Economic Development Background Report

City of Santa Cruz General Plan Update

Prepared for:
City of Santa Cruz

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Introduction

Purpose of Report

This report profiles the City of Santa Cruz's economy in support of the General Plan update process. Data and findings in this report update the previous *City of Santa Cruz Economic Development Background Report* (2003), including more current demographic and employment data. .

Methodology

This report was developed using the *City of Santa Cruz Economic Development Background Report* published in July of 2003 as a baseline. Additional published data were obtained from sources including the U.S. Census, the State of California Employment Development Department (EDD), State Board of Equalization (SBOE), and private data vendors.

In addition, BAE obtained unpublished confidential employment data from the State of California Employment Development Department (EDD) to track recent trends by industry classification for just the City of Santa Cruz.

Demographic Trends

Population and Household Growth

The population of the City of Santa Cruz grew an estimated 1.8 percent between 2000 and 2005, rising from 54,593 to an estimated 55,573 persons. The City's growth rate outpaced the County overall (which lost population) but lagged the Bay Area Consolidated Metropolitan Statistical Area (CMSA, includes Santa Cruz County), which grew 2.3 percent during the same period.

The number of households in City of Santa Cruz increased somewhat more rapidly than population, rising from 20,442 in 2000 to an estimated 20,871 by 2005 (increase of 2.1 percent). Concurrently, the average household size dropped from 2.44 persons in 2000 to 2.43 persons in 2005. This trend toward slightly declining average household sizes was counter to the regional trend of increasing household sizes.

The City of Santa Cruz, similar to many communities with large university campuses, has a higher proportion of non-family households (e.g., unrelated individuals) than the County or the region. In 2005, approximately 50 percent of the City's households were non-family, compared to 38 percent Countywide and just 36 percent for the region.

Household Tenure

According to the 2000 Census, the City had a higher proportion of renter than owner households (53 percent renter households, 47 percent owner households) In contrast, both the County and the region had higher proportions of owner households, at 60.0 and 57.8 percent respectively.

Age Distribution

In keeping with the presence of UCSC, the City's median age (estimated) in 2005 was slightly lower, at 34.1 years, than either the County or the region.

The distribution of population by age reveals several interesting patterns. As anticipated, the City of Santa Cruz has a lower concentration of children age 0 to 17, at just 16.8 percent, than the County (22.7 percent) or the region (23.3 percent). The City has higher proportions of college-age residents from age 18 through 24, at 17.4 percent, than the County (11.3 percent) or the region (8.4 percent). The City also has a relatively high proportion of young adults age 25 to 34, with more than 17 percent of population in this age range, compared to 14 percent or less for the region and County. In every age cohort about age 35, the City has slightly lower proportions than County or region, including seniors age 65 and over.

This distinct young-adult orientation, of both college age and early-career adults, is considered attractive to potential employers.

Household Income

The median household income for the City of Santa Cruz in 2005 was an estimated $60,273, compared to $63,919 for the County and $72,260 for the region. This somewhat lower median household income for the City reflects the younger population and smaller average household size.

A relatively large proportion of households in the City of Santa Cruz had households incomes below $25,000 (21.2 percent) compared to the County (17.7 percent) and the region (15.1 percent). At the other end of the income spectrum, Santa Cruz had a lower proportion of households earning $150,000 or more (10.8 percent), than the County (12.4 percent) or the region (15.9 percent). Almost one-third of Santa Cruz's households earned in the middle range of $50,000 to $100,000, nearly matching the proportions of this income range for the County and the region.

The income distribution in the City of Santa Cruz in part reflects the relatively large proportion of college students, who may not have high earnings but nevertheless can support substantial retail and restaurant sales.

Educational Attainment

Residents of the City of Santa Cruz are highly educated, with more than 44 percent of residents over age 25 having achieved a bachelor's degree or higher by 2000. This included almost 18 percent of residents with a graduate or professional degree. This level of educational attainment in the City of Santa Cruz is substantially stronger than countywide (34 percent with bachelor's degree or higher) or regionally (just under 27 percent in this category), and represents an attractive feature of the resident labor force to many employers in the "knowledge economy."

Ethnicity and Immigration

The City of Santa Cruz has a diverse ethnic population, although it also has a relatively high proportion of white residents compared to the County and region. According to 2000 Census data, 72.0 percent of the City of Santa Cruz reported their ethnicity as White, followed by 17.5 percent reporting Hispanic ethnicity. In comparison, 19.7 percent of the region reported Hispanic ethnicity. The City had a much lower proportion of Asian/Pacific Islander than the region (4.8 percent vs. 18.3 percent).

The City also has a relatively large proportion of immigrant residents. According to the 2000 Census, 8,225 City residents were foreign-born, accounting for 15.1 percent of the total population at the time. As shown in Appendix Table 6, the 2000 Census reported the largest number of foreign born residents were from Mexico (3,180 residents), followed by El Salvador (592 residents), the United Kingdom (400 residents), and Germany (363 residents).

Residents' Place of Work

A key attribute of the Santa Cruz workforce is that that residents tend to work within the community. Of the total 28,869 employed residents in 2000, 15,550 worked within the City limits, including 1,653 who worked at home and 13,897 who worked at jobs located in the City. This means that almost 54 percent of all residents who worked did so within the community, including a relatively high rate of almost six percent working at home (compared to 3.8 percent of California's workers with home-based businesses).

Just over 13,300 residents commuted outside the City to work including 8,000 working elsewhere in the County. Interestingly, only about 5,000 of the resident workforce commuted out of the County, including 4,500 to other Bay Area Counties and another 422 to Monterey County. Despite perceptions, only 3,700 of these residents commuted to Santa Clara County in 2000.

Employees Place of Residence

The City of Santa Cruz contained 36,804 jobs in 2000, according to the Census. Of these local jobs, 15,550 were held by City residents,. or just over 42 percent of total jobs in the community, meaning that nearly 58 percent of local jobs were held by in-commuters. These in-commuters came primarily from elsewhere in Santa Cruz County (17,965 job-holders), with fewer than 3,300 commuting in from surrounding counties.

When considered from a planning perspective, these data show that as of 2000, there were 36,804 jobs in Santa Cruz compared to 28,869 working residents, for an overall jobs-to-employed residents ratio of 1.27. This is a strong positive balance of jobs to employed residents (even if not all residents held these jobs), and that without additional housing construction, in-commuting would need to occur to fill all existing jobs.

Economic Trends

Recent Employment Trends

For this report, confidential data was obtained on a firm-by-firm basis from the State of California Employment Development Department (EDD). This data is summarized in Appendix A, and grouped by industry "cluster" for ease of analysis. This data is reported for the 3rd Quarter of years 2002 and 2004, to track change on a consistent basis.[1]

This data collection and analysis provides the most accurate method of ascertaining employment activity within a certain geography. In this case, data was analyzed for the City of Santa Cruz and its sphere of influence.[2]

Several caveats should be noted for the following data presentation. The release of this data, known as ES 202, is based on firm-by-firm reporting, and has only been available on a specific geographic level such as a city or zip code for several years. It is collected by all businesses who must report unemployment insurance compliance; as such, it is less accurate for small home-based businesses employing individuals, as well as for certain public agencies and organizations who are not required to comply with these regulations. Thus, the data presented herein may under-count total employment.

Table 9 in Appendix A presents the summary of the job data for Santa Cruz. As shown, overall jobs held relatively constant, increasing by 200 jobs, from 36,782 jobs in 3rd Quarter 2002 to 36,981 jobs in 3rd Quarter 2004, an increase of just 199 jobs (0.5 percent). However, several significant shifts occurred within these overall totals.

Retail, Lodging, & Entertainment
This cluster of industries accounts for roughly 30 percent of Santa Cruz's employment base. Between 2002 and 2004, this sector was relatively flat, declining by approximately 65 jobs out of 11,000. Average annual wages for this industry sector (combination of full- and part-time wages) was $20,241, indicating that a substantial portion of Santa Cruz's economic base concentrated in a relatively low wage segment.

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[1] It should be noted that a similar analysis was conducted for the prior Background Report (2003). However, for this current data set, BAE obtained the third quarter reports for 2002 and 2004, whereas in the prior report, data for various quarters were presented. Thus the data sets are not directly comparable as a complete time series.

[2] Data was obtained for Santa Cruz zip codes including 95060, 95062, 95064, and 95065.

Public Administration
This industry sector comprises just under three percent of Santa Cruz's economic base, and showed relatively strength during the period analyzed (however, please note that ES202 data collection has likely improved for this sector since inception of this data collection in the early 2000s).

Health Care and Social Assistance
This cluster, which accounts for approximately 15 percent of the local economy, remained stable for the period analyzed.

Education Services
As profiled in the prior report, this sector represents a substantial contributor to the local economy, due to both the area's K-12 schools and UCSC. This sector increased fro, 5,974 jobs in 2002 to 6,494 jobs in 2004, an increase of 520 jobs. This sector accounted for almost 18 percent of the local economy in 2004.

Construction & Real Estate
This cluster experienced a substantial decline for the period, dropping 237 jobs. In 2004, this cluster accounted for 2,039 jobs, or 5.5 percent of the local economic base.

Technology & Business Services
This cluster contains information, technological services, and administrative and financial services. In combination, these sectors account for approximately 17 percent of Santa Cruz'z economy. During the period analyzed, this cluster remained relatively flat, adding just 72 jobs.

Manufacturing
Manufacturing in Santa Cruz, similarly to most other Bay Area communities, continued to shed jobs during the 2002 to 2004 period, losing 287 jobs for the period. In 2004, this sector had 2,171 jobs, accounting for just under six percent of the local economy. This sector is notable for its high average annual wage of almost $60,000.

Logistics & Utilities
This cluster, which includes transportation, warehousing, and wholesale trade, increased slightly for the period, adding 76 jobs. In 2004, this cluster accounted for six percent of the economy, with 2,208 jobs.

Firm Size

Table 10 in Appendix A shows the ES 202 data organized by size of firm (measured by number of employees). As shown, Santa Cruz has numerous small and medium-sized businesses, with 1,935 firms employing 10 or less. In total, however, these small businesses account for 17 percent of total jobs. In contrast, the four firms employing

300 or more workers account for almost 22 percent of jobs in the community. These data illustrate the importance of developing effective strategies to retain and expand both small businesses and larger employers.

Retail Sales

A significant portion of Santa Cruz's General Fund and much of its downtown economy is derived from retail sales.

The best available data regarding retail sales is data reported to the State Board of Equalization regarding taxable sales (which includes most retail sales except certain drugstore sales and approximately 60 percent of grocery store sales).

As shown in Table 11 in Appendix A, taxable retail sales in the City of Santa Cruz rose 6.9 percent from 1998 to 2004 (inflation-adjusted to 2004 dollars). These long-term increases fluctuate from year to year, but generally exceed the pattern for the overall County. However, the State of California during the same period experienced much more substantial increases of almost 28 percent.

All geographies analyzed lost ground slightly in the taxable non-retail sales (commonly known as business-to-business sales).

Analysis of these data on a per capita basis is important to gain a more complete understanding of trends, due to the impact of population growth in the State of California compared to a more modest growth locally.

As shown in Table 12, on the per-capita basis, taxable retail sales generated $11,538 per person in the City of Santa Cruz, up just slightly from $11,469 in 1998. While some sectors, such as apparel, have increased dramatically over the period since 1998, other sectors such as food stores, automotive, and building materials have all declined substantially on an inflation-adjusted basis. Overall, Santa Cruz's per capita retails sales peaked in 2000, but declined in 2001 with the general economic downturn. While the State has a lower per-capita sales level ($9,688 in 2004), statewide sales increased almost 16 percent for the period.

Table 13 provides a per-capita taxable retail sales comparison with several surrounding areas including "balance of Santa Cruz County," as well as Capitola, Watsonville, Monterey, and San Jose for 2004. As indicated, Santa Cruz performs relatively well on a per-capita basis compared to the geographies, except for Capitola and Monterey. In the case of Capitola, extraordinarily high sales compared to the total number of residents means that the city captures over $47,000 per resident. Sales are especially strong in the apparel, food, general merchandise, and automotive categories.

This analysis indicates that while Santa Cruz has recovered some of its lost ground in taxable retail sales since the economic downturn of the 2001 period, its strong eating and drinking sales and general merchandise sales are offset dramatically by sales captured in nearby Capitola.

Summary of Findings

The City of Santa Cruz's residents can be characterized as relatively young, highly educated, and attractive to smaller households in the early stages of career development.

Santa Cruz has a strong jobs-to-employed residents ratio, and a relatively high proportion of residents who also work within the City.

With a substantial concentration in home-based and small businesses, Santa Cruz's employment base appears to be holding steady. Shifts away from manufacturing towards educational services and business/technology may affect this perception. The growth of UCSC, as well as expansion of strong local businesses, will benefit the future economy of Santa Cruz and should be closely linked to economic development strategic planning. Initiative such as the Advanced Technology Incubator, a joint project of the City's Redevelopment Agency and UCSC, will help foster continued economic expansion.

One of Santa Cruz's key weaknesses is its relatively flat retail sales trends, although it has a healthy retail base. Nearby strong sales in Capitola, and the relationship between the mix of goods offered in the two locations, should be analyzed in more depth to identify additional retail attraction to the City of Santa Cruz. This concept, long subject to land use and policy debates, should be reconsidered during the General Plan update process.

While this report did not update transient occupancy tax or hotel occupancy data, it should be noted that the prior report suggested opportunities for a small new hotel and conference center in Santa Cruz. While this concept has experienced much debate in recent years, the General Plan land use discussion should consider a long-term location for this type of facility, especially in conjunction with other economic development initiatives supporting tourism and visitation.

A current economic development initiative is exploring ways which the City, Redevelopment Agency, and business leadership can tap into the rise of the "creatives" sector based on local entrepreneurship in the design industries. This initiative holds great promise.

Simultaneously, some communities are exploring ways to create a unifying business climate to foster sustainable energy, green building, and related sectors (e.g., City of Berkeley). Santa Cruz and its surrounding areas are well-known for sustainable agriculture, and UCSC is a leader in promoting local food purchasing for its student food services. These trends, while not profiled directly in this report, have been noted in other recent BAE work for the University, and should be further explored.

In a related context, Santa Cruz's land use policies are often subject to extensive discussions regarding traffic congestion and over-reliance on automobiles. With substantial numbers of in-commuters, cross-town commuters, and visitors, solving the local traffic issues in connection with potential bio-fuel and other technological research and demonstration projects holds great promise to stimulate new economic development.

Finally, several cities in Northern California are embarking on ambitious plans to create citywide wifi links for zero or very low costs. This strategy should be considered for Santa Cruz, to ensure that small businesses have full access to advanced telecommunications.

Appendix A: Data Tables

Table 1: Population and Household Trends

	City of Santa Cruz				
	2000		2005 (a)		2000-2005
Total Persons	54,593		55,573		1.8%
Total Households	20,442		20,871		2.1%
Household Size	2.44		2.43		
Household Type	**Number**	**Percent**	**Number**	**Percent**	
Families	10,401	50.9%	10,499	50.3%	
Non-Families	10,041	49.1%	10,372	49.7%	
Tenure					
Owner	9,528	46.6%			
Renter	10,914	53.4%			

	Santa Cruz County				
	2000		2005 (a)		2000-2005
Total Persons	255,602		254,222		-0.5%
Total Households	91,139		90,124		-1.1%
Household Size	2.71		2.72		
Household Type	**Number**	**Percent**	**Number**	**Percent**	
Families	57,132	62.7%	56,134	62.3%	
Non-Families	34,007	37.3%	33,990	37.7%	
Tenure					
Owner	54,665	60.0%			
Renter	36,474	40.0%			

	Bay Area CMSA (b)				
	2000		2005 (a)		2000-2005
Total Persons	7,039,362		7,199,117		2.3%
Total Households	2,557,158		2,591,383		1.3%
Household Size	2.69		2.72		
Household Type	**Number**	**Percent**	**Number**	**Percent**	
Families	1,651,602	64.6%	1,666,023	64.3%	
Non-Families	905,556	35.4%	925,360	35.7%	
Tenure					
Owner	1,478,689	57.8%			
Renter	1,078,469	42.2%			

Notes:
a) Estimate from Claritas, a private data vendor. Will not match exactly with other published estim
b) The Bay Area CMSA includes the Counties of Alameda, Contra Costa,
Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz,

Sources: U.S. Census, 2000; Claritas, 2006; BAE, 2006.

Table 2: Age Distribution, 2005 (Estimate)

	City of Santa Cruz		Santa Cruz County		Bay Area CMSA (a)	
Age	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
0 to 17	9,322	16.8%	57,787	22.7%	1,679,569	23.3%
18 to 20	4,953	8.9%	13,823	5.4%	263,969	3.7%
21 to 24	4,747	8.5%	14,956	5.9%	340,407	4.7%
25 to 34	9,622	17.3%	34,567	13.6%	1,027,697	14.3%
35 to 44	8,092	14.6%	37,374	14.7%	1,187,624	16.5%
45 to 49	4,156	7.5%	21,011	8.3%	576,328	8.0%
50 to 54	4,291	7.7%	21,071	8.3%	524,771	7.3%
55 to 59	3,534	6.4%	16,673	6.6%	440,399	6.1%
60 to 64	2,095	3.8%	11,121	4.4%	324,145	4.5%
65 to 74	2,308	4.2%	12,819	5.0%	426,999	5.9%
75 to 84	1,676	3.0%	8,895	3.5%	290,042	4.0%
85 and over	777	1.4%	4,125	1.6%	117,167	1.6%
Total:	55,573	100.0%	254,222	100.0%	7,199,117	100.0%
Median Age	**34.1**		**36.6**		**37.4**	

Notes:
a) The Bay Area CMSA includes the Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.

Sources: Claritas, 2006; BAE, 2006.

Table 3: Household Income Distribution, 2005 (Estimate)

	City of Santa Cruz		Santa Cruz County		Bay Area CMSA (a)	
Household Income	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Less than $15,000	2,527	12.1%	8,711	9.7%	218,770	8.4%
$15,000 - $24,999	1,895	9.1%	7,254	8.0%	172,374	6.7%
$25,000 - $34,999	1,680	8.0%	7,957	8.8%	187,087	7.2%
$35,000 - $49,999	2,807	13.4%	11,941	13.2%	306,003	11.8%
$50,000 - $74,999	3,715	17.8%	16,522	18.3%	462,105	17.8%
$75,000 - $99,999	2,754	13.2%	11,831	13.1%	366,214	14.1%
$100,000 - $149,999	3,240	15.5%	14,765	16.4%	465,955	18.0%
$150,000 - $249,999	1,634	7.8%	7,872	8.7%	282,706	10.9%
$250,000 - $499,999	438	2.1%	2,327	2.6%	85,758	3.3%
$500,000 or more	181	0.9%	944	1.0%	44,411	1.7%
Total	20,871	100.0%	90,124	100.0%	2,591,383	100.0%
Median HH Income	**$60,273**		**$63,919**		**$72,260**	

Notes:
a) The Bay Area CMSA includes the Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.

Sources: Claritas, 2006; BAE, 2006.

Table 4: Educational Attainment for Population 25+ Years of Age (2000)

	City of Santa Cruz		Santa Cruz County		California	
Education Level	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Less than 9th Grade	1,868	5.5%	16,018	9.7%	2,446,324	11.5%
9th to 12th Grade, No Diploma	1,825	5.4%	11,666	7.1%	2,496,419	11.7%
High School Graduate	4,913	14.5%	27,327	16.6%	4,288,452	20.1%
Some College, No Degree	7,791	23.0%	41,465	25.1%	4,879,336	22.9%
Associate Degree	2,453	7.2%	12,123	7.3%	1,518,403	7.1%
Bachelor's Degree	9,116	26.9%	35,802	21.7%	3,640,157	17.1%
Graduate or Prof. Degree	5,930	17.5%	20,598	12.5%	2,029,809	9.5%
Total	33,896	100.0%	164,999	100.0%	21,298,900	100.0%

Sources: U.S. Census 2000; BAE 2006.

Table 5: Ethnicity, 2000

City of Santa Cruz	Number	Percent
Hispanic	9,491	17.4%
White	39,304	72.0%
African-American	871	1.6%
Asian/Pacific Islander	2,607	4.8%
Other	555	1.0%
Two or More Races	1,765	3.2%
Total	54,593	100.0%
Santa Cruz County		
Hispanic	68,486	26.8%
White	167,464	65.5%
African-American	2,160	0.8%
Asian/Pacific Islander	8,464	3.3%
Other	2,349	0.9%
Two or More Races	6,679	2.6%
Total	255,602	100.0%
Bay Area CMSA (a)		
Hispanic	1,383,661	19.7%
White	3,559,668	50.6%
African-American	499,365	7.1%
Asian/Pacific Islander	1,286,979	18.3%
Other	79,173	1.1%
Two or More Races	230,516	3.3%
Total	7,039,362	100.0%

Notes:
a) The Bay Area CMSA includes the Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.

Sources: US Census,2000; BAE, 2006.

Table 6: Top 10 Countries of Birth for Foreign-Born Residents, City of Santa Cruz, 2000

Rank	Country of Birth	Number	% of Total
1	Mexico	3,180	39%
2	El Salvador	592	7%
3	United Kingdom	400	5%
4	Germany	363	4%
5	China, excluding Hong Kong and Taiwan	299	4%
6	Philippines	297	4%
7	Canada	269	3%
8	India	255	3%
9	Italy	221	3%
10	Korea	170	2%
	All Other	2,179	26%
Total Residents of Foreign Birth		8,225	100%

Sources: U.S. Census 2000; BAE, 2006.

Table 7: City of Santa Cruz Residents by Place of Work, 2000

Place of Work	Number		Percent
Residents Working at Home	1,653		5.7%
Residents Working in the City of Santa Cruz (not at home)	13,897		48.1%
Residents Working Elsewhere in Santa Cruz County	8,005		27.7%
Residents Working Elsewhere in the Bay Area	4,515		15.6%
Residents Working in Alameda County		*229*	
Residents Working in San Mateo County		*571*	
Residents Working in Santa Clara County		*3,715*	
Residents Working in Monterey County	422		1.5%
Residents Working in Other Locations	377		1.3%
Total Working Residents	**28,869**		**100.0%**
Residents Commuting out of the City of Santa Cruz	**14,972**		**51.9%**

Sources: 2000 U.S. Census, CTPP Part 3; Bay Area Economics, 2006.

Table 8: Santa Cruz Jobs by Place of Residence, 2000

Jobs by Place of Residence	Number	Percent
City Jobs Held by City Residents	15,550	42.3%
City Jobs Held by Other County Residents	17,965	48.8%
City Jobs Held by Other Bay Area Residents	1,033	2.8%
City Jobs Held by Monterey County Residents	1,280	3.5%
City Jobs Held by Others (a)	976	2.7%
Total Jobs in the City of Santa Cruz	**36,804**	**100.0%**
Workers Commuting into City of Santa Cruz	**21,254**	**57.7%**

a) Does not include persons working in the City of Santa Cruz that live outside of California.

Sources: 2000 U.S. Census, CTPP Part 3; Bay Area Economics, 2006.

Table 9: Santa Cruz Jobs by Sector, 2002 - 2004 (3rd Quarter)

Sector (a, b)	2002 Jobs	2004 Jobs	Change 2002-2004	Percent Change 2002-2004	Percent of Total 2004	Average 2004 Annual Wage (c)
Agriculture, Forestry, Fishing and Hunting	**268**	**306**	**38**	**12.4%**	**0.8%**	**$20,211**
Retail, Lodging, and Entertainment						
Accommodation and Food Services	4,359	4,663	304			$14,797
Arts, Entertainment, and Recreation	1,671	1,729	58			$19,160
Retail Trade	4,997	4,570	(427)			$26,205
Subtotal	**11,027**	**10,962**	**(65)**	**-0.6%**	**29.6%**	**$20,241**
Public Administration	**941**	**1,017**	**76**	**7.5%**	**2.8%**	**$50,068**
Health Care and Social Assistance	**5,461**	**5,463**	**2**	**0.0%**	**14.8%**	**$38,770**
Educational Services	**5,974**	**6,494**	**520**	**8.0%**	**17.6%**	**$38,934**
Construction & Real Estate						
Construction	1,716	1,545	(171)			$38,087
Real Estate and Rental and Leasing	560	494	(66)			$23,803
Subtotal	**2,276**	**2,039**	**(237)**	**-11.6%**	**5.5%**	***$34,626***
Technology & Business Services						
Information	814	713	(101)			$33,353
Admin/Support & Waste Mgt/Remediation	885	1,222	337			$32,078
Management of Companies and Enterprises	304	250	(54)			$58,093
Professional, Scientific and Technical Services	1,886	1,914	28			$49,337
Other Services (except Public Administration)	1,612	1,484	(128)			$26,716
Finance and Insurance	744	738	(6)			$58,102
Subtotal	**6,245**	**6,321**	**76**	**1.2%**	**17.1%**	**$40,257**
Manufacturing	**2,458**	**2,171**	**(287)**	**-13.2%**	**5.9%**	**$59,643**
Logistics & Utilities						
Transportation and Warehousing	924	836	(88)			$43,504
Wholesale Trade	983	1,206	223			$41,130
Utilities	174	140	(34)			$53,322
Mining & Other	51	26	(25)			$42,869
Subtotal	**2,132**	**2,208**	**76**	**3.4%**	**6.0%**	**$42,822**
Total	**36,782**	**36,981**	**199**	**0.5%**	**100.0%**	**$34,956**

Notes:
Number of jobs based on average Q3 monthly data. Typically the third quarter is the best quarter for analysis purposes.
3rd Quarter 2005 data was un available at the time of data request. Does not reflect some public administration postitions and at-home businesses or sole proprieterships that are not required to report unemployment.

a) North American Industry Classification System (NAICS) sectors.
b) Includes jobs in zip codes 95060, 95062, 95064, and 95065 encompasing the City of Santa Cruz and its sphere of influence.
c) Average annual wage is the sum of all wages (full & part-time) divided by total number of jobs.

Sources: CA Employment Development Department, 2006; BAE, 2006.

Table 10: Santa Cruz Businesses by Firm Size, 2004 (3rd Q)

	Firms		Employees	
Firm Size (a, b)	**Number**	**% of Total**	**Number**	**% of Total**
0-4 Employees	1,372	52.5%	2,374	6.4%
5-10 Employees	563	21.5%	3,940	10.7%
11-25 Employees	410	15.7%	6,765	18.3%
26-50 Employees	162	6.2%	5,699	15.4%
51-75 Employees	45	1.7%	2,706	7.3%
76-100 Employees	25	1.0%	2,193	5.9%
101-150 Employees	18	0.7%	2,150	5.8%
151-300 Employees	16	0.6%	3,104	8.4%
301+ Employees	4	0.2%	7,990	21.6%
Total	**2,615**	**100.0%**	**36,921**	**100.0%**

Notes:
a) Includes jobs in zip codes 95060, 95062, 95064, and 95065 encompasing the City of Santa Cruz and its sphere of influence.
b) Yearly ammounts based on 3rd Quarter job numbers. Typically the third quarter is the best quarter for analysis purposes.
Does not reflect some public administration postitions and at-home
businesses or sole proprieterships that are not required to report unemployment.

Sources: CA Employment Development Department, 2006; BAE, 2006.

Table 11: Taxable Retail Sales Trends ($000s) (a)

City of Santa Cruz	1998	1999	2000	2001	2002	2003	2004	Change 1998-2004
Apparel Stores	$17,182	$17,808	$23,084	$24,217	$24,438	$23,912	$27,714	61.3%
General Merch. Stores	$105,332	$113,849	$120,099	$113,302	$106,521	$107,428	$115,019	9.2%
Food Stores	$39,301	$40,350	$41,791	$40,127	$38,946	$38,250	$38,207	-2.8%
Eating and Drinking Places	$110,851	$118,832	$128,249	$126,534	$123,847	$123,841	$125,976	13.6%
Home Furn. and Appliance	$22,454	$28,891	$32,772	$30,930	$29,063	$25,622	$27,070	20.6%
Bldg. Matrl. and Farm Impl.	$48,718	$55,499	$58,608	$56,494	$56,433	$56,787	$43,339	-11.0%
Auto Dealers Supplies	$118,656	$131,388	$144,749	$135,803	$116,076	$112,548	$108,750	-8.3%
Service Stations	$40,661	$42,175	$47,826	$45,968	$42,580	$44,263	$46,384	14.1%
Other Retail Stores	$104,481	$127,702	$135,732	$128,586	$120,251	$119,106	$117,021	12.0%
Retail Stores Total	**$607,637**	**$676,494**	**$732,911**	**$701,960**	**$658,155**	**$651,758**	**$649,480**	**6.9%**
All Other Outlets	$148,961	$164,204	$192,812	$168,323	$140,735	$129,888	$145,580	-2.3%
Total All Outlets	**$756,598**	**$840,698**	**$925,723**	**$870,283**	**$798,890**	**$781,646**	**$795,060**	**5.1%**
County of Santa Cruz								
Apparel Stores	$78,595	$77,230	$89,934	$87,491	$83,130	$80,469	$84,575	7.6%
General Merch. Stores	$349,988	$373,472	$383,951	$372,230	$369,397	$367,343	$367,013	4.9%
Food Stores	$160,692	$170,869	$175,956	$181,337	$174,073	$172,039	$171,185	6.5%
Eating and Drinking Places	$287,250	$301,397	$313,718	$313,582	$303,016	$298,209	$305,517	6.4%
Home Furn. and Appliance	$88,238	$99,119	$111,919	$100,933	$101,684	$103,525	$110,896	25.7%
Bldg. Matrl. and Farm Impl.	$242,530	$271,896	$273,583	$260,928	$260,621	$271,857	$216,418	-10.8%
Auto Dealers Supplies	$323,144	$355,000	$390,098	$387,681	$346,273	$330,241	$337,241	4.4%
Service Stations	$136,770	$145,765	$168,774	$162,433	$151,604	$163,670	$171,316	25.3%
Other Retail Stores	$387,145	$425,613	$464,429	$435,372	$421,269	$408,670	$406,497	5.0%
Retail Stores Total	**$2,054,351**	**$2,220,361**	**$2,372,362**	**$2,301,986**	**$2,211,067**	**$2,196,022**	**$2,170,658**	**5.7%**
All Other Outlets	$769,592	$821,914	$892,912	$795,154	$732,945	$658,413	$745,951	-3.1%
Total All Outlets	**$2,823,943**	**$3,042,276**	**$3,265,274**	**$3,097,140**	**$2,944,011**	**$2,854,436**	**$2,916,609**	**3.3%**
California								
Apparel Stores	$13,996,130	$13,281,572	$14,354,991	$14,391,472	$14,723,687	$15,571,361	$16,957,137	21.2%
General Merch. Stores	$46,265,800	$49,318,304	$51,207,366	$50,726,446	$50,887,135	$51,855,077	$53,939,532	16.6%
Food Stores	$19,225,936	$19,911,313	$20,530,604	$20,233,802	$19,889,563	$19,908,563	$19,825,771	3.1%
Eating and Drinking Places	$35,848,289	$37,621,251	$39,623,108	$39,609,840	$39,964,894	$41,083,019	$43,275,038	20.7%
Home Furn. and Appliance	$12,569,512	$13,882,641	$15,188,010	$14,330,988	$14,675,501	$15,493,920	$16,405,347	30.5%
Bldg. Matrl. and Farm Impl.	$23,102,408	$25,793,845	$27,716,177	$28,443,656	$29,464,010	$31,485,683	$37,130,235	60.7%
Auto Dealers Supplies	$50,589,881	$56,867,383	$63,384,957	$65,329,016	$66,980,481	$68,782,150	$70,769,227	39.9%
Service Stations	$20,700,740	$23,549,885	$28,167,492	$26,469,884	$25,112,875	$28,429,699	$32,759,629	58.3%
Other Retail Stores	$51,409,007	$56,033,757	$60,581,927	$56,443,888	$54,844,859	$55,869,485	$59,110,772	15.0%
Retail Stores Total	**$273,707,703**	**$296,259,952**	**$320,754,631**	**$315,978,993**	**$316,543,007**	**$328,478,957**	**$350,172,688**	**27.9%**
All Other Outlets	$154,450,678	$161,288,551	$172,950,688	$158,615,935	$146,235,420	$143,488,435	$149,904,095	-2.9%
Total All Outlets	**$428,158,381**	**$457,548,504**	**$493,705,319**	**$474,594,928**	**$462,778,427**	**$471,967,392**	**$500,076,783**	**16.8%**

Notes: (a) All retail sales figures are inflation-adjusted 2004 dollars.
Sources: California State Board of Equalization, 2004; BAE, 2006.

Table 12: Per Capita Taxable Retail Sales Trends (a)

City of Santa Cruz	1998	1999	2000	2001	2002	2003	2004	Change 1998-2004
Apparel Stores	$324	$329	$423	$443	$446	$431	$492	51.9%
General Merch. Stores	$1,987	$2,104	$2,200	$2,074	$1,943	$1,937	$2,043	2.8%
Food Stores	$742	$746	$766	$734	$710	$690	$679	-8.5%
Eating and Drinking Places	$2,092	$2,197	$2,349	$2,316	$2,259	$2,233	$2,238	7.0%
Home Furn. and Appliance	$424	$534	$600	$566	$530	$462	$481	13.5%
Bldg. Matrl. and Farm Impl.	$919	$1,026	$1,074	$1,034	$1,029	$1,024	$770	-16.2%
Auto Dealers Supplies	$2,239	$2,429	$2,651	$2,485	$2,117	$2,030	$1,932	-13.7%
Service Stations	$767	$780	$876	$841	$777	$798	$824	7.4%
Other Retail Stores	$1,971	$2,360	$2,486	$2,353	$2,193	$2,148	$2,079	5.5%
Retail Stores Total	**$11,465**	**$12,505**	**$13,425**	**$12,847**	**$12,004**	**$11,754**	**$11,538**	**0.6%**
County of Santa Cruz								
Apparel Stores	$316	$307	$352	$339	$321	$311	$325	2.7%
General Merch. Stores	$1,409	$1,484	$1,502	$1,442	$1,427	$1,419	$1,410	0.1%
Food Stores	$647	$679	$688	$703	$672	$664	$658	1.7%
Eating and Drinking Places	$1,156	$1,198	$1,227	$1,215	$1,170	$1,152	$1,174	1.5%
Home Furn. and Appliance	$355	$394	$438	$391	$393	$400	$426	20.0%
Bldg. Matrl. and Farm Impl.	$976	$1,081	$1,070	$1,011	$1,007	$1,050	$832	-14.8%
Auto Dealers Supplies	$1,301	$1,411	$1,526	$1,502	$1,337	$1,275	$1,296	-0.4%
Service Stations	$551	$579	$660	$629	$586	$632	$658	19.6%
Other Retail Stores	$1,559	$1,692	$1,817	$1,687	$1,627	$1,578	$1,562	0.2%
Retail Stores Total	**$8,270**	**$8,825**	**$9,281**	**$8,919**	**$8,540**	**$8,481**	**$8,342**	**0.9%**
California								
Apparel Stores	$429	$401	$424	$418	$420	$437	$469	9.5%
General Merch. Stores	$1,417	$1,488	$1,512	$1,473	$1,452	$1,456	$1,492	5.3%
Food Stores	$589	$601	$606	$588	$567	$559	$549	-6.8%
Eating and Drinking Places	$1,098	$1,135	$1,170	$1,150	$1,140	$1,154	$1,197	9.1%
Home Furn. and Appliance	$385	$419	$448	$416	$419	$435	$454	17.9%
Bldg. Matrl. and Farm Impl.	$707	$778	$818	$826	$841	$884	$1,027	45.2%
Auto Dealers Supplies	$1,549	$1,716	$1,871	$1,897	$1,911	$1,931	$1,958	26.4%
Service Stations	$634	$711	$832	$769	$717	$798	$906	43.0%
Other Retail Stores	$1,574	$1,691	$1,789	$1,639	$1,565	$1,569	$1,635	3.9%
Retail Stores Total	**$8,381**	**$8,940**	**$9,470**	**$9,177**	**$9,032**	**$9,224**	**$9,688**	**15.6%**

Notes: (a) All retail sales figures are inflation-adjusted 2004 dollars.
(b) Populations taken from California DOF's Intercensal Estimates.

Sources: California State Board of Equalization, 2005; California Department of Finance, 2004; BAE, 2006.

Table 13: Per Capita Taxable Sales Comparisons, 2004

Retail Category	City of Santa Cruz Per Capita	Watsonville Per Capita	Capitola Per Capita	Monterey Per Capita	San Jose Per Capita
Apparel Stores Group	$492	$155	$3,471	$836	$463
General Merchandise Group	$2,043	$1,676	$11,257	$3,076	$1,288
Food Stores Group	$679	$806	$2,589	$1,118	$428
Eating and Drinking Group	$2,238	$1,010	$4,481	$4,560	$1,055
Home Furnishings and Appliances Group	$481	$161	$1,523	$520	$370
Building Material and Farm Implements Group	$770	$1,272	$2,869	$451	$900
Auto Dealers and Auto Supplies Group	$1,932	$1,989	$10,295	$1,305	$1,677
Service Stations	$824	$725	$1,613	$526	$942
All Other Retail Stores Group	$2,079	$1,172	$5,970	$3,438	$1,456
Retail Stores Total	**$11,538**	**$8,965**	**$44,069**	**$15,830**	**$8,579**
All Other Outlets	$2,586	$1,853	$2,962	$4,490	$3,445
Total All Outlets	**$14,125**	**$10,818**	**$47,031**	**$20,320**	**$12,024**
Population	56,289	48,293	10,058	30,241	926,241

Notes:
Sales shown in 2004 dollars.
Population based on 2004 Department of Finance estimates.
Sources: California State Board of Equalization; California Department of Finance 2004; Bay Area Economics, 2006.