



# SANTA CRUZ COUNTY COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

## 2008 ANNUAL UPDATE

JANUARY 6, 2009

Prepared for  
Santa Cruz County Workforce Investment Board  
County of Santa Cruz Human Services Department

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# EXECUTIVE SUMMARY

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## INTRODUCTION

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

## ECONOMIC CONDITIONS

Santa Cruz County enjoyed favorable economic conditions through much of 2007, but then a general downturn in the housing market late in the year slowed economic growth going into 2008. Early in 2008, the County suffered a number of significant wildfires that depleted public resources as well as created substantial private economic loss. As the national economy moved into recession later in 2008, the County experienced rising unemployment and reduced job growth. Development levels dropped off significantly and important government revenues such as development fees and sales taxes began to significantly decline. A number of these trends are apparent in the updated performance indicators discussed under each CEDS goal below.

Other economic indicators are important to note as well. The residential housing market has been an important economic engine in the County, but Santa Cruz is not immune to the financial distress in the sub-prime mortgage market. Foreclosure rates in the County are more than double the rate a year ago, particularly in South County and Watsonville, although many foreclosed properties have resold. While state legislation has delayed further foreclosures for 90 days, the federal legislation passed in September 2008 is not anticipated to have a real effect on reducing further foreclosures. The County Assessor has rolled back assessed values in South County by 25 to 30 percent and about 10 percent in the North County areas. This will have a significant adverse impact on city and county property tax revenues.

With increasing unemployment, applications for CalWORKs are up 42 percent and ongoing cases for Emergency Assistance (EA) are up 21 percent. The value of food stamp use in the County has increased nearly 15 percent over 2007. Workers and families are clearly in distress as employment opportunities become scarcer.

Not only are local incomes and revenues affected by the deteriorating economic conditions, but the State of California budget deficit has a direct impact on the Santa Cruz County economy. UC Santa Cruz anticipates a reduction in funding of \$133 million from the last fiscal year. This will affect not only direct expenditures by the University that help to stimulate the local economy, but also in reduced spending by students and their families as well as other University visitors.

In addition, city and county redevelopment agencies have been notified of significant funding losses due to state budget reductions. These reductions directly affect the level of expenditure that can be made on economic development projects and public facilities to support economic growth.

## **PERFORMANCE ON CEDS GOALS**

Despite adverse economic conditions, the local jurisdictions were able to make progress on many of the CEDS goals. This Annual Update provides information on 15 performance measures designed to gauge progress on the six CEDS Goals, outlined below.

### **GOAL 1: WORKFORCE DEVELOPMENT**

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

#### *Performance Measure #1: Unemployment rate*

The County unemployment rate as of October 2008 is estimated at about 6.5 percent, up from 4.7 percent at the same time in 2007.

### **GOAL 2: REGIONAL PROSPERITY**

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

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

As of October 2008, jobs in the County had dropped by an estimated 800 jobs over the same point in 2007 after an initial gain earlier in the year. Employment has declined by 1,000 jobs over the past three months and further declines are anticipated by the end of 2008.

#### *Performance Measure #3: Jobs retained*

No significant job retention activity has occurred since 2007.

#### *Performance Measure #4: Number of plant closures*

Two major businesses in Scotts Valley have closed and several agencies and businesses have relocated from Capitola and Santa Cruz to elsewhere in the County. Marina Motors has closed in Capitola as well as the Pacific Coast Enterprises auto dealership and the Harley Davidson motorcycle dealership in Santa Cruz. In addition, Mervyns in Capitola and DHL in Watsonville have recently announced impending closures.

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

Commercial building permits increased in 2007 over 2006, while industrial permits were flat.

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

Both TOT and sales taxes grew in 2007, but sales taxes began dropping off for most jurisdictions in the first quarter of 2008.

### **GOAL 3: QUALITY OF LIFE**

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

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

Although lodging revenues grew in 2007, visitorship to state parks declined in some sectors of the County.

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

County beaches experienced four days of closure and 64 days of postings in 2007. This will provide a benchmark for future progress on this indicator.

*Performance Measure #9: Number of licensed child care slots*

The County has experienced a five percent decline in total child care slots in 2008.

*Performance Measure #10: Number of affordable housing units constructed.*

Jurisdictions in the County constructed or retained more than 300 affordable housing units, in addition to assisting first time homebuyers through affordable loan programs.

### **GOAL 4: INFRASTRUCTURE**

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

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

The cities and the County spent in excess of \$59 million on economic development related infrastructure in the 2007/08 fiscal year and have programmed about \$84 million for the 2008/09 fiscal year. However, with declining revenues due to the economic downturn, many jurisdictions are finding they must defer these expenditures at this time.

### **GOAL 5: FISCAL HEALTH**

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

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

Retail projects were completed in Scotts Valley and in the unincorporated County.

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

All jurisdictions in the County moved forward with non-residential planning projects.

**GOAL 6: BUILD COLLABORATION**

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

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

City and County jurisdictions collaborated on the “Choose Santa Cruz” program to promote local shopping, as well as a program called “Think Local First” to support local independent retailers.

# REGIONAL COUNTYWIDE PARTICIPATION IN THE CEDS

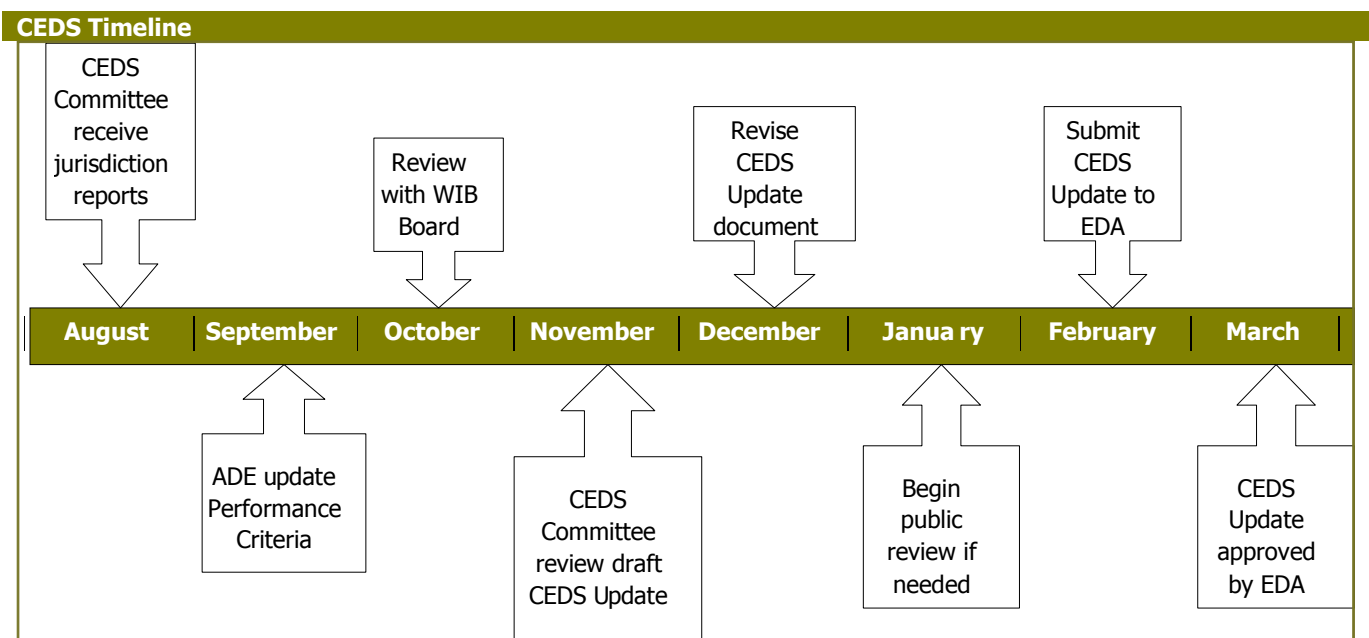
## THE PLANNING PROCESS

The development of the Santa Cruz County CEDS involved participants from the private and public sectors. The County Board of Supervisors acted as the planning organization and authorized the Santa Cruz County Workforce Investment Board (WIB) to develop the CEDS and serve as the Strategy Committee. The WIB Board currently has 28 members, of which 16 are representatives from the private, for-profit sector. Members from the private sector included representatives from the following firms or organizations: Good Times Publications; Hutton Sherer Marketing; Carpenters Union; Bustichi Construction; Seagate Company; O’Neill, Inc.; Driscoll Strawberry Associates, Inc.; First Alarm; Martinelli and Co.; Sutter Santa Cruz; Watsonville Community Hospital; Wells Fargo Bank; Santa Cruz Area Chamber of Commerce; Plantronics; Graniterock; and Granite Construction.

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

The process of completing the 2008 Annual CEDS Update followed an eight-month timeline illustrated below. The CEDS Committee discussed the CEDS Update at both its August and November meetings in 2008. The full WIB Board received a progress report on the CEDS Update at its October 2008 meeting, and authorized the CEDS Committee to complete the Update document and submit it to EDA.

## PROCESS



## **PLANNING ORGANIZATION**

### **Santa Cruz County Board of Supervisors**

Janet K. Beautz, First District Supervisor  
Ellen Pirie, Second District Supervisor  
Neal Coonerty, Third District Supervisor  
Tony Campos, Fourth District Supervisor  
Mark W. Stone, Fifth District Supervisor

## **STRATEGY COMMITTEE**

### **WORKFORCE INVESTMENT BOARD MEMBERS**

#### **Private**

Chair: Slack, Ron, Good Times  
Vice Chair: Lambert, Julie, S. Martinelli and Co.  
Bustichi, Dene, Bustichi Construction  
Dlott, Jo Anne, Santa Cruz Seaside Company  
Elliot, Russ, O'Neill, Inc.  
Gilbert, Jeri, Watsonville Community Hospital  
Gundersgaard, Jon, Seagate Technology  
Heien, Janet, Driscoll Strawberry Associates, Inc.  
Hood, David, First Alarm  
Nocella, Al, Sutter Santa Cruz  
Quist, James, Wells Fargo Bank  
Sherer, Howard, Hutton Sherer Marketing  
Trenor, Mark, Graniterock  
Tysseling, William, Santa Cruz Area Chamber of Commerce  
Wagy, Bill, Granite Construction Co.  
Welch, Ruth, Plantronics, Inc.

#### **Public**

Ayyad, Alia, Center for Employment Training  
Campos, Tony, Santa Cruz County Supervisor  
Collins, John T., II, Goodwill Industries  
Cuevas, Christina, Community Foundation of Santa Cruz County  
Deraiche, Rick, Employment Development Department  
Espinola, Cecilia, Santa Cruz County Human Resources Agency  
Gelwicks, Bob, Department of Rehabilitation  
Johnson-Lyons, Christine, Community Action Board  
Lipscomb, Bonnie, City of Santa Cruz  
Pfothauer, Rock, Cabrillo College  
Powers, Mary, Santa Cruz Adult School  
Van Valkenburg, Ed, Carpenters Union Local 505  
Watkins, Michael, Santa Cruz County Office of Education

## **CEDS COMMITTEE**

Ackerman, Marty, City of Watsonville  
Ando, Steve, City of Scotts Valley  
Dlott, Jo Anne, Santa Cruz Seaside Company  
Hill, Rich, City of Capitola  
Lambert, Julie, Martinelli & Co.  
Lipscomb, Bonnie, City of Santa Cruz Redevelopment Agency  
Lynberg, Betsey, Santa Cruz County Redevelopment Agency  
Slack, Ron, Good Times

Tavantzis, Marcela, City of Watsonville  
Treasor, Mark, Graniterock  
Tysseling, Bill, Santa Cruz Area Chamber of Commerce  
Wagy, William, Granite Construction Company  
Wooden, April, City of Scotts Valley

**WIB STAFF**

Kathy Zwart, Director  
Gary McNeil, Human Services Senior Analyst

**CONSULTANT: APPLIED DEVELOPMENT ECONOMICS**

Doug Svensson, AICP, President

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# CEDS GOALS AND PERFORMANCE MEASURES

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The Santa Cruz County CEDS plan sets forth six goals that articulate the County's broad, general expectations regarding economic development programs and activities. For each goal, the CEDS defines a set of performance measures. This part of the 2008 CEDS Update provides the most current data available to indicate how the County is progressing on these measures.

*The six goal areas are:*

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

## **GOAL 1: WORKFORCE DEVELOPMENT**

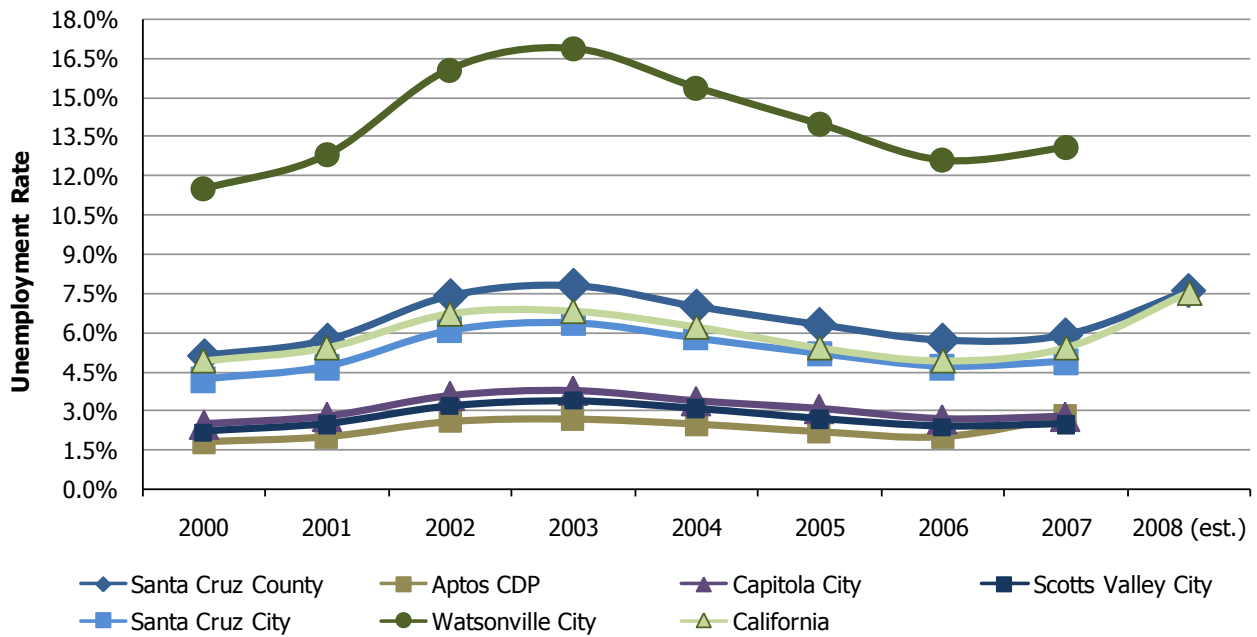
Maximize human and business capital by promoting a well-trained workforce for Santa Cruz County employers, ensuring individual economic security, and community vitality. Provide Santa Cruz County employers with a reliable pipeline of well-qualified workers. Provide Santa Cruz County residents with access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

### **Performance Measures**

#### *Measure #1: Unemployment rate*

Figure 1 shows the recent trends in unemployment rates for the jurisdictions in the County and the state average. The curves represent annual averages and show an upward trends beginning in 2007. Estimates for the County as a whole and the State show significant upward movement in 2008. As of October 2008, the seasonally unadjusted County unemployment rate was 6.5 percent, compared to the October 2007 rate of 4.7 percent. Statewide, the October unemployment rate was 8.0 percent and the national rate was 6.1 percent.

**FIGURE 1  
UNEMPLOYMENT RATE BY SANTA CRUZ COUNTY JURISDICTION & CALIFORNIA**



Source: California Employment Development Department, Labor Market Information Division

## GOAL 2: REGIONAL PROSPERITY

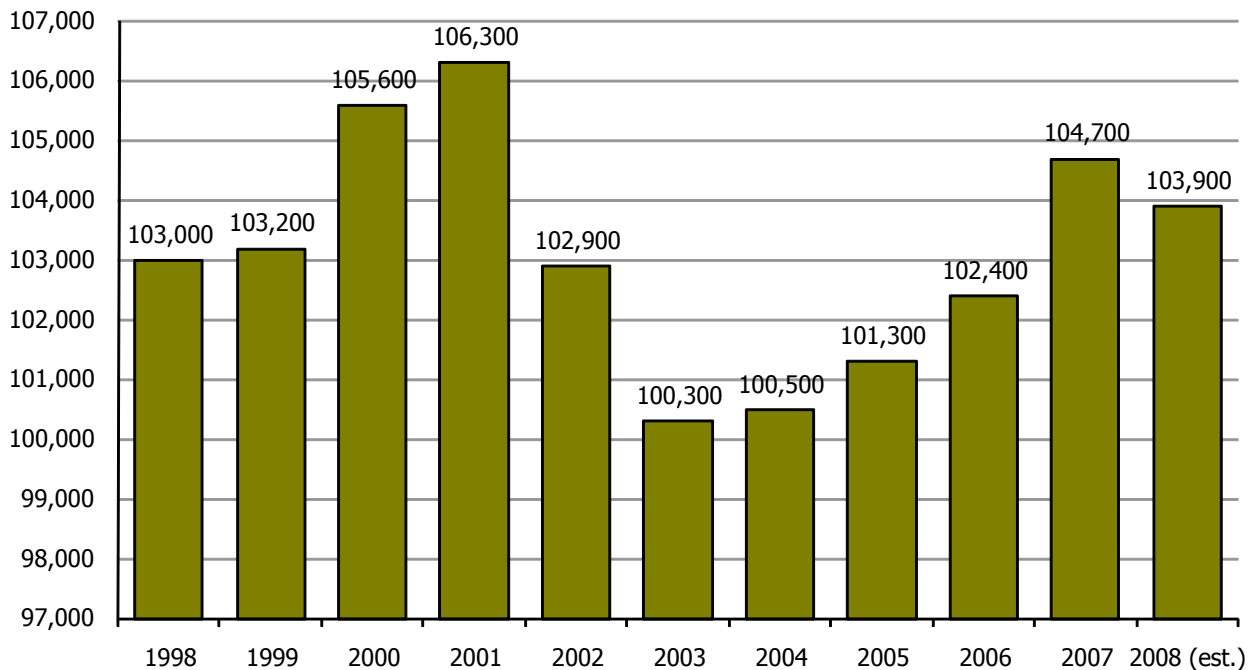
Ensure regional economic vitality by supporting the growth of firms that fill important niches in the County’s economic base, that have the potential to catalyze broader economic growth and that provide opportunities for career advancement and higher wages.

### Performance Measures

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

Santa Cruz County had shown accelerating employment growth well into 2007, but then the downturn in the housing market and general economic conditions caused a dramatic slowing of growth in the County (Figure 2). Although employment had continued to grow at a slow pace earlier in the year, approximately 1,000 jobs were lost between August 2008 and October. As of October 2008, the State Employment Development Department showed a decline of 800 jobs in the County over the prior year. The numbers in Figure 2 represent an annualized projection of employment decline for the year in 2008. The County is clearly affected by the worsening national economy and will likely post additional job declines before the end of 2008.

**FIGURE 2  
TOTAL WAGE AND SALARY EMPLOYMENT, SANTA CRUZ COUNTY**



Source: California Employment Development Department, Labor Market Information Division

Note: Year-over-year employment growth increased exponentially between 2003 and 2007.

\* Employment is reported as an annual average. 2008 estimate based on percent change from October 2007 to October 2008, prorated to annual average.

The more detailed industry data needed to show cluster-level employment changes are only available through 2006 at this time. As shown in Figure 3, the Lifestyle Cluster continued to grow, while the other clusters showed employment declines between 2005 and 2006. It should be noted, however, that in the Agricultural Cluster, the dollar value of crop production has been showing solid increases, although the jobs have not followed pace.

***Measure #3: Jobs retained***

None of the jurisdictions report significant instances where business retention efforts have been requested by businesses.

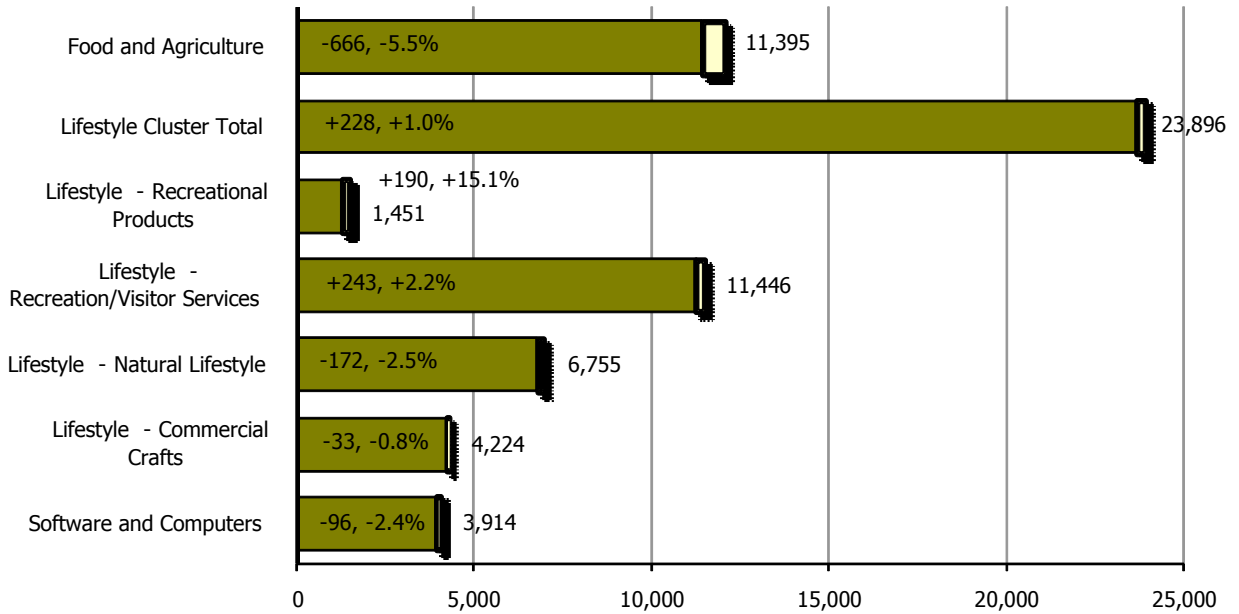
***Measure #4: Number of plant closures***

In Scotts Valley, Surf Control, Inc. and Aviso are two formerly medium to large sized firms that have ceased operations this past year.

In Capitola, several agencies and businesses are moving from Capitola to elsewhere in the County. These include the County Office of Education and Ocean Honda dealership. In addition, Marina Motors has ceased operations and Mervyn's has announced its impending

closure. In Santa Cruz, Pacific Coast Enterprises, a Chrysler, Volvo and Suzuki dealership and the Harley Davidson motorcycle dealership have closed while the Subaru dealership moved to another location.

**FIGURE 3  
INDUSTRY CLUSTER EMPLOYMENT, 2006**

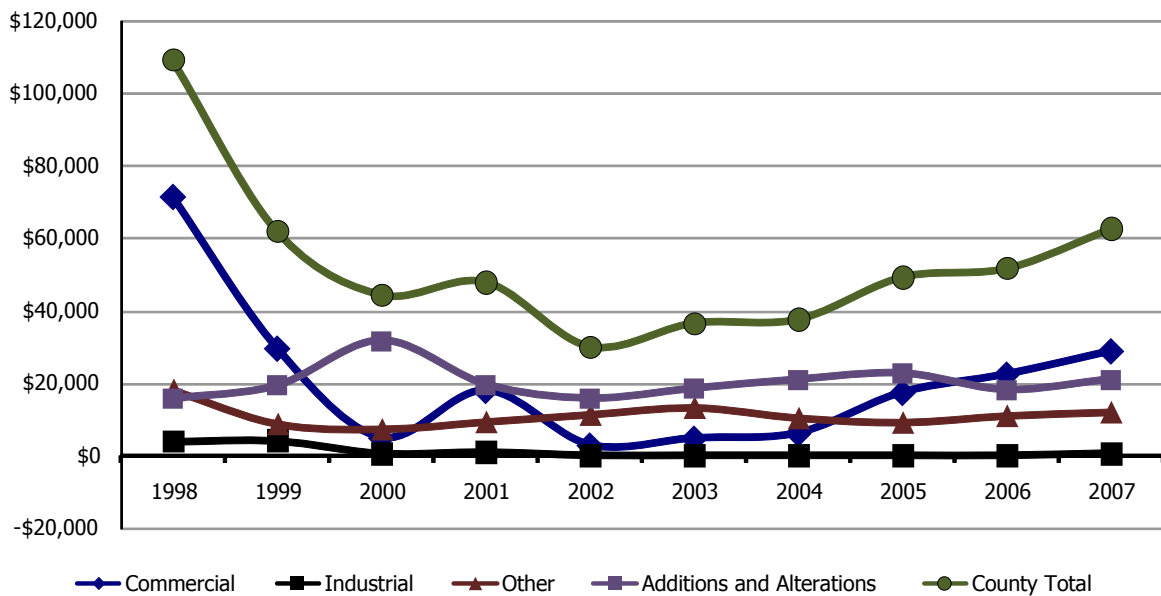


Source: ADE, data from IMPLAN CEW county employment database.

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

Figure 4 shows the trend in non-residential building permits countywide through the end of 2007. Commercial permits values increased over 2006, along with additions and alternatives. Industrial permits showed no activity.

**FIGURE 4  
NON-RESIDENTIAL PERMIT VALUATION, SANTA CRUZ COUNTY (IN '000S)**



Source: California Construction Industry Research Board, 2008

*Measure #6: Growth in TOT and sales tax revenues*

In 2007, Santa Cruz County exceeded the state average for growth in Transient Occupancy Taxes (TOT) (Table 2). However, with the deteriorating economic conditions in 2008, the growth rate has been cut in half to five percent countywide. The City of Santa Cruz posted a one percent decline between fiscal years 2006/07 to 2007/08 and the County unincorporated area had only a five percent increase, compared to more than 15 percent for the calendar year 2007 over 2006.

**TABLE 2  
TRANSIENT OCCUPANCY TAX BY JURISDICTION, SANTA CRUZ COUNTY & CALIFORNIA (IN '000S)**

Jurisdiction	1998*	2006	2007	% Change: 2006-2007	% Change: 1998-2007
Capitola	\$286	\$597	\$604	1.2%	110.9%
Santa Cruz	\$2,716	\$3,385	\$3,751	10.8%	38.1%
Scotts Valley	\$101	\$689	\$694	0.7%	586.3%
Watsonville	\$281	\$607	\$638	5.1%	126.7%
Unincorporated	\$3,118	\$3,687	\$4,258	15.5%	36.6%
<b>Santa Cruz County</b>	<b>\$6,503</b>	<b>\$8,965</b>	<b>\$9,944</b>	<b>10.9%</b>	<b>52.9%</b>
<b>California</b>	<b>\$899,720</b>	<b>\$1,361,990</b>	<b>\$1,465,802</b>	<b>7.6%</b>	<b>62.9%</b>

Source: Dean Runyan Associates, 2008

\*Note: Many jurisdictions raised their TOT tax rate in 2004, which affects the 1998 to 2006 growth figures.

The most recent annual sales tax data by jurisdiction is for 2006, indicating an average overall growth rate of three percent over the previous year (Table 3). However, sales taxes are

significantly down in some areas of the County in 2008. For example, Capitola and Watsonville both report a 12 percent decline from mid-year 2008 compared to the same time in 2007, and further declines have occurred since that time. Santa Cruz County reports a 4.2 percent decline in sales taxes for the first quarter of 2008 over the similar period in 2007.

**TABLE 3  
ANNUAL TAXABLE SALES BY JURISDICTION, SANTA CRUZ COUNTY (IN '000S)**

	<b>1998</b>	<b>2005</b>	<b>2006</b>	<b>% Change: 2005-2006</b>	<b>% Change: 1998-2006</b>
Capitola	\$398,322	\$484,162	\$490,337	1.3%	23.1%
Santa Cruz	\$634,138	\$813,834	\$837,511	2.9%	32.1%
Scotts Valley	\$164,906	\$164,863	\$166,427	0.9%	0.9%
Watsonville	\$340,271	\$599,273	\$613,279	2.3%	80.2%
Unincorporated/Unallocated	\$829,234	\$1,012,013	\$1,405,566	38.9%	69.5%
<b>Santa Cruz County</b>	<b>\$2,366,871</b>	<b>\$3,074,145</b>	<b>\$3,165,946</b>	<b>3.0%</b>	<b>33.8%</b>

Source: California State Board of Equalization: Report of Taxable Sales in California: 1998-2006

### **GOAL 3: QUALITY OF LIFE**

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

#### **Performance Measures**

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

Based on limited data for two of the three areas of the County, Table 4 indicates a reduction in visitors in 2007 compared to 2006 at State Parks in the County.

**TABLE 4  
VISITOR ATTENDANCE CALIFORNIA STATE PARKS,  
SANTA CRUZ COUNTY: 2007**

	<b>2006</b>	<b>2007</b>
Mountain Sector	417,944	394,970
Pajaro Coast Sector	N/A	10,790,491
San Mateo Coast Sector	2,318,307	2,218,396
<b>Total</b>		<b>13,403,857</b>

Source: California State Parks, Santa Cruz District Office

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

Table 5 provides a benchmark for measuring future trends on this indicator.

**TABLE 5  
NUMBER OF DAYS OF BEACH CLOSURES  
AND POSTINGS, SANTA CRUZ COUNTY:  
2007**

Days of Closure (due to sewage)	4
Days of Posting (due to bacteria levels)	64

Source: Santa Cruz County: Environmental Health Services

*Measure #9: Number of licensed child care slots*

The County has experienced a reduction in total child care slots in 2008, due to fewer family care providers (Table 6).

**TABLE 6  
LICENSED CHILD CARE SLOTS IN SANTA CRUZ COUNTY**

Type of Facility	2007	2008	Percent Change
Child Center Providers	4,496	4,529	0.7%
Family Care Providers	4,178	3,714	-11.1%
Total	8,674	8,243	-5.0%

Source: Santa Cruz County Child Development Resource Center

*Measure #10: Number of affordable housing units constructed.*

**Capitola:** A 96 unit senior housing project is being rehabilitated and 17 additional units added. This entire project consists of affordable housing. A residential project on 41<sup>st</sup> Ave. included eight inclusionary units.

**City of Santa Cruz:** The 100 unit Tannery Artists Lofts project is under construction and will provide 100 percent affordable units. In addition, the City was able to facilitate the retention of 55 affordable units in the Mission Gardens project.

**Santa Cruz County:** In the past fiscal year, 2007/08, the Parkhurst Terrace project was completed with 68 new rental units affordable to low and very low income residents. In addition, the County issued 21 loans to first time moderate income homebuyers under its First Time Homebuyer Loan program. In FY 2008-09 to date, eight loans have been issued under this program. The Measure J program has also resulted in 24 owner-occupied affordable units.

**Watsonville:** In the past fiscal year, 2007/08, the final eight units of the Vista Nueva condominium project were completed for sale to low and very low income residents. Reconstruction of the 26-unit Riverside Mobile Home Park was completed, providing low income families with ownership homes on leased spaces. In addition, four loans were made to low income first time homebuyers.

**GOAL 4: INFRASTRUCTURE**

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

**Performance Measures**

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

As shown in Table 7, many of the jurisdictions have made significant progress on infrastructure improvements during the past year. While even higher expenditures are programmed for next fiscal year, most of the jurisdictions are having to scale back actual expenditures due to reductions in tax and fee revenues caused by the recession. It should be noted that these figures do not include capital improvements for parks, libraries, and other general government functions.

**TABLE 7  
ECONOMIC DEVELOPMENT CAPITAL IMPROVEMENTS  
(NOT INCLUDING STREET MAINTENANCE)**

	2007/08	2008/09
<b>Capitola</b>		
Roads/Streetscapes	\$67,000	\$1,043,100
Parking		\$40,900
<b>Scotts Valley</b>		
Roads/Streetscapes	\$268,092	\$825,000
Drainage		\$47,250
Sewer	\$86,923	\$150,000
<b>City of Santa Cruz</b>		
Roads/Streetscapes	\$5,295,000	\$8,045,000
Drainage	\$842,451	\$735,000
Water	\$6,312,076	\$22,025,000
Sewer	\$1,179,553	\$683,000
Solid Waste	\$1,058,000	\$1,540,000
Parking	\$2,645,419	\$1,100,000
<b>Watsonville**</b>		
Roads/Streetscapes	\$3,635,000	\$1,725,000
Sewer	\$7,060,100	\$1,523,334
Water	\$10,647,800	\$4,093,533
Airport	\$2,693,000	\$5,383,000
<b>County of Santa Cruz</b>		
Roads/Streetscapes*	\$17,641,265	\$33,124,229
Drainage	\$355,975	\$2,244,679

\* Including disaster recovery projects.

\*\* Exclusive of related expenditures for equipment, building, maintenance, computers and vehicles.

**GOAL 5: FISCAL HEALTH**

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

**Performance Measures**

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

**Scotts Valley:** The main shopping center on Scotts Valley Drive was recently updated.

**County of Santa Cruz:** A major commercial center has been completed on 41<sup>st</sup> Avenue, including Home Depot and Best Buy. A new facility for Ocean Honda, previously in Capitola, is under construction.

**Watsonville:** The Civic Plaza, a 140,000 sq.ft. building in downtown, houses the library, City administrative offices, County Courts, and leased office and commercial space was completed in early 2008.

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

**Capitola:** Plans are moving forward to bring Beverages and More (now open) and Whole Foods to 41<sup>st</sup> Ave. sites, as well as the 25 unit Rispin Hotel. In addition, the developer of the Capitola Theater site continues to move forward with plans for a hotel in Capitola Village.

**Scotts Valley:** The Town Center Specific Plan and EIR have been approved by the City Council, without appeal. Through this process, the Town Center Specific Plan has also addressed undeveloped areas of the overlapping Skypark Specific plan, which was adopted in 1992, to create a coordinated development plan for the entire area. The City is also processing environmental review for a proposed Target Center and a new hotel has been proposed on Scotts Valley Drive. In addition, the City anticipates issuing an RFP for construction of a new library, possibly as a mixed use project with an affordable housing component.

**City of Santa Cruz:** The Delaware Street mixed use industrial project by Redtree Development has gotten City approval. The City has an Ocean Street corridor study underway, which will also look at ways to improve the connection from Ocean Street to downtown. The City hopes to partner with the County on options for parking at the County building, located on Ocean Street. The City is also undertaking a hotel feasibility study for the UCSC Inn site as well as working to complete its Housing Strategy. The City is working to broaden the application of its façade improvement program to address additional geographic areas.

**County of Santa Cruz:** The Aptos Village Plan is nearly completed in draft form and is anticipated to be reviewed by the Board of Supervisors in early 2009. The County has completed a signal coordination study for the 41<sup>st</sup> Avenue/Soquel Drive corridor and anticipates a 20 percent improvement in facility performance upon implementation of the study recommendations.

**Watsonville:** The Manabe-Ow Industrial Park Specific Plan will be completed by the end of 2008. The Atkinson Lane Specific Plan is underway in cooperation with the County. The City has also engaged a consultant to prepare streetscape elements for the Downtown Area Plan. The former City Library has been sold to Cabrillo College and has been demolished to make way for the college's Vocational Education Building.

## **GOAL 6: BUILD COLLABORATION**

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

### **Performance Measures**

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

In the past year, most of the jurisdictions supported the "Choose Santa Cruz" program, which as a cooperative effort to encourage all Santa Cruz County residents to patronize local stores. In addition, the County has supported the "Think Local First" organization, which promotes locally owned independent businesses. The City of Santa Cruz is working on an MOU with UC Santa Cruz to develop a business incubator. Initial business targets include design and new media as well as clean technology.

# CONCLUSION: CONTINUATION OF CEDS GOALS AND PROJECTS

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## REGIONAL PROJECT PRIORITIES

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

- **Business/Technology Incubator (City of Santa Cruz):** This project has gained increased prominence in the City's economic development efforts and replaces the downtown parking structure as a top priority project for the City. The City continues to hold discussions about the configuration and design of the parking structure, but has determined that the incubator project will have a more timely and substantial effect on meeting the CEDS goals.
- **Davenport Water Treatment Plant (County of Santa Cruz):** Over 90 percent of the funds needed for this project have been obtained as both grants and loans. Construction is anticipated to begin in March 2009 and to be complete by November 2009. Additional funding needs in Davenport include upgrades to the water line, valves and meter, as well as improvements to the sewage treatment pond.
- **Downtown Watsonville Revitalization:** The City has completed a number of elements of this project, including portions of the Stoesser Promenade improvements and the Downtown Area Plan. The City initiated its Downtown Sign and Facade Improvement Loan Program and has begun receiving applications.
- **Manabe-Ow Industrial Park Infrastructure Improvements (Watsonville):** The specific plan will be complete by the end of 2008.
- **Pajaro River Levee Reconstruction (County of Santa Cruz):** Planning studies have been proceeding with an appropriation of approximately \$500,000 in 2008. An addition \$1 million is anticipated in 2009. Under the current schedule, a General Reevaluation Report and an EIS would be completed in December 2009. This would permit construction to begin in federal fiscal year 2011.
- **Road Improvements on 41<sup>st</sup> Avenue in from Capitola City limit to Capitola Road and 46<sup>th</sup> Avenue from Capitola Road to Clares Street:** The City of Capitola is engaged in a planning study to identify potential land use changes that would help to shape, and possibly fund, road improvements in the area.
- **Scotts Valley Town Center:** The Town Center Specific Plan has been expanded to encompass undeveloped portions of the previously adopted Skypark Specific Plan area as well and has now been approved by the City Council and cleared all appeal periods. The first project in the Specific Plan Area, the residential high density Town Center homes project, has been reviewed by the Planning Commission with a recommendation for approval to the City Council, which will review the project in January 2009.
- **Sidewalk installation along Bay Avenue, Park Avenue, Monterey Avenue, and Jade Street (Capitola).**

- **Skypark Specific Plan (Scotts Valley):** Now incorporated in the Town Center Specific Plan.
- **Tannery Arts Center (City of Santa Cruz):** 100 BMR units are under construction. The project's next phases consist of Artist's Working Studios/Digital Media Center, a Performing Arts Theater and a Community Education Building.

## **POLICY DIRECTION FOR NEXT YEAR**

The Santa Cruz County CEDS Committee has determined that the major policy directions and implementing actions/projects in the CEDS continue to provide the appropriate direction for economic development efforts for the upcoming year. Although a number of the performance indicators declined or slowed in growth, the commitment and momentum of each jurisdiction on the priority projects identified in the CEDS remains strong. National economic conditions notwithstanding, County jurisdictions recognize the need to continue to make investments toward a stronger economic future. No change in policy direction or in the definition of performance indicators is recommended at this time.