,224	\$92,696,195	\$151,330,760
Total Effect	9,340	\$348,121,303	\$491,697,927	\$796,428,903

The 9,340 jobs that are a result of the Tourism and Hospitality industry in the County also generate substantial amounts in tax revenue. These jobs generated nearly \$7 million in County taxes, another \$52 million in state and local taxes annually³⁷ (Table 11).

Table 11. Impact of Tourism-related Employment on Taxes

TAXES	IMPACT ON TAXES
County Taxes	\$6,892,662
State and Local Taxes	\$52,386,120
Federal Taxes	\$72,276,550

Real estate was the sector that saw the greatest shift in employment, increasing by more than 100 jobs in Santa Cruz County due to Tourism and Hospitality activity (Figure 33). An example of these

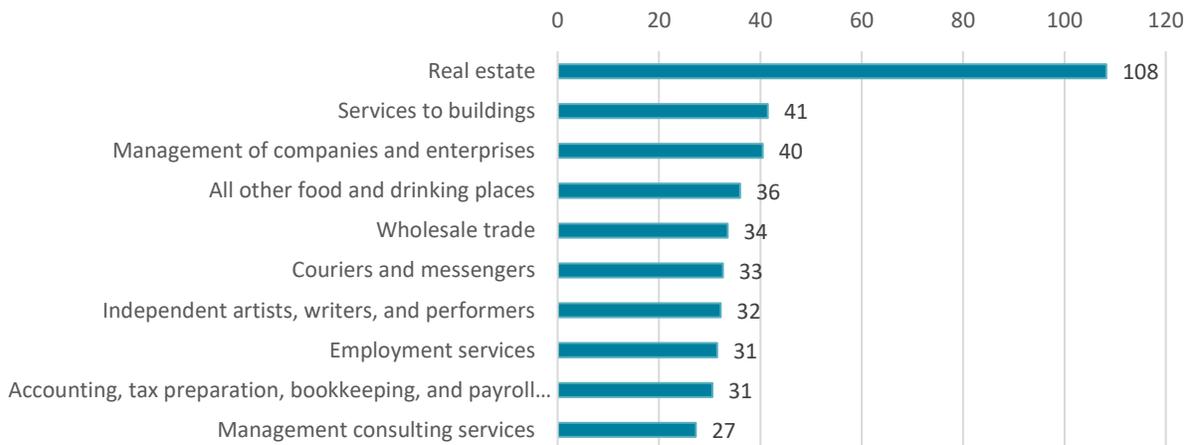
³⁵ Annual exported sales based on Emsi 2019.2 QCEW and Non-QCEW

³⁶ Based on estimates of \$140 million in annual economic impact of Comic-Con event in San Diego

³⁷ This value generally includes County taxes, though these are disaggregated for this analysis

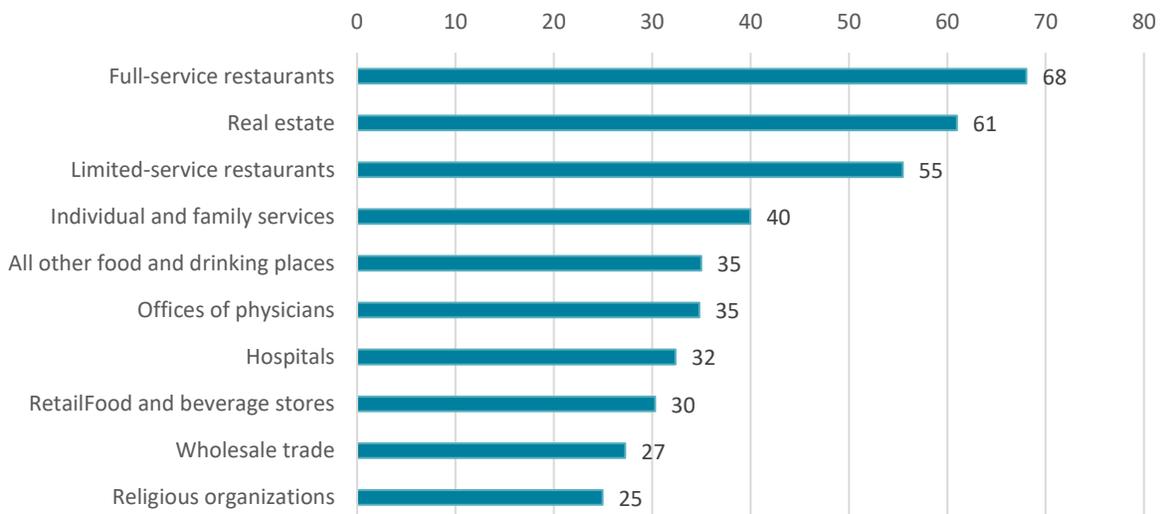
indirect effects would be that increased activity and interest in Santa Cruz leads an entrepreneur to open a new restaurant. In order to do so, the entrepreneur likely has to hire a real estate agent to help them find an appropriate space and negotiate a price.

Figure 33. Ten Sectors with the Greatest Increase in Employment due to Indirect Effects



Full-service restaurants, real estate, and limited-service restaurants were the sectors with the greatest increase in employment due to induced effects. These three sectors increased by 55 or more jobs.

Figure 34. Ten Sectors with the Greatest Increase in Employment due to Induced Effects



Economic Impact Forecast Scenarios

The following scenarios highlight three possible outcomes for the future of Tourism and Hospitality in Santa Cruz County. These scenarios cover the change in employment and subsequent economic impacts realized over the course of a three-year period (2019 and 2021)³⁸, and are additional to the baseline economic impacts outlined in the previous section. These three scenarios cover a range of potential direction for the Tourism and Hospitality industry; one scenario assumes current growth rates slow slightly but are generally maintained over three years. Another scenario highlights the possibility of a macroeconomic shift such as a recession. The third and final scenario examines an optimal growth scenario, where additional tourism activity is generated through an increase in academic and industry-focused conferences and retreats and a renewed interest and vitality in downtown Santa Cruz.

Maintained Growth Scenario

This scenario is based on steady and consistent growth between 2019 and 2021. On average, total greater hospitality employment has increased by 3% over these three years, resulting in 487 additional jobs, most of which are all other food and drinking places, full-service restaurants, limited-service restaurants, and amusement parks and arcades. These 487 direct jobs result in 58 indirect jobs through increased demand along supply chains, and 67 induced jobs created from additional spending from the 487 individuals with new employment. Overall, these 612 new jobs will receive over \$22 million in wage compensation, create over \$30.8 million in value added, and generate more than \$51.2 million in output (Table 12).

Table 12. Economic Impact of Maintained Growth in Santa Cruz County through 2021

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
Direct Effect	487	\$15,924,994	\$20,331,246	\$33,709,417
Indirect Effect	58	\$2,863,512	\$4,625,338	\$7,955,220
Induced Effect	67	\$3,222,171	\$5,850,516	\$9,551,730
Total Effect	612	\$22,010,677	\$30,807,101	\$51,216,367

The additional 612 greater tourism jobs in the County reap additional tax benefits as well. Nearly \$4.6 million in additional federal taxes are generated and \$3.2 million in state and local taxes. Over \$400,000 in additional taxes³⁹ would be received by the County (Table 13).

³⁸ 2018 data is used since it is the most recent year with consistent and reliable data.

³⁹ This figure includes only Santa Cruz County taxes. Any local taxes collected are accounted for under “state and local taxes”

Table 13. Impact of Maintained Growth Scenario on Taxes

TAXES	IMPACT ON TAXES
County Taxes	\$424,754
State and Local Taxes	\$3,243,175
Federal Taxes	\$4,571,968

Economic Recession Scenario

In this scenario, a national recession leads to a decline in visitors and hospitality activity in the area. Using the 2008 financial crisis as reference⁴⁰, this scenario projects that a recession may decrease greater hospitality employment by about 5% in the years following. In addition to the 738 direct greater hospitality jobs lost due to this scenario, 83 indirect jobs and 101 induced jobs would be lost countywide. This results in nearly \$33 million in lost income compensation, nearly \$52 million in lost value added, and over \$83 million in decreased output (Table 14). Ultimately, this scenario highlights how important the greater hospitality industry is to Santa Cruz County.

Table 14. Economic Impact of Recession in Santa Cruz County through 2021

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
Direct Effect	(738)	(\$23,811,662)	(\$36,075,917)	(\$57,429,794)
Indirect Effect	(83)	(\$4,327,360)	(\$7,064,720)	(\$12,014,708)
Induced Effect	(101)	(\$4,835,263)	(\$8,780,663)	(\$14,334,827)
TOTAL EFFECT	(923)	(\$32,974,285)	(\$51,921,300)	(\$83,779,329)

The loss of over 900 jobs in the region would result in a loss of taxes as well. Federal taxes would decline by about \$7 million, state and local taxes (excluding County taxes) would decline by more than \$5 million, and the County would lose over \$700,000 in tax revenue (Table 15).

Table 15. Impact of Recession on Taxes

TAXES	IMPACT ON TAXES
County Taxes ⁴¹	(\$709,485)
State and Local Taxes ⁴²	(\$5,338,418)
Federal Taxes	(\$7,038,940)

⁴⁰ Between 2007 and 2010, greater hospitality employment decreased by 7% in Santa Cruz County.

⁴¹ This figure includes only Santa Cruz County taxes. Any local taxes collected are accounted for under “state and local taxes”

⁴² This value generally includes County taxes, though these are disaggregated for this analysis

Optimal Scenario

This scenario reflects a combination of favorable economic tailwinds, as well as some efforts to increase visitors to the region during non-peak seasons, resulting in 6% employment growth between 2019-2021. Such measures include reducing the prevalence of homelessness and crime, particularly in downtown Santa Cruz, and attracting more visitors in the form of academic lectures and symposia or corporate events, conferences, and teambuilding events. While an increase in the number of visitors will drive demand for employees, it may also allow for regional businesses to provide employees with wages that are closer in line with the region’s cost of living.

In this optimal growth scenario, over 880 direct jobs are created due to growth in the region, resulting in more than 200 indirect and induced jobs. Ultimately, this results in an estimated \$39 million in additional labor income, nearly \$62 million in value added, and just under \$100 million in additional regional output (Table 16).

Table 16. Economic Impact of Optimal Growth Scenario in Santa Cruz County through 2021

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
Direct Effect	882	\$28,510,322	\$43,096,693	\$68,405,806
Indirect Effect	97	\$5,096,222	\$8,338,279	\$14,151,490
Induced Effect	121	\$5,774,985	\$10,487,167	\$17,120,770
Total Effect	1,100	\$39,381,529	\$61,922,139	\$99,678,066

The additional 1,100 jobs countywide and their accompanying productivity would generate more than \$6.3 million in state and local taxes, nearly \$850,000 in County taxes alone, and about \$8.4 million in federal taxes (Table 17).

Table 17. Impact of Optimal Growth Scenario on Taxes

TAXES	IMPACT ON TAXES
County Taxes ⁴³	\$846,828
State and Local Taxes ⁴⁴	\$6,372,013
Federal Taxes	\$8,403,765

⁴³ This figure includes only Santa Cruz County taxes. Any local taxes collected are accounted for under “state and local taxes”

⁴⁴ This value generally includes County taxes, though these are disaggregated for this analysis

Appendix A: Methodology

Quantitative Primary and Secondary Data Collection

BW Research conducted secondary data analysis using data sources such as EMSI, the Bureau of Labor Statistics Quarterly Census of Employment and Wages and Workforce Indicators, and IMPLAN to both understand the tourism and also hospitality labor markets. BW Research used the NAICS definitions found in Table 19 to determine employment by two definitions; and also used the portion of exported sales seen in Table 19 to determine visitor-dependent employment.

In addition to secondary data analysis, BW Research fielded a primary survey research component for this project. The table below provides an overview of the survey methodology utilized for this project.

Table 18. Overview of Survey Methodology

Method	Telephone and Web Survey
Universe	1,287 Tourism Employers in Santa Cruz County
Number of Respondents	104 Business Stakeholders Responded
Average Length	15.37 minutes
Field Dates	April 16, 2019 to May 10, 2019
Margin of Error	The <i>maximum</i> margin of error for questions answered by all 104 respondents was +/-9.23% (95% level of confidence)

Prior to beginning the project, BW Research met with Santa Cruz County Workforce Development Board staff to determine the research objectives for this study; to analyze the region’s Tourism industry sector in terms of employment and career pathway opportunities, the economic impact of the industry, and workforce challenges for employers.

Through an iterative process, BW Research worked closely with the SCWDB to develop a survey instrument that met all the research objectives of the study. In developing the instrument, BW Research utilized techniques to overcome known biases in survey research and minimize potential sources of measurement error within the survey. BW Research utilized a mixed-method sampling plan that incorporates both phone and web survey completes, as experience indicates that offering two modes of completion results in higher completion rates. Throughout data collection, BW Research checked the data for accuracy and completion.

The overall margin of error for the study, at the 95 percent level of confidence, is +/-9.23 percent for questions answered by all 104 respondents.

Qualitative Data Collection

In addition to a quantitative employer survey, BW Research also conducted qualitative executive interviews with educators, employers, and employees who have successfully navigated Santa Cruz County’s tourism economy. BW Research completed 7 executive interviews with the employers and stakeholders in the County’s Tourism and Hospitality industries.

IMPLAN Modeling and Analysis

IMPLAN is an input-output economic modeling software which uses regional and industry-specific models to estimate changes in economic activity such as additional jobs, revenue, and tax generation. These models are based off industry-specific multipliers, which essentially capture the economic effects of a given action. For example, if full-service restaurants have a multiplier of 1.25, this means that for every dollar spent on full-service restaurants, an additional \$0.25 of economic activity will be generated locally. Multiplier values are determined through extensive economic research and modeling at various geographic scales.

IMPLAN modeling conducted in this report was conducted based off of changes in employment by six-digit NAICS. A 2017 NAICS-to-IMPLAN code crosswalk was then utilized to generate the input effects.

Table 19. Industry Definitions and Percent of Exported Sales

2017 NAICS CODES	DESCRIPTION	CATEGORY	% SALES EXPORTED
712110	Museums	Attractions	100.0%
712120	Historical Sites	Attractions	100.0%
712130	Zoos and Botanical Gardens	Attractions	100.0%
712190	Nature Parks and Other Similar Institutions	Attractions	100.0%
713110	Amusement and Theme Parks	Attractions	100.0%
721110	Hotels (except Casino Hotels) and Motels	Accommodations and Lodging	100.0%
721120	Casino Hotels	Accommodations and Lodging	100.0%
721191	Bed-and-Breakfast Inns	Accommodations and Lodging	100.0%
721199	All Other Traveler Accommodations	Accommodations and Lodging	100.0%
721211	RV (Recreational Vehicle) Parks and Campgrounds	Accommodations and Lodging	100.0%
721310	Rooming and Boarding Houses	Accommodations and Lodging	100.0%
812930	Parking Lots and Garages	Accommodations and Lodging	5%
722310	Food Service Contractors	Food and Beverage Services	24.6%
722320	Caterers	Food and Beverage Services	51.9%
722410	Drinking Places (Alcoholic Beverages)	Food and Beverage Services	18.0%
722511	Full-Service Restaurants	Food and Beverage Services	45.0%
722513	Limited-Service Restaurants	Food and Beverage Services	15.9%
722514	Cafeterias, Grill Buffets, and Buffets	Food and Beverage Services	63.0%
722330	Mobile Food Services	Food and Beverage Services	67.0%
722515	Snack and Nonalcoholic Beverage Bars	Food and Beverage Services	68.8%

532284	Recreational Goods Rental	Recreation and Entertainment	84.0%
711211	Sports Teams and Clubs	Recreation and Entertainment	39.6%
711212	Racetracks	Recreation and Entertainment	49.4%
711219	Other Spectator Sports	Recreation and Entertainment	56.4%
713120	Amusement Arcades	Recreation and Entertainment	46.7%
713210	Casinos (except Casino Hotels)	Recreation and Entertainment	0.0%
713290	Other Gambling Industries	Recreation and Entertainment	10.7%
713910	Golf Courses and Country Clubs	Recreation and Entertainment	73.4%
713930	Marinas	Recreation and Entertainment	37.4%
713940	Fitness and Recreational Sports Centers	Recreation and Entertainment	10.4%
713950	Bowling Centers	Recreation and Entertainment	30.1%
713990	All Other Amusement and Recreation Industries	Recreation and Entertainment	27.9%
711110	Theater Companies and Dinner Theaters	Recreation and Entertainment	22.8%
711120	Dance Companies	Recreation and Entertainment	7.7%
711130	Musical Groups and Artists	Recreation and Entertainment	15.0%
711190	Other Performing Arts Companies	Recreation and Entertainment	44.0%
711310	Promoters of Performing Arts, Sports, and Similar Events with Facilities	Recreation and Entertainment	48.6%
711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities	Recreation and Entertainment	39.5%
711410	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	Recreation and Entertainment	16.0%
721214	Recreational and Vacation Camps (except Campgrounds)	Recreation and Entertainment	70.3%
485510	Charter Bus Industry	Transportation	100.0%
487110	Scenic and Sightseeing Transportation, Land	Transportation	100.0%
487210	Scenic and Sightseeing Transportation, Water	Transportation	100.0%
481111	Scheduled Passenger Air Transportation	Transportation	53.7%
485310	Taxi Service	Transportation	20.5%
487990	Scenic and Sightseeing Transportation, Other	Transportation	100.0%
453220	Gift, Novelty, and Souvenir Stores	Visitor and Travel Services	100.0%
453920	Art Dealers	Visitor and Travel Services	81.7%
561510	Travel Agencies	Visitor and Travel Services	100.0%
561520	Tour Operators	Visitor and Travel Services	100.0%
561599	All Other Travel Arrangement and Reservation Services	Visitor and Travel Services	100.0%
611620	Sports and Recreation Instruction	Visitor and Travel Services	100.0%
561591	Convention and Visitors Bureaus	Events and Conferences	100.0%
561920	Convention and Trade Show Organizers	Events and Conferences	100.0%

Appendix B: Employer Survey Toplines



Santa Cruz County WDB

Employers

n= 104

Santa Cruz County

Tourism and Hospitality- Employer Survey

.....

Introduction:

Hello, my name is _____. May I please speak to someone involved with planning or staffing at [organization]?

[IF NEITHER A PLANNER OR SOMEONE WITH STAFFING IS AVAILABLE] Can I speak to a decision maker at your location?

Hello, my name is _____ and I'm calling on behalf of the **Santa Cruz County Workforce Development Board** who would value your participation in a brief survey about the region's tourism workforce.

(If needed): This survey has been commissioned by the Santa Cruz County Workforce Development Board, which is committed to supporting the County's businesses and job-seekers.

(If needed): The survey is being conducted by BW Research, an independent research organization, and should take approximately ten minutes of your time.

(If needed): Your individual responses will **not** be published; only aggregate information will be used in the reporting of the survey results.

(If needed): The Santa Cruz County Workforce Development Board develops innovative workforce strategies that help businesses, individuals and industries achieve and sustain economic vitality across all Santa Cruz County.

.....

Screener Questions

A. Are you involved in staffing or hiring decisions at your firm or organization? (If not, could you please connect me to the appropriate person?)

100.0%	Yes
0.0%	No
0.0%	Not sure

B. Does your company or organization have one or more locations in Santa Cruz County? [IF YES] How many locations and in which cities?

100.0%	Yes
0.0%	No
0.0%	Not sure

C. Is your firm involved in an activity related to hospitality, dining, accommodations, tourism, or entertainment?

100.0%	Yes
0.0%	No
0.0%	Not sure

.....

SECTION 1 - Organization-Related Questions

I'd like to begin by asking you a few general questions about your firm and your current employees. For this survey, please only answer for your current business location. If your firm has other locations, please do not include their data.

1. Including all full-time and part-time employees, how many **permanent** employees work at your location? (Do not accept 0 as a response for Q1)

29.5	Average
18.5	Median

2. If you currently have [TAKE Q1 #] full-time and part-time **permanent** employees at your location, how many more or fewer employees do you expect to have at your location 12 months from now?

46.2%	More
0.0%	Fewer
48.1%	Same number of employees
5.8%	Don't know/ Refused

[If amount differs by 10% or more in either direction, ask:]

Just to confirm, you currently have ____ **permanent** employees and you expect to have ____ (more/fewer) employees, for a total of ____ **permanent** employees 12 months from now.

3. Will your business employ temporary and/or seasonal workers over the next 12 months?

66.0%	Yes
29.1%	No
4.9%	Don't know/ Refused

[IF Q3 = 1 ASK Q3, OTHERWISE SKIP]

3. Over the next 12 months, what is the maximum number of temporary and/or seasonal workers your business will employ?

28.3	Average
5.0	Median

4. Over the last three years, has your company grown, declined or stayed about the same, in terms of employment at your Santa Cruz County location(s)?

48.0%	Grown
44.1%	Stayed the same
4.9%	Declined
2.9%	Don't know/ Refused

SECTION 2 – Industry & Regional Profile

Next, I would like to ask about the industry or industries your firm is most connected to.

5. What industry or industries best describes what your firm is involved in? [DO NOT READ, ALLOW MORE THAN ONE RESPONSE]

56.9%	Food & Beverage, Dining, or Restaurants
33.3%	Hotels, Accommodations, or Lodging
17.6%	Recreation and Entertainment
12.7%	Events or Conferences
9.8%	Attractions (i.e. museums, zoos, etc.)
2.9%	Visitor or Travel Services
2.0%	Transportation
9.8%	Other
0.0%	Don't know/ Refused

6. Are your tourist customers primarily; local - within Santa Cruz County, regional - within the Greater Bay Area and surrounding Counties, Statewide – within California, national – within the Country, or international - outside the Country? [ALLOW MULTIPLE RESPONSES]

47.0%	Local – within Santa Cruz County but outside the specific community
41.0%	Regional - Within the Greater Bay Area and surrounding counties
43.0%	Statewide - Within California
26.0%	National - Within the United States
28.0%	International - Outside the United States
2.0%	Don't know/ Refused

SECTION 3 – Business & Workforce Climate

Next, I want to ask about Santa Cruz County as a place to do business for firms that are involved in the region’s tourism industry.

- For each of the following services and events, please tell me if you feel it is very important, important, somewhat important, or not too important they are to your business.

Here’s the (first/next) one _____ (READ ITEM): Do you feel this service or event is extremely important, important (if needed: just important), somewhat important, or not too important to your business?

	Very Important	Important	Somewhat Important	Not Important	Don't know/ Refused
Branding of Santa Cruz County as a tourist destination	55.1%	29.6%	11.2%	3.1%	1.0%
Local events that promote local art and culture	43.9%	30.6%	19.4%	6.1%	0.0%
Conferences, lectures, and symposiums at local colleges and universities	26.5%	24.5%	24.5%	22.4%	2.0%
Events that promote local food and beverage vendors (such as Winemaker Wednesdays)	34.7%	29.6%	21.4%	14.3%	0.0%
Outdoor events (such as Boardwalk events, sailboat races, and nature walks)	39.8%	34.7%	18.4%	7.1%	0.0%

8. Now I'm going to read the same list of services and events provided by Santa Cruz County. For each one, please indicate how satisfied or dissatisfied you are with the job Santa Cruz County is doing to provide these services or events.

Here's the (first/next) one _____, Are you satisfied, dissatisfied or neither satisfied nor dissatisfied with this service or event. (GET ANSWER, IF SATISFIED OR DISSATISFIED THEN ASK:) Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?

	Very Satisfied	Somewhat Satisfied	Neither Satisfied nor Dissatisfied	Somewhat Dissatisfied	Very Dissatisfied	No Experience	Don't know/Refused
Branding of Santa Cruz County as a tourist destination	31.9%	43.6%	10.6%	6.4%	1.1%	4.3%	2.1%
Local events that promote local art and culture	39.4%	37.2%	12.8%	3.2%	1.1%	5.3%	1.1%
Conferences, lectures, and symposiums at local colleges and universities	12.8%	34.0%	23.4%	6.4%	3.2%	11.7%	8.5%
Events that promote local food and beverage vendors (such as Winemaker	27.7%	41.5%	16.0%	7.4%	1.1%	2.1%	4.3%
Outdoor events (such as Boardwalk events, sailboat races, and nature w	36.2%	39.4%	17.0%	2.1%	1.1%	2.1%	2.1%

9. For each of the following talent needs, please tell me if you feel it is very important, important, somewhat important, or not too important to your business.

Here's the (first/next) one _____ (READ ITEM): Do you feel this talent need is extremely important, important (if needed: just important), somewhat important, or not too important to your business?

	Very Important	Important	Somewhat Important	Not Important	Don't know/Refused
Ability to recruit workers that are comfortable working with customers from different cu	63.6%	19.3%	13.6%	3.4%	0.0%
Ability to recruit workers that can speak Spanish or other Non-English languages	30.7%	26.1%	26.1%	15.9%	1.1%
Ability to retain valued employees over time	87.5%	11.4%	1.1%	0.0%	0.0%

Local education and training institutions that help develop qualified workers	43.2%	35.2%	13.6%	6.8%	1.1%
Ability to recruit workers that have strong customer service skills	86.4%	11.4%	2.3%	0.0%	0.0%
Ability to recruit workers that can learn new skills and take on additional responsibilities	78.4%	19.3%	2.3%	0.0%	0.0%

10. Now I'm going to read the same list of talent needs. For each one, please indicate how satisfied or dissatisfied you are with these talent needs in Santa Cruz County.

Here's the (first/next) one _____, Are you satisfied, dissatisfied or neither satisfied nor dissatisfied with this talent need in Santa Cruz County. (GET ANSWER, IF SATISFIED OR DISSATISFIED THEN ASK:) Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?

	Very Satisfied	Somewhat Satisfied	Neither Satisfied nor Dissatisfied	Somewhat Dissatisfied	Very Dissatisfied	No Experience	Don't know/Refused
Ability to recruit workers that are comfortable working with customers from different cultures	25.3%	39.1%	16.1%	11.5%	1.1%	4.6%	2.3%
Ability to recruit workers that can speak Spanish or other Non-English languages	27.6%	34.5%	18.4%	6.9%	3.4%	4.6%	4.6%
Ability to retain valued employees over time	19.5%	26.4%	19.5%	13.8%	12.6%	5.7%	2.3%
Local education and training institutions that help develop qualified workers	19.5%	28.7%	18.4%	14.9%	8.0%	6.9%	3.4%
Ability to recruit workers that have strong customer service skills	27.6%	29.9%	10.3%	20.7%	8.0%	2.3%	1.1%
Ability to recruit workers that can learn new skills and take on additional responsibilities	15.0%	31.7%	13.3%	25.0%	11.7%	1.7%	1.7%

11. Overall how would you rate Santa Cruz County as a place to do business?

11.5%	Excellent
51.7%	Good
29.9%	Fair
5.7%	Poor
0.0%	Very Poor
1.1%	Don't know/Refused

12. Overall, do you feel the business climate for Tourism and Hospitality in Santa Cruz County is getting better, getting worse, or staying about the same?

32.2%	Getting better
21.8%	Getting worse
42.5%	Staying about the same
3.4%	Don't know/ Refused

SECTION 4 – General Hiring Challenges & Occupational Assessment

Now, I would like to ask questions about employment and hiring for entry-level positions at your current location.

13. Thinking about people that work at your current location, how much difficulty does your company have finding qualified **ENTRY-LEVEL** job applicants who meet the organization's hiring standards?

12.6%	Little to no difficulty
39.1%	Some difficulty
48.3%	Great difficulty
0.0%	Don't know/ Refused

14. What are the primary difficulties you are having or expect to have in finding qualified **Entry-level job applicants**? (Allow up to TWO responses) (RANDOMIZE EXCEPT 8 and 9)

66.7%	Too few applicants
38.7%	Applicants do not have appropriate skills
5.3%	Applicants do not have appropriate training, certification, or education
21.3%	Lack of experience/ industry-specific knowledge
13.3%	Insufficient non-technical skills (problem solving, critical thinking, adaptability)
13.3%	Lack of communication or teamwork abilities
8.0%	Too few applicants are able to pass background screening
2.7%	No difficulties
16.0%	Other
0.0%	Don't know/ Refused

Now, I would like to ask questions about employment and hiring for non-entry-level people for your current location.

16. Thinking about people that work at your current location, how much difficulty does your company have finding qualified **NON-ENTRY-LEVEL** job applicants who meet the organization's hiring standards?

15.1%	Little to no difficulty
38.4%	Some difficulty
41.9%	Great difficulty
4.7%	Don't know/ Refused

IF Q16 = 2 or 3 ASK Q17, OTHERWISE SKIP

Next, I want to ask about your experience and hiring expectations with **Non-entry level job applicants**.

17. What are the primary difficulties you are having or expect to have in finding qualified **Non-entry-level job applicants**? (Allow up to TWO responses) (RANDOMIZE EXCEPT 7 and 8)

36.8%	Relevant industry experience
22.1%	Technical skills specific to the position or industry
23.5%	Social and communication skills
30.9%	Management skills
11.8%	Appropriate training or education
5.9%	Industry-specific skills
30.9%	Other
1.5%	Don't know/ Refused

18. Thinking of your non-entry-level positions, how often do you promote from within?

43.5%	Usually (70% of the time or more)
41.2%	Frequently (31% to 69% of the time)
8.2%	Seldom (1% to 30% of the time)
2.4%	Never
4.7%	Don't know/ Refused

19. As I read each of the following services, please tell me whether your organization would have no interest, some interest, or great interest.

	No Interest	Some Interest	Great Interest	Don't know/ Refused
Funds to reimburse wages or the cost of training new hires	22.6%	41.7%	33.3%	2.4%
Funds to train current workers to be promoted within your company	28.6%	36.9%	32.1%	2.4%
Non-traditional recruitment events (e.g. hiring at happy hour)	28.6%	34.5%	33.3%	3.6%
Sourcing and pre-screening for interns	25.0%	34.5%	32.1%	8.3%
Develop an apprentice-type program for your future employees	29.8%	21.4%	41.7%	7.1%

Before we finish, I'd like to ask you a general question and verify your contact information.

20. Are you interested in receiving information from the Santa Cruz County Workforce Development Board, including the findings of this research and how to stay engaged in the Board's planning to prepare qualified, productive workers for our regional tourism economy?

76.2%	Yes
19.0%	No
4.8%	Don't know/ Refused

Thank you for completing the survey. Since it sometimes becomes necessary for the project manager to call back and confirm responses to certain questions, I would like to verify your contact information.

- A. First and Last Name of Respondent _____
- B. Position of Respondent _____
- C. Phone of Respondent _____
- D. Email of Respondent _____
- E. Name of Company _____

F. Company Address (including City) _____

Those are all the questions I have.

Thank you very much for your time.

G. Date of Interview _____

H. Time of Interview _____

I. Name of Interviewer _____

J. County _____