



**Comprehensive Economic Development Strategy Committee
Meeting Minutes
November 5, 2008
9:30 – 11:00 am
Workforce Investment Board
1040 Emeline Avenue, Santa Cruz, CA**

MEMBERS:

- Ron Slack, Chair*
Good Times
- Julie Lambert, Vice-Chair*
S. Martinelli and Company
- Alia Ayyad, Director*
Center for Employment Training
- Dene Bustichi, President*
Bustichi Construction
- Tony Campos, Supervisor*
SC County Board of Supervisors
- John T. Collins II, Senior Vice President*
Shoreline Workforce Development Services
- Christina Cuevas, Program Director*
Community Foundation of Santa Cruz County
- Rick Deraiche, Deputy Division Chief*
Employment Development Department
- Russ Elliot, Human Resources Manager*
O' Neill, Inc.
- Cecilia Espinola, Director*
Santa Cruz County Human Resources Agency
- Bob Gelwicks, Rehabilitation Supervisor*
Department of Rehabilitation
- Jeri Gilbert, Director, Human Resources*
Watsonville Community Hospital
- Jon Gundersgaard, Senior, Technical Recruiter*
Seagate Technology
- Janet M. Helen, Human Resources Manager*
Discd Strawberry Associates, Inc.
- Dave Hood, Vice President and General Manager*
First Alarm
- Christine Johnson-Lyons, Executive Director*
Community Action Board
- Bonnie Lipscomb, Director*
City of Santa Cruz Redevelopment Agency
- Al Nocella, VP Human Resources*
Sutter Santa Cruz
- Rock Pfothenhauer, Dean of Instruction*
Cabrillo College
- Mary Powers, Principal*
Santa Cruz Adult School
- James Quist, Senior Vice President*
Coast Commercial Bank
- Howard Sherer, Co-Owner*
Hutton Sherer Marketing
- Mark Treanor, Branch Manager*
Graniterock
- William Tysseling, Executive Director*
Santa Cruz Area Chamber of Commerce
- Ed (Ned) Van Valkenburgh, Marketing Representative*
Carpenters Union Local 505
- William E. Wagy, Equipment Manager*
Granite Construction Company
- Michael Watkins, Superintendent*
Santa Cruz County Office of Education
- Ruth Welch, HR Site Director*
Plantronics, Inc.

DIRECTOR:
Kathy Zwart
WIB Director

The Chair called the meeting to order at 9:35 a.m.

Committee Members in Attendance

- | | |
|-----------------|---|
| Ackerman, Marti | Director, Redevelopment and Housing,
City of Watsonville |
| Diott, Jo Anne | VP, Human Resources,
Santa Cruz Seaside Company |
| Hall, Joe | Redevelopment Agency, City of
Santa Cruz |
| Lynberg, Betsey | Administrator, County of Santa Cruz
Redevelopment Agency |
| Slack, Ron | Publisher, Good Times |
| Treanor, Mark | Branch Manager, Graniterock |
| Tysseling, Bill | Executive Director, Santa Cruz Area
Chamber of Commerce |
| Wooden, April | Community Development Director, City of
Scotts Valley |

Committee Members Absent

- | | |
|--------------------|---|
| Ando, Steve | City Manager, City of Scotts Valley |
| Hill, Rich | City Manager, City of Capitola |
| Lambert, Julie | Director, Finance and Human Resources,
S. Martinelli and Company |
| Lipscomb, Bonnie | Director, Redevelopment Agency, City of
Santa Cruz |
| Tavantzis, Marcela | Asst. City Manager, City of Watsonville |
| Wagy, Bill | Equipment Manager, Granite Construction |

Staff in Attendance

- | | |
|--------------|---|
| Zwart, Kathy | Director, WIB (also on CEDS Project Team) |
| McNeil, Gary | WIB Analyst |

Guests

- | | |
|--------------------|--|
| Van Valkenburg, Ed | Marketing Representative, Carpenters
Union, Local 505 |
| Svensson, Doug | Applied Development Economics, Inc. |

Subject: Welcome

Discussion: Chair Ron Slack welcomed the Committee members and guests to the meeting.

Subject: Public Comment

Discussion: There was no public comment.

Subject: Approve of the August 6, 2008 Meeting Minutes

Discussion: None.

Action:

- **Approve August 6, 2008 Meeting Minutes**

Status: Motion to Approve: Mark Treanor
Motion Seconded: Jo Anne Dlott
Abstentions: Bill Tysseling
Committee Action: The minutes were approved with one abstention.

Subject: Discussion and Action Items
D.1 Applied Development Economics Work Draft CEDS Annual Performance Update

Discussion: Kathy Zwart briefed the Committee and reminded them that the Workforce Investment Board (WIB) is in the process of preparing the annual performance update to the Comprehensive Employment Development Strategy (CEDS), which must be submitted to the federal Economic Development Administration in March 2009. The development of the CEDS and its update is managed under the auspices of the Memorandum of Understanding (MOU) between the all the jurisdictions in the County. Kathy Zwart invited the jurisdictional members to report on any developments in cities or County, and each jurisdiction present provided a brief summary of project developments in the cities, and County Redevelopment District. The Committee also discussed the closure of Mervyns, and the loss of 100 full and part-time jobs, and questioned the status of the Whole Foods projects in Capitola and Santa Cruz. The Committee discussed that the current national economic downtrend may not hit Santa Cruz County as hard as other communities, because the County has already lost large industrial employers, such as Wrigley's and Lipton. Ned Van Valkenburgh noted that the net value of public construction projects in 2007 was 50% less than the previous year, but had rebounded to 2006 levels this year. This may balance trends in residential construction. Doug Svensson of Applied Development Economics (ADE), the consultant hired to guide Santa Cruz County's Comprehensive EDS efforts, provided the Committee with an overview of the draft CEDS performance update included in the agenda packet. Doug pointed out that the purpose of the CEDS update is to provide current data on indicators that reflect on the six major goals reflected in the CEDS, and to present a progress report to the Economic Development Corporation in meeting those goals. He mentioned that the report is still a work in

progress, and that he is still gathering some of the information to include in the report, such as information on child care slots, and reports from jurisdictions on key projects. He indicated the CEDS update would require a 30-day public review and comment period if the goals and project priorities were changed. Commenting that it is not typical for the 5-year CEDS plan to be changed, especially after the first year of implementation, Doug asked the Committee for its opinion. The Committee discussed this question and came to the consensus that a major change in the goals and priorities in the CEDS was not called for at this time. Although all the jurisdictions expressed concerns about the current economic problems, the data does not yet show the full extent of the problem, and at this point it would be hard to discern if a shift in project priorities is warranted. Nonetheless, Committee members felt that it was important that the update reflect the known economic challenges the County is facing, such as recovering from the early summer fires, and reduced revenues and its impact to stall projects, and reduced transient occupancy tax. Additionally reductions in public funding may drastically affect higher education staffing and enrollment. The Committee requested that the CEDS include information on current public funding reductions, as well as information on how transportation cost increases have impacted the agricultural industry's net profits. Additionally, the Committee asked that the CEDS consider other quality of life indicators, such as the entertainment and performing arts sector, since the indicator, visits to the state parks, may not measure County resident utilization of this resource.

Action:

- **Accept and File Applied Development Economics Draft CEDS Annual Performance Update, and incorporate Committee suggestions in final draft.**

Status: Motion to Approve: Bill Tysseling
Motion Seconded: Marti Ackerman
Abstentions: None.
Committee Action: All voted in favor, motion passed.

In a separate discussion related to this item, the Committee discussed timeframes for completion of the CEDS performance update. Jurisdictions will submit any outstanding project updates to Applied Development Economics by Friday, November 21. ADE will complete its updated draft which will be circulated to Committee member on or before December 5, 2008, and Committee members will submit comments (if any) on or before December 12. Target date to complete the CEDS update is December 19, 2008.

Action:

- **Approve Schedule for completion of Applied Development Economics Draft CEDS Annual Performance Update.**

Status: Motion to Approve: Bill Tysseling
Motion Seconded: Jo Anne Dlott
Abstentions: None.
Committee Action: All voted in favor, motion passed.

Subject: Discussion and Action Items
D.2 Suggestions of Indicators of Local Impacts Resulting from National Economic Instability

Discussion: Kathy Zwart provided an overview to this item, explaining that at its meeting on October 22, 2008, the Workforce Investment Board (WIB) received a progress report on the preparation of annual performance update to the Comprehensive Employment Development Strategy (CEDS). At the meeting, the CEDS consultant Doug Svensson from Applied Development Economics (ADE) suggested that the annual update include some discussion of the national economic crisis and its impacts on the local region. The full WIB offered suggestions for local economic indicators that are now, or in the near future, may impact the local economy. Since the list of suggested indicators was lengthy, and data that measures the indicators may be difficult or time-consuming to compile, the CEDS Committee is being asked to review the suggested indicators and to select those that might expediently be included in the CEDS update.

In discussing the list of indicators suggested by the WIB, the Committee prioritized foreclosure notices and reduction of assessed value of County properties as significant bellwether indicators. Other suggested indicators were the fall in median home prices, availability of agricultural acreage, loss of higher public education revenues, and applications for public assistance. ADE consultant Doug Svensson thanked the Committee for the suggestions, and proposed that four of the indicators discussed, with readily available data sources, be referenced in the CEDS update to describe the preliminary impacts the nationwide economic condition is having locally. The four suggested indicators are foreclosure notices, applications for public assistance, property tax assessments and loss of public revenues experienced by UC Santa Cruz.

Action:

- **Adopt Suggest Indicators of Local Impacts Resulting from Current National Economic Instability for Inclusion in CEDS Update**

Status: Motion to Approve: Mark Treanor
Motion Seconded: Betsey Lynberg
Abstentions: None.
Committee Action: All voted in favor, action passed.

Subject: Discussion and Action Items
D.3 Review, Discuss, and Approve Additional Deliverable Product Included in Applied Development Economics Contract

Discussion: WIB staff Gary McNeil briefed the Committee regarding this item, explaining that the contract with Applied Development Economics, Inc. (ADE) to develop the CEDS Annual Performance Report also includes a yet undefined deliverable, to be identified as part of the CEDS implementation process, upon agreement between WIB staff, the Project Team, and the contractor. Staff has met with the CEDS consultant, Doug Svensson, and asked him to develop a concept paper to establish a system to rate proposed projects based on the priority-

setting criteria that are included in the five-year CEDS. Federal regulations governing the content of the regional CEDS and the eligibility for Economic Development Administration (EDA) grants require that regional proposals be ranked based on the criteria defined in the CEDS. Doug Svensson reviewed the concept paper included in the Committee's packet, explained that although the CEDS has a list of criteria for evaluating and prioritizing local projects, there is no mechanism for rating project proposals base on the criteria. Responding to a Committee questions, staff explained that this task did not need to be done and included in the CEDS update. The rating system would be developed and approved by the CEDS Committee, and once in place, the CEDS Committee would be the body that prioritizes proposed jurisdictional projects as required under EDA regulations. Doug proposed creating a user-friendly tool that would be consistent with items described in the EDA application, which could be filled out by the project applicant for consideration by the Committee. The Committee also reflected that it would be possible to give differing weight to different criteria, such as giving more weight to job creation and revenue increases. Committee members commented that it would be useful to have business input in the process of prioritizing projects, and Kathy Zwart pointed out the benefit of having process in place, which promotes institutional logic for how projects are prioritized. Jurisdictional members of the Committee suggested that it may be useful to have a study session among themselves to consider options for the project evaluation scoring system. If the proposal is agreeable, Doug Svensson agreed to bring a scoring system proposal to the Committee at its next meeting in February.

Action:

- **Approve the Development of a Project Evaluation Scoring System for Proposed EDA Projects as the Additional Deliverable to be include in Applied Development Economics Work Plan and Contract**

Status: Motion to Approve: Betsey Lynberg
Motion Seconded: Jo Anne Dlott
Abstentions: None.
Committee Action: All voted in favor, action passed.

Subject: Information Items
I.1 Labor Market Information

Discussion: Kathy Zwart summarized the County labor market information, which reflects a net loss in jobs over the last year, and a 6.1% unemployment rate County-wide but well over 10% in the Watsonville and South County areas.

Meeting adjourned at 11:10 a.m.

Next Meeting: February 11, 2009, to be scheduled at the Watsonville Civic Plaza, 275 Main Street, Watsonville.