



SECTION IV



DEVELOPMENT,  
DESIGN, FACILITIES,  
& IMPLEMENTATION



**XV. ECONOMIC DEVELOPMENT: BEACH AREA:  
EXISTING CONDITIONS & RECOMMENDATIONS**

## **XV. ECONOMIC DEVELOPMENT : BEACH AREA EXISTING CONDITIONS & RECOMMENDATIONS**

### **A. OVERVIEW & PURPOSE**

While the South of Laurel has begun to attract strong investment interest, there remains a clear need to change the investment climate in the Beach Area. The major projects being proposed in this study are designed to accomplish that goal. The underlying premise is that tourists are coming and will continue to come. What is needed is an approach which manages the City's tourism assets in a way which lessens impacts and enhances their contribution to the overall quality of life.

However, it is clear that the public sector alone cannot create a healthy community. Stakeholder involvement is crucial. **The essential thrust of the recommendations in this chapter is to forge a new partnership process between government, business and the residential community in working to create and manage the future of the Beach.**

The proposals are for an active economic development program which structures the nature and form of the Beach Area's commercial and marketing elements, and actively encourages joint public/private investments in both buildings and businesses.

This is a comprehensive approach to the issues of economic vitality and the appearance and functioning of the area. Because some of the recommendations regarding recapturing of the unique Santa Cruz resort ambiance were dealt with in terms of an Overlay Zone, the recommendations in this chapter are to be read in concert with Chapter VII: Beach Commercial Recommendations.

These recommendations seek to ensure the Beach Area's role as the City's recreational focal point while reinforcing its distinct, historic, maritime character. Central to this approach is the importance of a more active management of the area's lodging industry and the Beach's marketing programs.

### **B. PLANNING CONSIDERATIONS**

There are a series of planning considerations which are important in the development of an active economic development strategy for the Beach Area of Santa Cruz. They are:

- Opportunity provided by the growth of Silicon Valley,
- Need to determine long-term strategic niche in visitor industry.
- Need to Develop Coordinated Approach.

#### **1. Opportunity Provided by Growth of Silicon Valley: 3 Marketing Opportunities**

The remarkable growth of Silicon Valley provides the City of Santa Cruz with the opportunity to begin to more actively target this market in terms of housing, recreation, and extended stay facilities.

### *Housing*

In terms of housing, preceding chapters have identified strategies for creating and managing affordable units to meet the City's pressing needs. The proposals in this Chapter have identified a series of additional housing opportunities in the Beach and South of Laurel which could respond to the existing development pressures and could fill the niche created by local young artists and young professionals who would enjoy living in proximity to the Beach and its activities.

### *Manage & Expand Recreational Market Share*

Additionally, this growth provides the City an opportunity to manage and expand its share of the recreational visitor market which comes from this area. In addition to appealing to the growing conference market which this economy has generated, the City of Santa Cruz should take active steps to capture the growth in disposable income available for recreation. For that reason, this study recommends a market survey of major markets the Beach area has already captured to identify what improvements would result in higher market penetration, longer stays which would reduce the number of automobile trips, and supporting shoulder season demand designed to reduce the impact of seasonal surges.

### *Potential Extended Stay Business Market*

Finally, the growth in demand for quality extended stay facilities to house consultants, visiting professors and new hires, offers the City an excellent potential market to expand the season of its lodging industry beyond the leisure traveler into the business market in renovated or new facilities. The global nature of the local business community supports the strength of this demand. A conscious effort should be made to target this market and a promotional program of the areas premier attractions should be developed. For this reason, hotel/motel facilities should budget for upgraded electrical capacity when undertaking renovations, and provide work stations in designated rooms if they wish to successfully attract the business traveler.

This type of program makes an excellent companion to the development of a hotel conference facility marketing effort.

## **2. Need to Determine Long-Term Strategic Niche in Visitor Industry.**

In order to secure a stable future for the Beach and the Downtown, and ensure that tourism benefits flow to the City as a whole, there is a need to determine Santa Cruz's most compatible long-term strategic niche. Current visitor information provides only an indirect visitor profile. The *Santa Cruz County Conference and Visitors Council 1996 Advertising Conversion Study*<sup>1</sup> found that the "average party size of respondents visiting Santa Cruz County was 2.4 adults and 1.1 children (in 1996) compared with 3.5 adults and 1.0 children in 1992." The average adult age was 44 years.

The indication is that families are a major component of the visitor industry in Santa Cruz. Observation indicates that the second strongest component is young singles who come to Santa Cruz on the weekend. This is primarily a drive market of visitors coming for the day.

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<sup>1</sup> by Morey and Associates, Inc. (1996), p.29.

While it is essential that Santa Cruz maintain and expand its current visitor base, this planning process has identified opportunities to begin to identify additional markets which the City could attract which bring benefits with few impacts. Principal among them are:

- heritage tourism traveler
- business traveler, and
- local resident.

While some components of a marketing strategy will be discussed in the following pages, **this study recommends a thorough analysis of the Beach and Downtown's potential to manage and expand its market base** as the proposed recommendations are implemented. Currently, a county-wide task force is evaluating the economic opportunities created by the designation of the Bay as a National Marine Sanctuary. Additional markets may also include eco-tourism as well as University weekend packages. This Plan will only examine a select number of opportunities.

### **3. Need to Develop Coordinated Approach**

The City of Santa Cruz has demonstrated an outstanding ability to recreate the Downtown which was destroyed by the Loma Prieta earthquake. This success has prepared it to undertake the comprehensive approach suggested in this plan.

However, the essential difference between these two challenges is the absence of substantial Federal and local sales tax funding which characterized the rebuilding of Downtown. The Beach Area will be rebuilt through the efforts of a public/private partnership.

Both the public and the private sectors have important roles to play in this revitalization. Because of the multitude of interrelated program elements and of the need to coordinate public and private investment strategies and timetables, a **coordinated approach** to the implementation of recommendations stemming from this planning effort is suggested.

Such an approach will have the capability of bridging the numerous, interrelated transportation/parking, marketing/program management, and development and expansion programs being proposed.

Many of the elements recommended in this study will require close cooperation among those with a stake in the community, and successful implementation demands active participation by the City as well as by individual property and business owners. This will be needed in such programs as the organization and management of a unified employee shuttle program; the coordination of public and private parking programs; the funding and construction of new housing; the development of a quality hotel conference facility; and the careful conservation of neighborhoods.

**Finally, it is crucial that strong links be forged between the Downtown business community and that of the Beach.** Together, they have the ability to forge the individual assets of each area into a strong economic framework that can carry the City of Santa Cruz safely into the next Century.

The Beach and the Downtown should combine forces in the development of:

- joint marketing programs,
- shuttle system development,
- joint programming.

## C. LODGING FACILITIES: BEACH AREA: EXISTING CONDITIONS

### 1. Overview

During the past five years, the lodging industry in Santa Cruz has begun a program of both new construction and targeted reinvestment in existing facilities throughout the City. There have been new national brand motels as well as reflagged properties which have added substantially to the City's lodging capacity. Within the Beach itself, the Comfort Inn, The Beachview Inn, both Super 8 properties and the Villager Lodge have undergone significant renovation. It is the intent of the following discussion to encourage expansion of this improvement activity specifically to remaining properties in need in the Beach area.



One of the major economic catalysts identified to stimulate investment in the Beach area is for a major, full service, hotel conference facility. While, during the past several years there have been a select number of facility upgrades in the Beach area, never-the-less, as the following information demonstrates, approximately 80% of the lodging facilities in the Beach Commercial Area are budget class or below, and the majority of these holdings demonstrate only minimal reinvestment.

Of concern is that it may be severely unrealistic to anticipate the long-term success of a hotel conference facility without a plan to significantly improve both the appearance, safety and functioning of the smaller, less well-maintained motels in this area.

Large conferences will generate demand for quality lodging in adjacent facilities, where a comparable level of service will be expected. The worst case scenario might be to invest public dollars in a facility which succeeds only marginally —dragged down because of lack of general improvement in the area — and which, within several years, begins to reflect the currently existing investment climate.

### 2. Current Ownership Patterns

All the major approaches — i.e. Riverside, Pacific and Second — to the Beach are lined with either budget or non-brand motels — some of which are well maintained, and some of which reflect various degrees of maintenance and style. In attempting to reposition Santa Cruz as an Ocean Resort destination — with quality facilities, inviting shops and streetscapes, and year-round activities — it will be important to address this fact.

With the exception of the Casa Blanca which is located in the heart of the Beach Area, at the corner of Main and Beach Streets, the quality lodging facilities are located off Beach Street - on the periphery:

- Ocean Pacific Lodge: Pacific & Washington
- Dream Inn: West Cliff Drive,
- Sea and Sand Inn: West Cliff Drive.

At issue is:

- the need to begin to recapture/recreate an Ocean Resort Style in the Beach area, and
- the need to stimulate sound reinvestment in the lodging facilities in need in the Beach.

### 3. Market Considerations

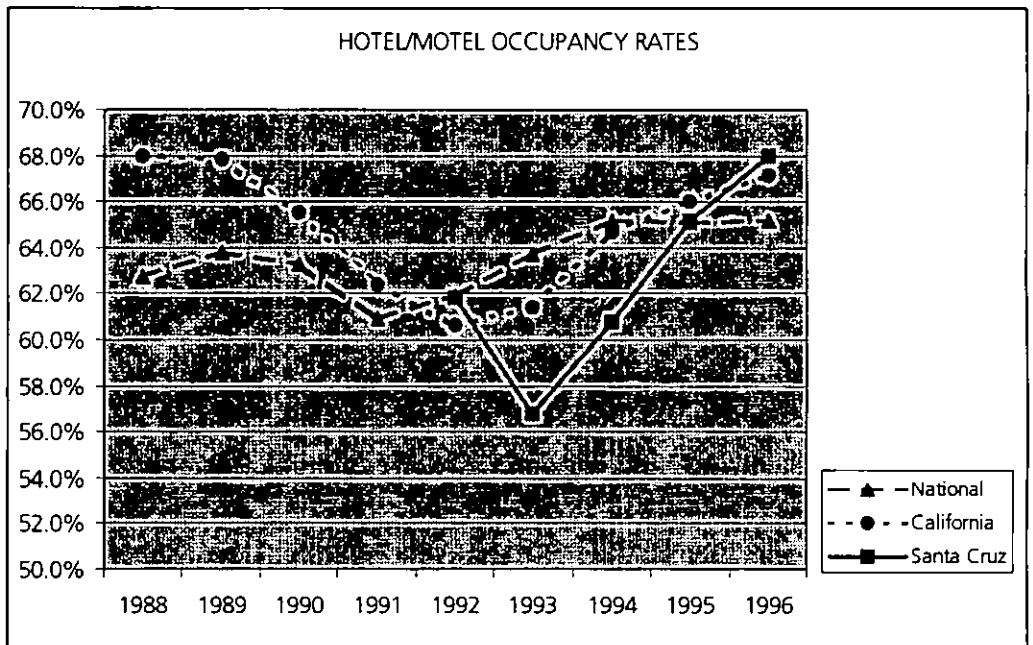
There are certain specific market conditions which must be addressed. They are:

- occupancy rates,
- growth in revenues, and
- rental rate growth.

#### Occupancy Rates

It would be unrealistic to plan for major revitalization in the Beach area if market demand were absent. The following *Santa Cruz County Conference and Visitors Council Lodging Industry Survey "1996 Annual Report"*<sup>2</sup> demonstrates that in terms of occupancy rates, "California's rate is the best since 1989 and Santa Cruz County's rate is the best in the last five years. The local occupancy rate has exceeded both the state and national rates for the first time."

The following chart, from the Annual Report, demonstrates that the 1996 Average Occupancy Rate (A.O.R.) for Santa Cruz County was 68%, up 2.8 points from 1995.<sup>3</sup> For the purposes of the lodging industry, 70% occupancy is considered high. 75% occupancy is considered excellent. Anything over 79% is considered to be at capacity - because of inability to provide successive room nights to the additional patrons.



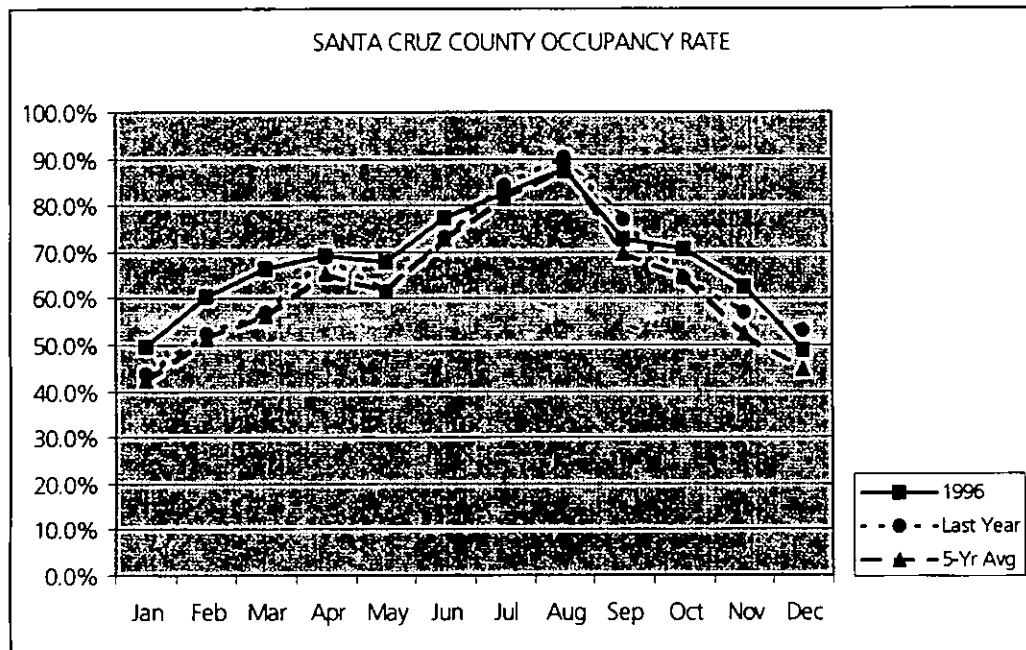
	1988	1989	1990	1991	1992	1993	1994	1995	1996
National	62.7%	63.8%	63.3%	60.9%	61.9%	63.7%	65.2%	65.1%	65.2%
California	68.0%	67.8%	65.5%	62.4%	60.6%	61.4%	64.7%	66.0%	67.1%
Santa Cruz					61.8%	56.8%	60.8%	65.2%	68.0%

Source: Santa Cruz County Conference and Visitors Council, *Lodging Industry Survey*, 1996 Annual Report.

<sup>2</sup> This *Survey* reflects voluntary responses from a 20%+ sample - providing trend lines - not actual case studies of the industry, and may not represent some of the smaller facilities.

<sup>3</sup> For comparison purposes, A.O.R. for Monterey was 69.7%. Some of the smaller facilities in the Beach area reflect a lower AOR due to vacancies in the winter months.

The following chart demonstrates not only the **seasonality of demand**, but the **magnitude of demand in season** - with five (5) months above 70% — and three of those months well above 75% — with the peak rate of 87.8% in August.<sup>4</sup> These numbers overstate the average annual occupancy rate in some of the smaller motels in the Beach area whose off-season demand falls off sharply.



SANTA CRUZ COUNTY OCCUPANCY RATE, 1996

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1996	49.8	60.6	66.5	69.1	68.0	77.3	82.4	87.8	72.8	70.7	62.7	49.0
Last Year	43.8	52.6	56.9	68.9	61.6	73.1	84.4	90.1	77.0	64.2	57.1	53.1
5-Yr Avg	42.4	51.4	56.3	65.3	61.7	72.8	81.4	87.4	69.6	64.8	52.3	44.9

Source: Santa Cruz County Conference and Visitors Council, *Lodging Industry Survey*, 1996 Annual Report.

*Growth in Revenues*

In order to understand the strength of the City of Santa Cruz's demand as opposed to that of the County, it is instructive to review the growth in Transient Occupancy Tax Collections (T.O.T). As the following chart demonstrates, the county-wide T.O.T. collections which rose from 93/94 [\$4,679,150] to 95/96 [\$5,254,979] reflect an overall increase of 12%.

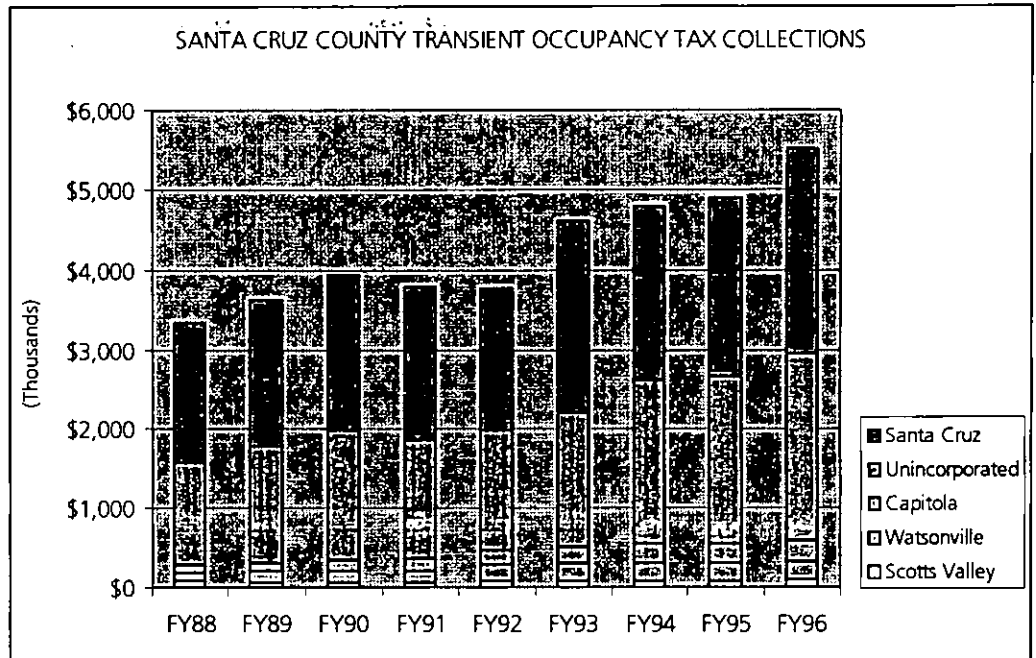
The highest increases have been realized by the City of Santa Cruz which collected \$2,178,487 in T.O.T. in 1993/94 and \$2,570,635 in 1995/96 - an increase of approximately 18%.

*Rental Rate Growth*

In 1996, the average room rate had increased to \$97.38, an increase of \$7.92 over 1995. As the following chart demonstrates, the periods of peak demand during the season correspond with the periods of the highest room rates - peaking in July and August.

<sup>4</sup> This information is presented on a Countrywide basis.





TRANSIENT OCCUPANCY TAX COLLECTIONS  
Santa Cruz County (thousands)

	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96
Scotts Valley	\$78	\$69	\$67	\$64	\$88	\$90	\$89	\$91	\$98
Watsonville	\$109	\$128	\$132	\$136	\$200	\$220	\$213	\$224	\$224
Capitola	\$106	\$114	\$148	\$172	\$182	\$210	\$244	\$241	\$262
Unincorporated	\$1,275	\$1,461	\$1,642	\$1,498	\$1,514	\$1,699	\$2,071	\$2,113	\$2,362
Santa Cruz	\$1,773	\$1,859	\$1,934	\$1,919	\$1,778	\$2,392	\$2,176	\$2,234	\$2,571
<b>TOTAL</b>	<b>\$3,341</b>	<b>\$3,631</b>	<b>\$3,923</b>	<b>\$3,789</b>	<b>\$3,762</b>	<b>\$4,611</b>	<b>\$4,793</b>	<b>\$4,903</b>	<b>\$5,517</b>

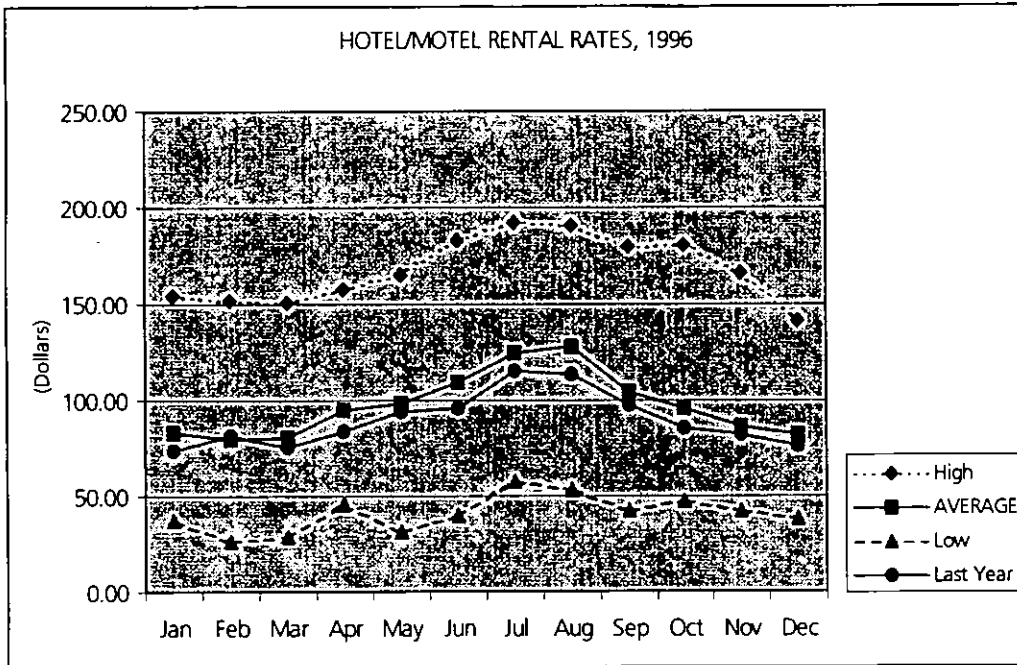
Source: Santa Cruz County Conference and Visitors Council, *Lodging Industry Survey*, 1996 Annual Report.

In order to survey the specific facilities in the Beach area itself and sample some of the smaller lodgings which may not be included in the "Lodging Industry Survey", a series of phone inquiries during the week of July 6, 1997 were made.

These inquiries revealed room rates - on the weekends - which began at \$125/night (Ramada Inn) and rose to a high of \$300 among the industry leaders in the Beach. All the Casa Blanca's premier rooms were booked, and only 2 rooms - without views - were available for one night only. The Ocean Pacific Lodge had no availability for a period of 14 days, and the West Coast Santa Cruz Hotel's 163 rooms were totally booked the weekend of July 18th - at an average room rate of \$179.00, and the Econo Lodge had only one room available for 4 days only with weekday rates of \$90 which rose to \$150 on the weekend.

While there is a clear distinction in room rates in the Beach between the highest cost room [\$165 - \$300] and the lowest cost [\$120], the more remarkable conclusion is that there is a variation in the *AVERAGE room rate* on the weekend of only \$20 to \$40 between a budget facility and the most competitive facility in the Beach Area. Even the least competitive facilities command room rates above \$125/night on weekends and that availability is extremely limited.<sup>5</sup>

<sup>5</sup> An exception to this rate structure is the non-brand facility on Third Street.



HOTEL/MOTEL RENTAL RATES, 1996  
Range and Comparison to Last Year  
(Dollars)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
High	154.17	151.95	150.47	157.28	165.61	182.87	192.06	191.10	180.07	180.40	166.01	141.42
AVERAGE	83.31	79.24	80.91	95.31	98.40	109.51	125.00	128.27	104.14	96.10	86.16	82.15
Low	37.34	25.99	28.59	45.97	31.10	39.70	57.35	53.16	42.13	47.58	42.45	37.91
Last Year	73.37	81.44	75.42	83.80	94.07	95.48	115.49	113.24	97.17	85.59	82.41	76.05

Source: Santa Cruz County Conference and Visitors Council, *Lodging Industry Survey*, 1996 Annual Report.

#### 4. Preliminary Findings

Even without a full scale market study of the lodging industry in the Beach Area, a few preliminary findings may be presented about the lodging industry within the Beach based on the statistics provided by the Conference and Visitors Council and verified in recent phone inquiries.

- a. *Strengthening Demand:* Average Occupancy rose 2.8% between 1995 and 1996 to 68%. Average in season well above 75%. Peak in July/August at capacity.
- b. *Growth in T.O.T:* Eighteen (18%) percent growth rate in lodging industry tax collection in the City of Santa Cruz between 1993/4 and 1995/96. This may reflect the construction of new hotel rooms as well as increased room rates and increased demand.
- c. *Rental Rates are Increasing:* In 1996, the average room rate had increased to \$97.38, an increase of \$7.92 over 1995.



d. *Little Price Distinction Between Average Weekend Room Rates of the Most Competitive and Least Competitive Facilities:*

Peter Pan:/Big Six Motel: \$120.00  
Ramada Inn: \$125.00  
Sea and Sand \$145.00  
Casa Blanca \$165.00  
West Coast Santa Cruz Hotel: \$179.00

**5. General Conclusion**

It is clear that in season, all the lodging facilities in the Beach area are strongly performing assets operating near or at capacity.<sup>6</sup> In spite of this fact, there is clear evidence of lack of investment in several of the Beach area facilities .

What is needed is a comprehensive Beach Area quality lodging strategy which is designed to accomplish the goals of:

- reinforcing the investments of the lodging industry leaders,
- stimulating investment in the older facilities,
- creating a strong reinvestment climate in the Beach area through a general upgrading of the inventory, and
- recreating the seaside resort elegance of Santa Cruz's earlier era.

**D. LODGING FACILITIES: BEACH AREA: RECOMMENDATIONS**

The issues regarding lodging facilities in the Beach Area are complex and of long standing. They can be best resolved by working with industry representatives and owners themselves in establishing basic industry criteria regarding minimum standards for licensing, operating practices and appearance. The following recommendations provide a menu of actions which entail both regulatory and participatory programs.

**1. Recommendation: Establish a City/Lodging Industry Partnership**

The lodging industry represents a crucial component of the City's economic base. Subject to cyclical impacts, the lodging industry in Santa Cruz over the past several years has shared in the improving national and regional economic conditions. However, recent trends in lodging industry analysis reveal that consumers are demanding higher quality facilities and are willing - within reason - to pay for these facilities. "The Hotel market is hot, but a pattern of diverging trends is starting to emerge, with a fairly rosy scenario for upper-end hotels and a much less certain future for the economy and budget segments."<sup>7</sup>

Within this climate, it is important that Santa Cruz take the necessary steps to encourage its hotel/motel stock to remain competitive.

<sup>6</sup> In the off season, some of the smaller facilities become weekly and monthly rental operations.

<sup>7</sup> Urban Land Institute, *1997 Real Estate Forecast*, p.35.

“To attract customers who want to return, hotels must elicit an additional sustained positive, psychological response to the physical property. To achieve this, the property must provide more than minimum standards and ‘cookie cutter’ decor. Hotels must create a special ambiance - a pleasant and timeless, yet unique, relaxing, comfortable and clean environment. **Marketing dollars spent to recruit guests are wasted if property conditions cause guests not to return.** Whether properties are economy class, middle market, or luxury; **proactive planning and allocation of adequate funds to support appearance retention have become a requirement.** (emphasis added)<sup>8</sup>

There are two emerging national lodging industry trends which offer significant opportunities to the City of Santa Cruz. They are:

- substantial growth in the **Time Share** market and the entry of major operators such as Hilton, Marriott, Hyatt, Four Seasons, Westin and Embassy Suites,<sup>9</sup> and
- the growing demand for quality **Extended Stay** facilities targeted toward the business traveler.

The **time share** market is growing in resort and recreational areas, with new marketing efforts appealing intentionally to singles, seniors, families with children and lower-to-middle income vacationers. This market may hold promise for Santa Cruz not only during the high season, but particularly during the early Spring and late Autumn months as well.

Urban areas with expanding employment markets are documenting demand for **quality extended stay** facilities to serve the relocated businessman/woman who needs temporary lodging, the consultant on extended assignment, and professors with split teaching schedules.

Because of its location near the San Jose high tech growth corridor, its University, and its sought-after oceanside ambiance, Santa Cruz has the opportunity to aggressively explore the potential of this market. Depending on demand, this market segment could begin to effectively expand the lodging industry’s season.

#### *Specific Program Elements*

Establish an active partnership with lodging industry representatives, the Lodging Association and the Conference and Visitors Council with the goal of repositioning Santa Cruz within the hospitality market. Among some of the activities to be considered are:

- Examining the market potential of time sharing and quality extended stay facilities in Santa Cruz. If found to be feasible, consider developing a marketing campaign targeted to take advantage of the high-tech growth corridor and the university.

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<sup>8</sup> Maree S. Forbes, “Hotels: Toward Mass Customization”, *Urban Land*, May, 1996.

<sup>9</sup> “Timesharing: Keeping Pace with the Times”, *Urban Land*, August, 1996 Special Section.

- Establishing outreach program to lodging facility owners/managers to inform them of Beach proposals including Ocean Resort ambiance, Conference facility status, proposed transportation improvements, changes to the zoning code, design and landscaping requirements, and proposed licensing requirement.
- Bring local financial institutions and lodging community together to discuss lending needs. City to formally designate Beach Area as “Revitalization/ redevelopment District” as consistent with Community Reinvestment Act (CRA) guidelines. Inform local bankers of designation and of CRA requirement to lend in designated area.
- Examine the potential to provide a broad array of lodging experiences to an expanding visitor base, and encourage Bed and Breakfasts and small inns.

## 2. Recommendation: Comprehensive Program for Facility Upgrade

Develop comprehensive program to ensure general upgrading of entire Beach area lodging inventory. Design program to target remedies to the facilities in need and provide incentives where appropriate. Partner with lodging industry representatives, the Lodging Association, and the Conference and Visitors Council on specific program elements and implementation..

Specific Issues: There are three general issue areas in dealing with the Beach lodging industry. They are: issues of maintenance and appearance; issues of functioning and/or uses; and, issues of City requirements.

### *Upgrade Exterior Maintenance and Appearance*

The following proposes a two-pronged approach to improving the existing lodging inventory in the Beach. The first is to require conformance with design and landscaping requirements of the *Design Guidelines*. The second is to provide incentives for compliance during a 24 month demonstration project.

### **Require Conformance: Modify RTC & RTB Zone**

Modify RTC and RTB zones to require conformance with design and landscaping guidelines. Require conformance upon:

- sale or transfer of title,
- request for expansion or modification,
- upon annual renewal of business license, or
- upon verification of complaint from lodging facility guest/tenant, or property owner within the Beach Area.

### **Provide Incentive**

Establish exterior facade improvement and landscaping program modeled on the successful “Eastside Storefront Improvement Program”, similar to the program proposed in this plan for the Beach Flats, providing: design assistance and grants to off-set partial cost of improvement for qualifying properties. Such improvements could consist of painting, signage, lighting, landscaping, awnings, trash enclosures, and design assistance. Target initially to Beach Area. Establish criteria for participation.



**Proposed Criteria:**

1. Target facilities located between the San Lorenzo River and Beach Street and/or within the proposed Beach District Overlay Zone area,
2. Target facilities with 30 rooms or less,
3. Limit to the first 5 facilities which apply and meet the criteria.
4. Applying facility must meet or propose to meet interior building & safety code requirements within 12 months of program initiation,
5. Grant payment not to be made until interior/exterior improvements completed and approved. Improvements to include signage compliance.

To be eligible, facility must submit list of proposed improvements which meet design guidelines. Further research is recommended to establish appropriate funding cap.

*Establish Policy and Regulation of Existing Two Tier System*

There is a two-tier system of functioning of hotel/motel properties in the Beach area. In general, the national brand motels and larger hotels function as true overnight lodging facilities, with little extended stay activity. On the other hand, in many cases, the smaller 20 to 30 room motels, which are non-brand, individually owned facilities tend to convert to monthly rental facilities at the end of the summer season, accepting social services vouchers as payment or providing fraternity and/or student lodging.

At issue with this second tier of functioning is the question of the evolution of transient overnight facilities into extended stay rental units which cannot meet minimum fire safety or code standards for housing. Many cannot even meet the current requirement for SRO units in terms of "partial kitchens which must have at least two of the three appliances required for food preparation facilities" [24.12.1022]. This raises the questions of potential fire hazard, increased need for public services such as safety and trash collections, and lack of adequate parking. The Fire Chief has noted the potential of increased frequency of fire incidents due to a sustained versus transient use.

An unintended consequence of this built-in market during the shoulder and off-season, is the lack of incentive to improve the competitive aspects of the property. Some of the smaller motel owners have indicated they do not know how to otherwise fill the winter vacancies.

This emphasizes the importance of extending the season in the Beach, and the potential of a conference facility to stimulate spin off demand.

Additionally, language of the TOT legislation requires collection of the tax on "living accommodations for periods of less than thirty days..." [Chapter 3.28.020 Definitions (2)] Although motel owners are required to collect and pay the tax from extended stay lodgers, renters are eligible - upon presentation of receipts demonstrating a longer than 30 day stay - to recoup these funds.<sup>10</sup>

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<sup>10</sup> Finance Department staff say that while this is not the norm, it does occur. Additionally, some operators either do not know or do not bother to collect this tax on extended stay rentals.



“Transient” is defined in the Santa Cruz TOT legislation as any person who occupies a space for rent “for a period of thirty consecutive days or less”. This definition renders those facilities which convert to long term rentals non-conforming with the City’s definition of motel which is “a building or a group of buildings designed to provide individual sleeping or living units, for transient guests...” [24.22.550], and non-conforming with the business license received. This type of occupancy is also not reflected in the average occupancy rates for the industry.

The cumulative effect of these differences is that a select number of properties in the Beach:

- are operating outside of what is considered to be normal industry standards,
- tend to be non-responsive to the competitive demands of the market, and
- may function primarily on a cash basis.

Additionally, these properties do not meet established City criteria for regulation either as transient lodging facilities or as rental units.

#### **Develop Policy on Tiered System**

The City, in concert with representatives of the lodging industry, social service providers and affected adjacent neighborhood organizations should develop policy on how this issue should be dealt with and how undesirable impacts can be mitigated.

If deemed desirable, separate categories of lodging facilities could be established reflecting multiple tiers of operation, as “transient” and as “extended stay facilities”. These categories should be defined by differing criteria, regulations, building codes, licensing requirements and fees. [See following discussion].

#### ***Develop Minimal Standards for Lodging Business License***

The City currently has established requirements for the lodging industry through zoning regulations, annual business license renewal payment, and the reporting, paying and auditing of the Transient Occupancy Tax.

#### **Zoning Code & Taxation Code**

In the Beach and South of Laurel Areas, hotels and motels are permitted by right in the RTC zone [24.10.619 (1)c] and by special use permit and a design permit in the RTB zone [14.10.612 (2)d]. Neither is permitted in the RTA district [portion of Beach Hill] nor the RTD district [Beach Flats]

#### **Lodging Industry Business License**

There is currently no criteria or inspection process established for the lodging industry through the zoning code or the business license process. There are no minimal industry standards required for applying for a lodging industry business license.

- a. This plan recommends a review, in conjunction with lodging industry representatives, the Lodging Association and the Conference and Visitors Council, by the staffs of Planning, Finance, and Redevelopment the desirability of developing minimal lodging industry standards as a basis for applying for the business license. Discussions should address the issue

of annual pre-issuance inspections and any potential fee schedule to cover the cost of these inspections.

- b. Recommendations should address reviewing business registration procedures upon sale or transfer of title, and consider the desirability of inspection and financial audit as part of new ownership business registration.
- c. Staff should review and revise existing definitions in the codes (as recommended above) and modify RTC and RTB zones to incorporate design standards and any new criteria as well as **special use permits and design permits** for all lodging facilities.
- d. The issue of “transient” and “extended stay “ facilities should be addressed and clarified in both the zoning text and taxation code.

#### *Explore Funding Options for Beach Area Improvements*

Operators of a lodging facility, like other business owners, are required to register with the Finance Department and renew an annual business license. The current business license is composed of a base rate of \$145, and a graduated rate of \$4.95/per employee. Voter approval is needed to increase this business license fee.

It is instructive to understand how national chains value the “business license fee” in establishing franchise fees. For example:

“To affiliate an economy property with Comfort Inn requires an initial fee of \$300 per room and ongoing fees of 8 percent of gross room revenues. In addition to the \$40,000 initial fee, an 85 room Comfort Inn that achieves an average daily rate (AD) of \$57 at 70 percent occupancy would incur approximately \$99,000 in annual ongoing franchise fees.” [M.Chase Burkitt, “Hotel Franchising,” *Urban Land*, May, 1996].

Options:

- Request voter approval for increase in the business license fee based on cost of living index. Dedicate increment to Beach Area improvements.
- Request Department of Planning to explore with the City Attorney, Head of Finance and Redevelopment, and lodging industry representatives possibility of additional sources of revenue to support Beach initiatives. Among sources, explore concepts of Assessment District and lodging industry fees.

#### *Establish Annual Beach Lodging Audit Cycle*

Regulations regarding TOT are incorporated in the Revenue and Taxation Code, 3.28.010, Chapter 3.28. These regulations require all operators to register with the Department of Finance, to obtain a Transient Occupancy registration certificate, report quarterly on rents received, and pay the TOT.

Additionally, operators are required to maintain records for inspection. There are 77 registered lodging facilities in the City and one auditor. Routine audits are carried out on



individual facilities approximately once every three years. If discrepancies are found which exceed a 10% margin of error, staff has the option to charge for return visits.

If changes are adopted in terms of criteria and inspections for the lodging industry, a series of information seminars — targeted particularly to the operators of the smaller facilities — should be considered in order to provide assistance in record keeping and facilitate the City's timely review of records.

Additionally, staff should establish a fee schedule of cost recovery of staff time for return audits.

## **E. MARKETING OPPORTUNITIES FOR SANTA CRUZ**

The marketing of the Beach, Boardwalk and Wharf has positioned Santa Cruz as one of the premier recreational locations for families and for those who are seeking a day at the beach. The following discussion identifies two additional market segments for consideration.

### **1. Heritage Tourism Market**

#### *Industry Trends*

A recent study by the Travel Industry Association of America titled *The Profile of Travelers Who Participate in Historic and Cultural Activities*, (Aug, 1997) documented the tremendous economic potential for the tourism industry in the area of cultural and historic tourism, one of the fastest growing market segments.

The first comprehensive look at the profile of this traveler found that: this group of travelers spends, on average, \$615 per trip compared to \$425 for all U.S. travelers; hotels, motels and B&B establishments are used 56% of the time, compared to 42% for all travelers; shopping is part of the trip for 45% of this group, compared to 33% of the U.S. travel population; and average number of nights away per trip is 4.7 nights compared to 3.3 night for all U.S. travelers. Air travel is their primary mode of transportation.

In summary, this group of travelers stays longer and spends more on lodging, restaurants and shopping while visiting cultural and historic attractions.

#### *Governmental Support*

For the past decade and one-half, the Federal Government has become increasingly interested in tourism, and heritage tourism in particular, as an economic development tool to replace some of its older programs. In particular, the U.S. Department of Housing and Urban Development, the U.S. Department of the Interior, and the U.S. Department of Commerce have begun sponsoring specific heritage tourism projects.

In August, 1997, the Secretary of Commerce, Andrew M. Cuomo announced the award of \$74.2 million in low-interest loans and \$56.8 million in grants to communities along the Erie Canal to stimulate their revival as a National Heritage Corridor. The Department of Interior is anticipated to support this effort.

For the past several years, the Department of Interior has been responding to Congressional pressure to create a formal "Heritage Partnership Program." Since the Department has no



formal criteria for participation, individual Congressional sponsors have nominated specific "Heritage Areas" by introducing bills and holding hearings. To date, ten (10) heritage areas have been funded to the tune of \$10 million/area. The only consistent requirement for approval has been for a "Heritage Area Management Plan".

In addition, the Department of Interior also manages the National Maritime Heritage Grants Program which is designed to "preserve historic maritime resources and promote greater public understanding and appreciation for this heritage."

### *Role for Santa Cruz*

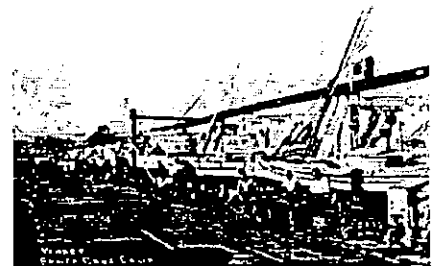
This planning process has identified the great strength of Santa Cruz's rich historic legacy in the Beach Area and has specifically designed recommendations which build upon it. Among its major historic assets are:

- the Boardwalk: the last remaining Pacific Ocean Park in America, designated a California State Historic Landmark in 1989,
- the 1911 Charles Loeff Carousal, a National Historic Landmark,
- the Giant Dipper Roller Coaster, a National Historic Landmark,
- the Santa Cruz Historic Wharf,
- the La Bahia Apartments, listed on the Santa Cruz Historic Building Survey,
- the Southern Pacific Depot, listed on the Santa Cruz Historic Building Survey, and
- the proposed Historic Preservation District of Beach Hill.

The study's recommendations regarding zoning, design guidelines and development standard combine to reinforce the historic underpinnings of the Beach area. The sensitive expansion and reuse of the La Bahia into a quality conference hotel, the review and revitalization of the Wharf, the return of a charming, historically designed open air shuttle will all contribute substantially to recreating the historic ambiance of the Beach's earlier resort style. Linkage with the rebuilt Downtown shopping district is a definite plus.

### **Recommendation: Develop Heritage Tourism Strategy**

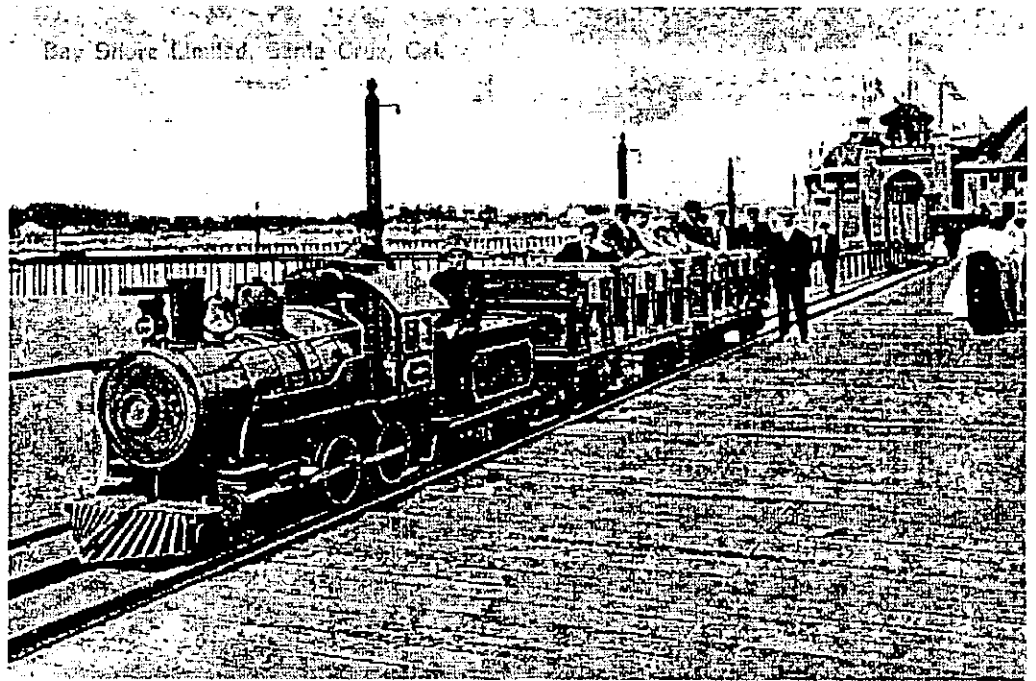
- a. Develop Heritage Tourism marketing strategy, emphasizing historic assets of the Wharf, the Boardwalk, surrounding neighborhoods - particularly Beach Hill and Downtown neighborhoods - develop, in conjunction with Historic Preservation Commission, walking tours to include above and link with Holy Cross Church & Santa Cruz Mission - include museums; tie-in restaurant promotions; tie-in with bed and breakfasts; coordinate schedules with University/Theaters/art exhibits/wine tasting. Promote bike, rail and shuttle in strategy.
- b. Develop Heritage Tourism funding strategy including U.S. Congressional/Senatorial officials. Examine feasibility of becoming a formal "Heritage Area". Invite HUD, DOI, and DOC officials to series of walking tours and briefings. Solicit support from State representatives. Examine feasibility of Maritime Heritage Funding in conjunction with National Marine Sanctuary designation.



## 2. Expand Local Market

Jurisdictions often leave untapped one of their greatest captive market segments — the local resident. However, local support of areas undergoing revitalization is absolutely crucial to their long-term success. Local residents in Santa Cruz display a certain ambivalence about the Beach area, both pride and concern.

Recent programs undertaken in the last five years by the Department of Parks and Recreation, particularly the events on the Wharf such as Jazz on the Wharf, Woodies on the Wharf, etc have demonstrated the potential strength of activities designed to attract local residents. In addition, the Wednesday night programs by the Boardwalk targeted to local families and events such as the Haunted House have been extremely successful in attracting many residents again to the Beach area in the shoulder season.



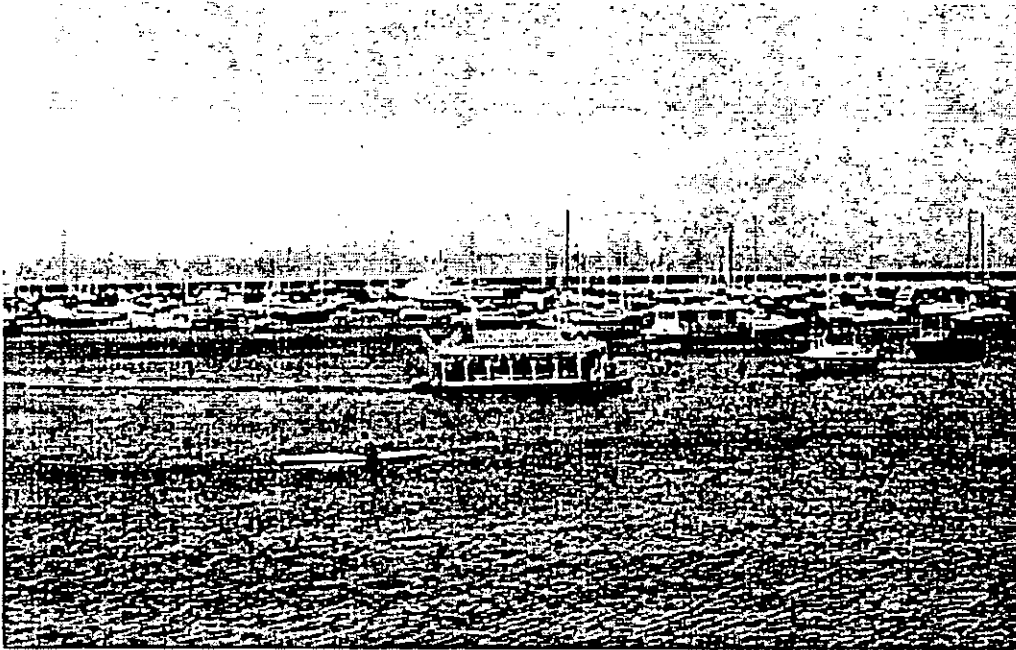
### Recommendation: Expanding Local Marketing Efforts

Prior plans and studies have identified the importance of integrating the major assets of the Beach Area, the Beach, the Boardwalk and the Wharf. The City has successfully implemented the recommendations of the *Beach Street Promenade Design Plan* physically linking the Wharf with the promenade.

This study strongly endorses these efforts and recommends examining the potential of joint marketing/programming between the Boardwalk, Beach area businesses and the Wharf targeting local Santa Cruzeans for both mid-week and off-season activities.

While local programming and marketing executives should develop the events schedule, among the activities which could be considered are:

1. Tie-in Wednesday night sailing, restaurant discounts, Boardwalk childrens' discounts. Consider closing Beach Street between Pacific and Main, from 6:30 - 10:00 for music in the streets. With shuttle, promote tie-in with Downtown shopping/dining.
2. Encourage arrival by boat. Aggressively pursue local mooring program and encourage water taxi arrival from the Harbor and Capitola. Examine potential for expanded landing platform on the Wharf.
3. Consider recreating Venetian Water Carnivals with local boats parades off Wharf, water contests, etc. Tie-in with Harbor.
4. Provide circulation linkage between Boardwalk and Wharf. At the turn of the Century there was a small train which carried passengers from the Boardwalk to the Wharf. Consider bike taxi, golf cart taxi or pedicab service.





*Development of vacant and underutilized sites defines a gateway to the beach area.*

#### **Recommendations: Streetscape**

*Gateway circle island.* The island in the center of the traffic circle is distinctive, but subordinate to the ocean and wharf in the view down Pacific Avenue Extension. The landscape area within the circle is a prime opportunity for site-specific public art. However, because the view to the ocean is framed by buildings until it finally opens out at the circle, elements in the circle should provide a foreground for appreciation of the view beyond, rather than trying to be the primary focus of attention. Therefore, palm trees, structures or massive objects in the circle would be inappropriate.

*Traffic circle.* The traffic circle is paved with a cobble-like interlocking concrete paver, or cobble-patterned concrete, in gray granite color range, laid in a circular pattern. Lighter-colored pavers may be inset in place of painted pavement markings to indicate lane striping, directional arrows, etc.

*Street tree planting of Mexican fan palms.* The same palms used on the south side of Beach Street are planted (singly) in the parking lane on the north side of Beach Street, completing the palm-lined Beach Street Promenade.

*New 2-way bike lane.* The parking lane on the south side of Beach Street is converted into a 2-way bike lane which would also accommodate bike taxis.

*Historic street lighting.* Traditional Victorian double lamp posts, similar to those which stood along Beach Street in the 1920s, should eventually replace the existing contemporary pedestrian lights. Traditional cast posts with “teardrop” luminaires should ultimately replace tall “cobra head” street lights.



*Existing view of Beach Street.*



*Intensified development and a completed streetscape give Beach Street character and vitality.*

**XVI. URBAN DESIGN: EXISTING CONDITIONS  
& RECOMMENDATIONS**

## XVI. URBAN DESIGN<sup>1</sup>

### A. OVERVIEW

Urban design improvements within the Beach and South of Laurel areas will be realized through specific actions presented throughout this Plan, as well as through the accompanying design guidelines and development standards. The purpose of this Chapter is to outline the basic framework of urban design recommendations for the planning area, providing a conceptual basis for the entire set of proposed improvements.

The urban design recommendations draw upon both current and past planning efforts. Selected recommendations are adapted and synthesized from previous documents including the *Beach Area Plan* (1980), *Beach Area Plan Strategy* (1996), *South of Laurel Plan Strategy* (1995), *San Lorenzo River Design Concept Plan* (1987), *Beach Street Promenade Design Plan* (1991), *Downtown Recovery Plan* (1994) and the *History and Future of the Santa Cruz Waterfront* (1997), all of which proposed improvements to public streets and open spaces in the planning area. The recommendations address key urban design issues identified through analysis of the area's natural form, circulation corridors, commercial and residential development pattern and open space system.

### B. URBAN DESIGN ANALYSIS

#### 1. Natural Form

In addition to the oceanfront and the mouth of the San Lorenzo River, the most significant natural features of the planning area are the coastal bluffs around Beach Hill, West Cliff and Upper West Cliff. Coupled with the levees lining the San Lorenzo River, these landforms visually and physically separate the beach area from downtown and other adjacent parts of the city. Stone and concrete retaining walls reinforce many of the bluffs, creating strong vertical edges along streets and sidewalks. Beach Hill's mature trees add to its presence as a significant barrier between downtown and the beach.

#### 2. Circulation Corridors

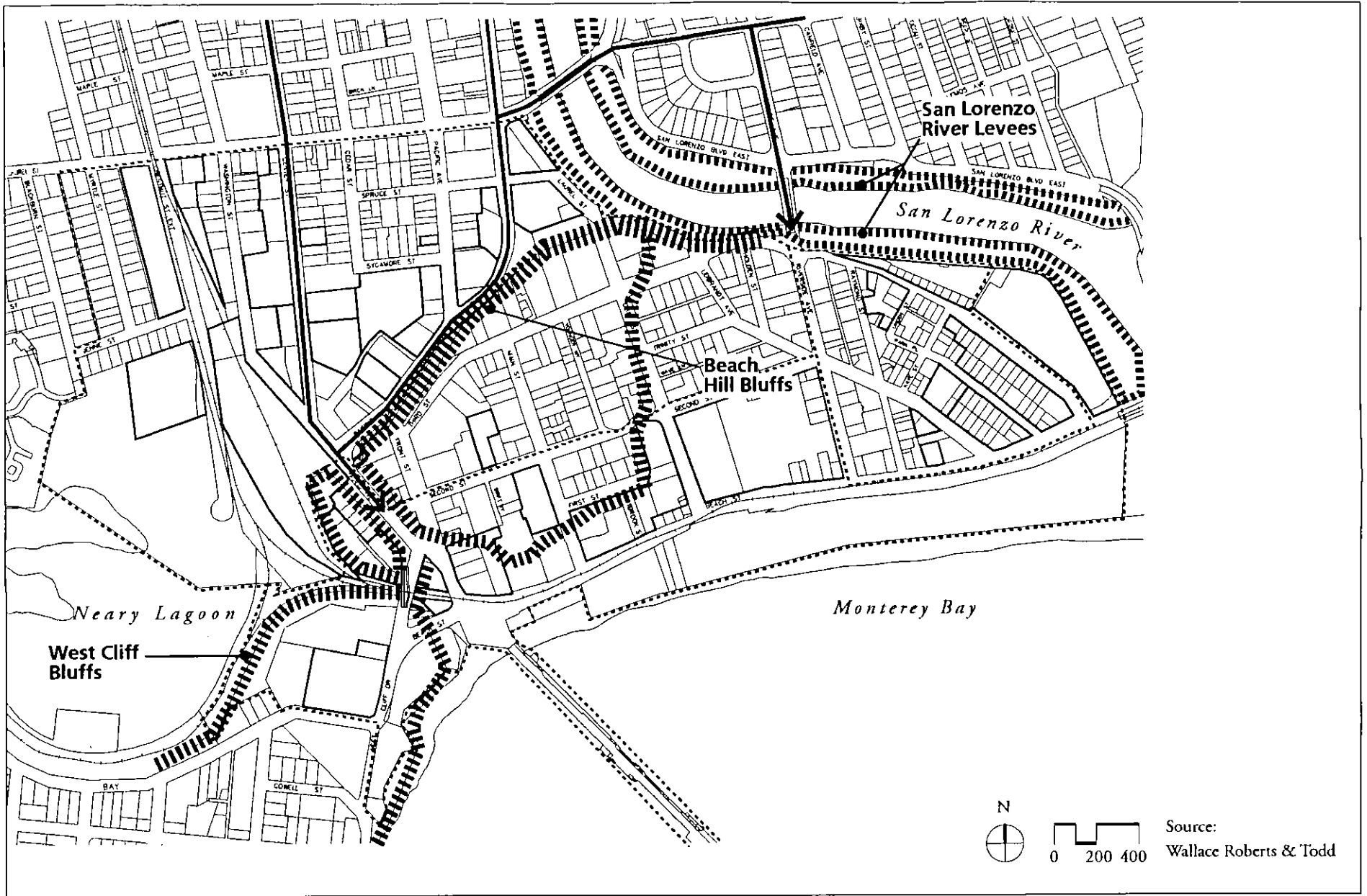
##### *Approaches*

There are two major approaches to the planning area: the Front/Pacific Avenue Extension corridor that connects the planning area to downtown; and the Riverside Avenue corridor that connects the planning area to Ocean Street and the beach exits from the highways. Both are circuitous routes that have little, other than signage, to identify them as primary routes to the beach.

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<sup>1</sup> This Chapter has been prepared by the firm of Wallace Roberts & Todd.





The Phipps Group

City of Santa Cruz - Beach / South of Laurel Area Plan

Figure 63

Urban Design: Topography, Access

Front Street parallels the river and provides a through route between the highways, downtown and Pacific Avenue Extension (formerly Washington Street Extension). Center Street, on the other side of Pacific Avenue, also links the Downtown to Pacific Avenue. Pacific Avenue itself is the spine of the rebuilt and revitalized central business district, but one-way circulation patterns prevent its use as a direct connection to the beach.

#### *Beach Street*

At the heart of the Beach Commercial area, recently installed sidewalks, crosswalks and lighting create a pedestrian promenade on the ocean side of Beach Street. Clumps of Mexican fan palms give the street something of a resort character. However, the north side of the street needs additional design attention. Parked cars lining both sides of the street and large expanses of parking at the Wharf, the Main Beach lot and the River lot dominate the image of what should be the "signature" street of the resort district.

#### *Laurel Street*

Laurel Street is the only east-west through street in the project area, collecting traffic from downtown and South of Laurel neighborhoods and giving access to highways and other parts of the City via the Laurel Street Bridge and Front Street. Because of the street's heavy use, South of Laurel area residents feel the need to protect their neighborhood borders from any intrusion of Laurel Street traffic. While the neighborhood street pattern offers little potential for shortcuts, this Plan recommends strengthening the residential character of these streets through specific gateway treatments.

### **3. Development Pattern**

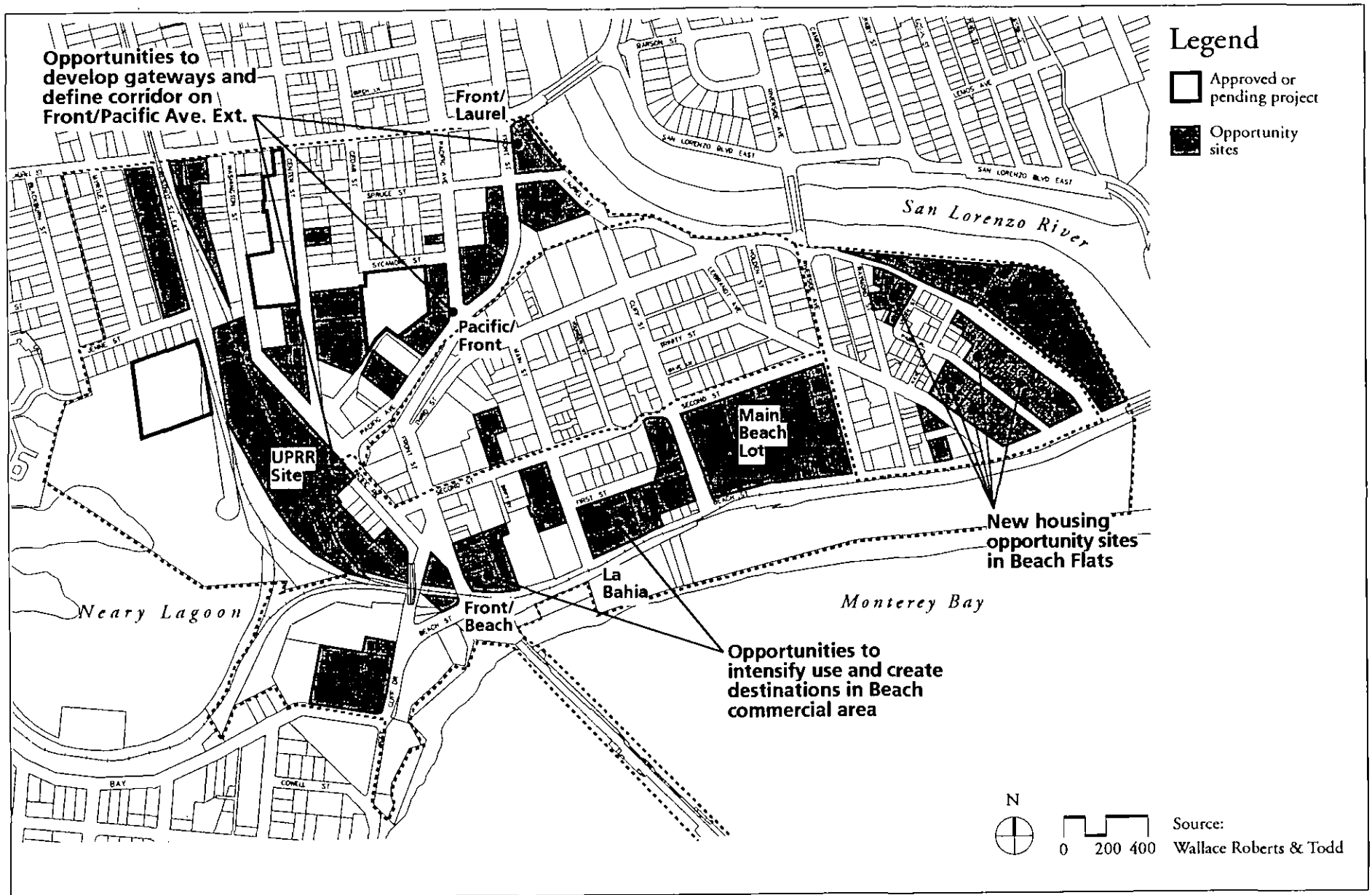
The South of Laurel area is currently on the margins of both Downtown and Beach Commercial development. The corridor from Laurel Street Bridge to the planned traffic circle at the Depot site is dominated by used car lots and repair yards which convey the character of a fringe area, as opposed to a key connection between downtown and the beach. The plan identifies a number of opportunity sites along this corridor for commercial and residential infill and redevelopment to create stronger, more cohesive and well-defined commercial and residential areas.

A second concentration of opportunity sites occurs along Beach Street in the Beach Commercial area. In this area, the Main Beach parking lot, the Surf Bowl, La Bahia apartments and the corner property at Front and Beach could all be redeveloped to contribute to the vitality and continuity of the Beach promenade.

### **4. Open Space System**

Elements of the planning area open space system are the San Lorenzo River trail system, the Beach Hill pedestrian stairs, trestle area trails and connections to Neary Lagoon, and of course the beach, Beach Street, the Wharf and the Boardwalk.

From an urban design perspective, the public streets offer the best opportunities to redefine the character and perception of the area. Both new pedestrian-oriented development and streetscape improvements could encourage active pedestrian use to extend from the Boardwalk and Wharf along the length of Beach Street and up Pacific Avenue toward Downtown.



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City of Santa Cruz - Beach / South of Laurel Area Plan

Figure 64

Urban Design: Opportunity Sites

## C. URBAN DESIGN RECOMMENDATIONS

Urban design recommendations contained in this Plan address five general issues:

- Beach Commercial Area Character
- Beach Area Approaches and Gateways
- Linkage to Downtown
- Neighborhood Edges
- Neighborhood Gateways

### 1. Beach Commercial Area Character

#### *Discussion*

In contrast to the richly detailed and grandly scaled resort hotels which looked out over the beachfront in the early part of the century, today's Beach Commercial area is characterized by modest motels dating from the 1940s, with parking lots dominating the streetscape. The area surrounding the proposed traffic circle at the foot of the Wharf should be a lively, active commercial center anchoring the end of the beach resort district. Prime sites such as the Ramada Limited and the corner of Beach and Front should be developed with landmark buildings. Instead, the intersection is surrounded by parking lots and aging, low-scale commercial and motel buildings.

Development on opportunity sites should recapture the architectural character, pedestrian environment and variety of activities that distinguished the beachfront in the past. With intensified pedestrian-oriented retail, hotel and conference center uses, tied together by a completed promenade streetscape, the Beach Commercial area could become a unique district within the City and a year-round destination for local residents as well as visitors.

#### **Recommendations: Opportunity Sites**

*Redevelopment of Ramada Limited site with a larger, landmark hotel building.* The prominent blufftop above upper West Cliff Drive is an ideal site for a landmark Victorian-style hotel overlooking the city, beachfront and ocean.

*Triangle site at the foot of Front Street.* Intensifying use of the triangle bounded by Pacific, Front and Second St., now used for parking and a small restaurant, helps to create a pedestrian-oriented retail area on the first block of Front St. A larger building on this site both gives emphasis to the confluence of Front and Pacific Ave. Extension, and further defines the edges of the corridor to the beach.

*Site northeast of the trestle.* A commercial (restaurant) building on this site helps to define the street edge and complements the historic Depot, relocated to the adjacent site.

*Corner of Beach and Front.* A 3 -4 story new commercial/retail building holding this prominent and underutilized corner would incorporate two levels of parking built into the slope at the rear of the site. The new building facade would curve around the corner to draw the eye onto the Beach Street corridor. Stepping back of portions of the facade above the high ground floor creates terraces with sweeping views of the wharf and beachfront. This building marks the beginning of the predominant Spanish Colonial Revival style along the Beach Street corridor.



*Existing View of Pacific Avenue Extension, looking toward downtown.*

*La Bahia hotel/conference center.* The La Bahia hotel/conference center incorporates and preserves the existing historic structures fronting on Beach Street, as well as the existing courtyards. The new development extends east through vacated Westbrook Street and incorporates the adjacent motel site.

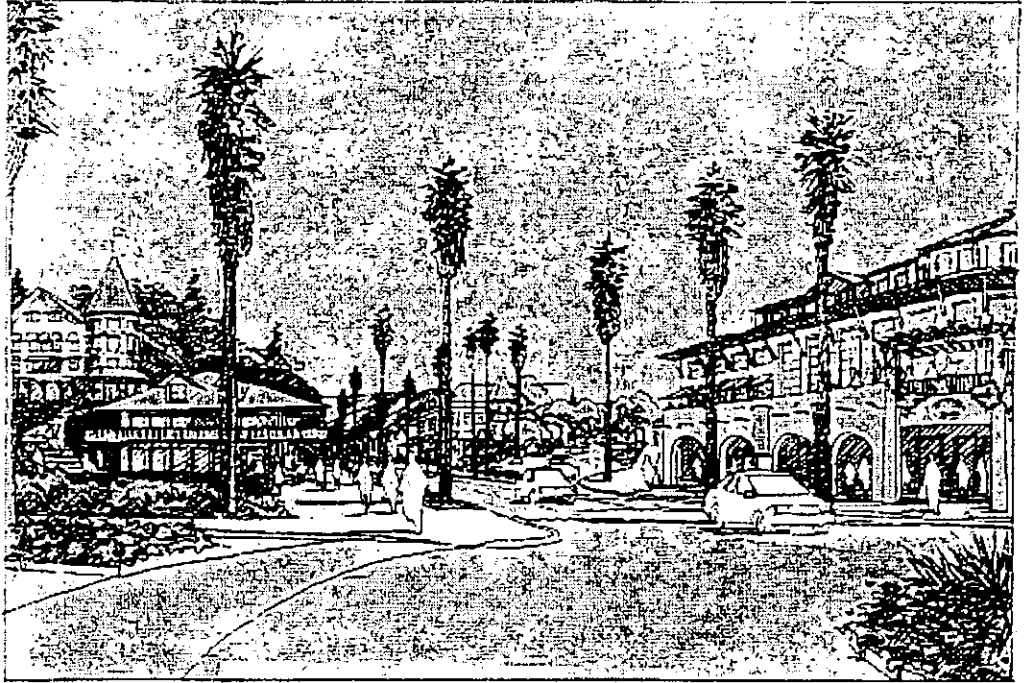
*Retail/Entertainment Development on the Main Beach Parking Lot.* A retail/entertainment development on the Main Beach lot could be considered after a community-based planning process. The Main Beach Lot is sited along Second Street in a manner that could support development of a future parking structure with the potential for retail/entertainment sites wrapped around the Beach, Cliff and Riverside Avenue frontages. A re-creation of the "Spanish Arches" crosses over Beach Street to connect the retail, entertainment and parking structure directly to the Casino and Boardwalk.

#### **Recommendations: Form, Character and Massing**

*Victorian character in new development along Pacific Ave. Extension and on upper West Cliff Drive.* Victorian style links West Cliff and Beach Hill neighborhoods visually, and is appropriate to the historic Depot. At 3 to 4 stories, plus turrets and other elements, the hotel above West Cliff Drive has the most ornate treatment of these three developments, creating a visually memorable landmark on the skyline at the end of the beach corridor.

*Spanish Colonial Revival architectural character.* Facade improvements and new development emulate the character of the beach area's past as represented by the La Bahia and Casa Blanca complexes, with highly articulated stucco facades, varied rooflines of terra cotta tile, towers, parapets, balconies and terraces.

*Potential additional height in the Beach Commercial Overlay District.* Buildings in the Beach Commercial Overlay District may be allowed an extra floor of height, which must step back from the street frontage. Towers, cupolas and other roof elements may extend above the height limit.



*Development of vacant and underutilized sites defines a gateway to the beach area.*

#### **Recommendations: Streetscape**

*Gateway circle island.* The island in the center of the traffic circle is distinctive, but subordinate to the ocean and wharf in the view down Pacific Avenue Extension. The landscape area within the circle is a prime opportunity for site-specific public art. However, because the view to the ocean is framed by buildings until it finally opens out at the circle, elements in the circle should provide a foreground for appreciation of the view beyond, rather than trying to be the primary focus of attention. Therefore, palm trees, structures or massive objects in the circle would be inappropriate.

*Traffic circle.* The traffic circle is paved with a cobble-like interlocking concrete paver, or cobble-patterned concrete, in gray granite color range, laid in a circular pattern. Lighter-colored pavers may be inset in place of painted pavement markings to indicate lane striping, directional arrows, etc.

*Street tree planting of Mexican fan palms.* The same palms used on the south side of Beach Street are planted (singly) in the parking lane on the north side of Beach Street, completing the palm-lined Beach Street Promenade.

*New 2-way bike lane.* The parking lane on the south side of Beach Street is converted into a 2-way bike lane which would also accommodate bike taxis.

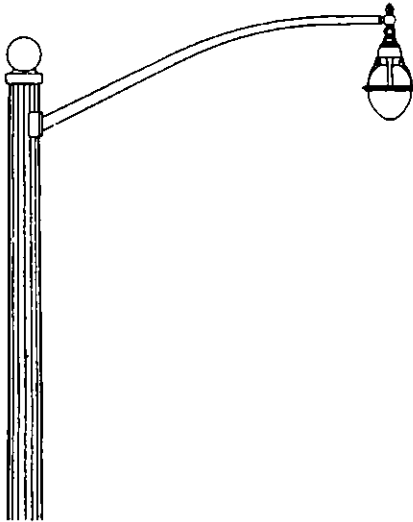
*Historic street lighting.* Traditional Victorian double lamp posts, similar to those which stood along Beach Street in the 1920s, should eventually replace the existing contemporary pedestrian lights. Traditional cast posts with “teardrop” luminaires should ultimately replace tall “cobra head” street lights.



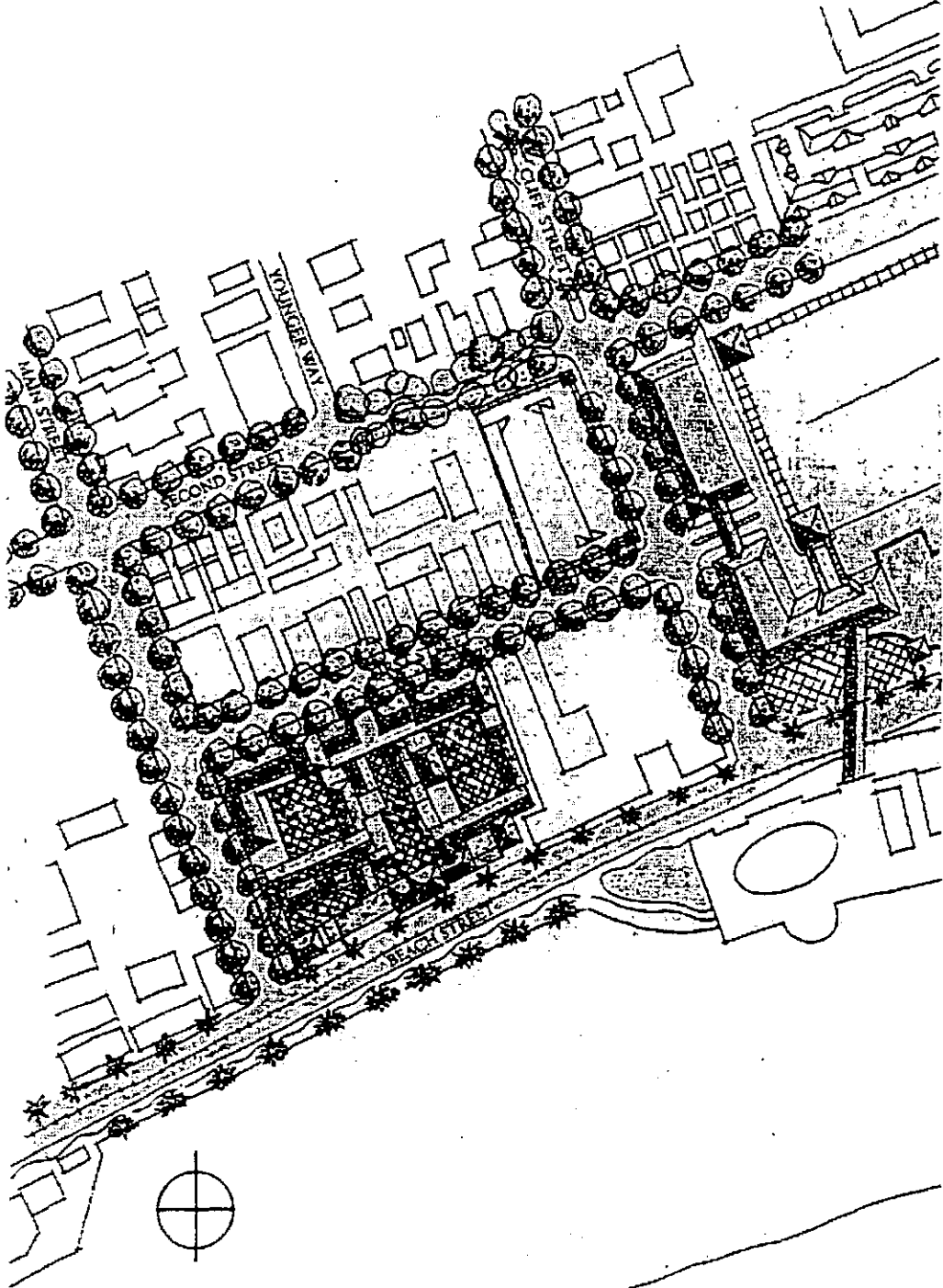
*Existing view of Beach Street.*



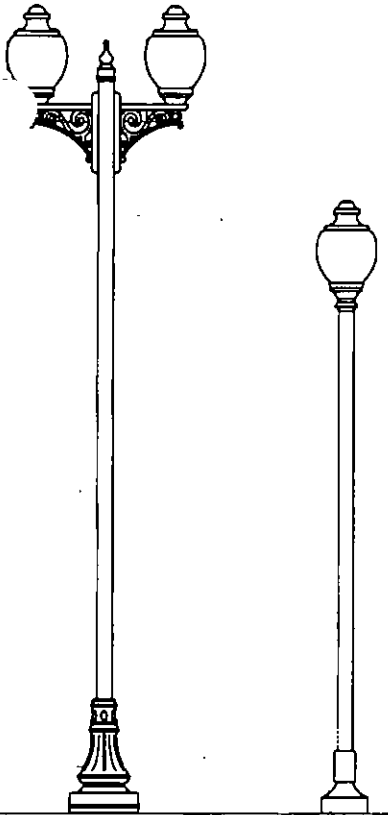
*Intensified development and a completed streetscape give Beach Street character and vitality.*



"Teardrop" street light



One option for possible development on the La Bahia site.



"Victorian" pedestrian lights





*Existing view of the approach to the beach and wharf, from Pacific Avenue Extension.*

## **2. Beach Area Approaches and Gateways**

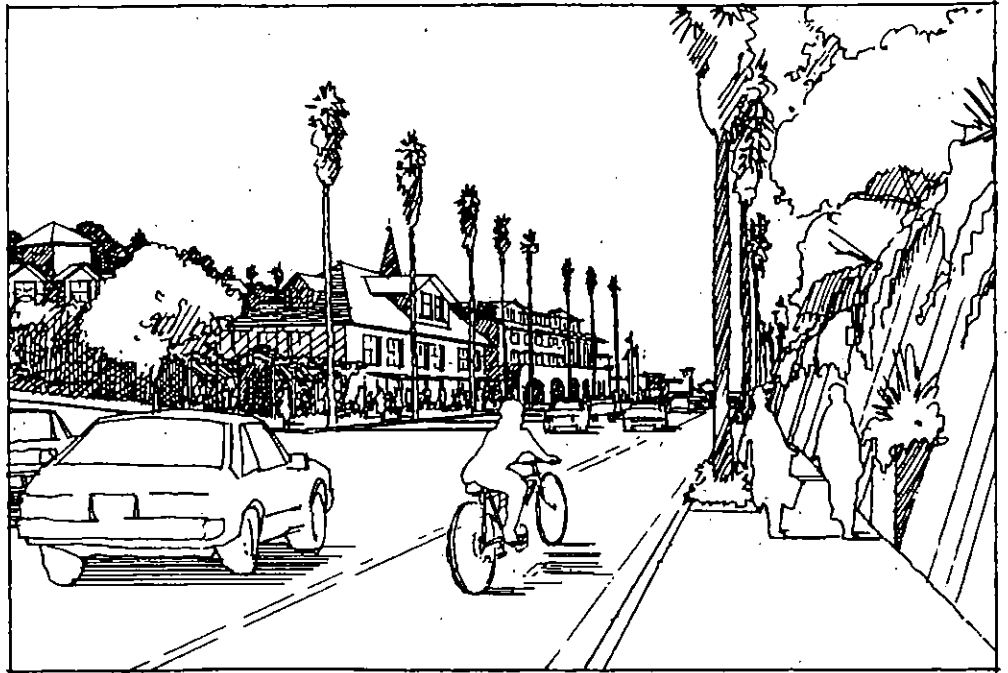
### *Discussion*

Santa Cruz visitors and residents alike should be able to find their way through the city to the beach through a system of clear visual cues. However, the Beach Commercial area is essentially hidden from view of the major highways and the downtown core by Beach Hill, the upper West Cliff bluffs and the San Lorenzo River channel. Both the Riverside Avenue and Front/Pacific Avenue access routes are awkward and circuitous, and lack buildings and landscape that convey a sense of approach to a beach resort area. The streetscape is auto-oriented with minimal accommodation of pedestrian, bike and shuttle traffic.

The major opportunities to improve the urban design character of the beach approach center on planting palms as landmark street trees and brightening stone walls along the beach streets, accompanied by infill of underutilized sites to create stronger building definition along Front and Pacific Avenue.

### **Recommendations: Opportunity Sites**

*Development of underutilized sites along Pacific Avenue Extension.* Redevelopment of sites fronting on Pacific Ave. Extension—at Beach Street, Front Street and northeast of the trestle—replaces the diffuse zone of parking lots and low-scale buildings with an architecturally defined corridor to the beach. Buildings are generally built up to the Pacific Avenue sidewalk.



*The Pacific Avenue approach to the beach and wharf is framed by palms and flowering vines.*

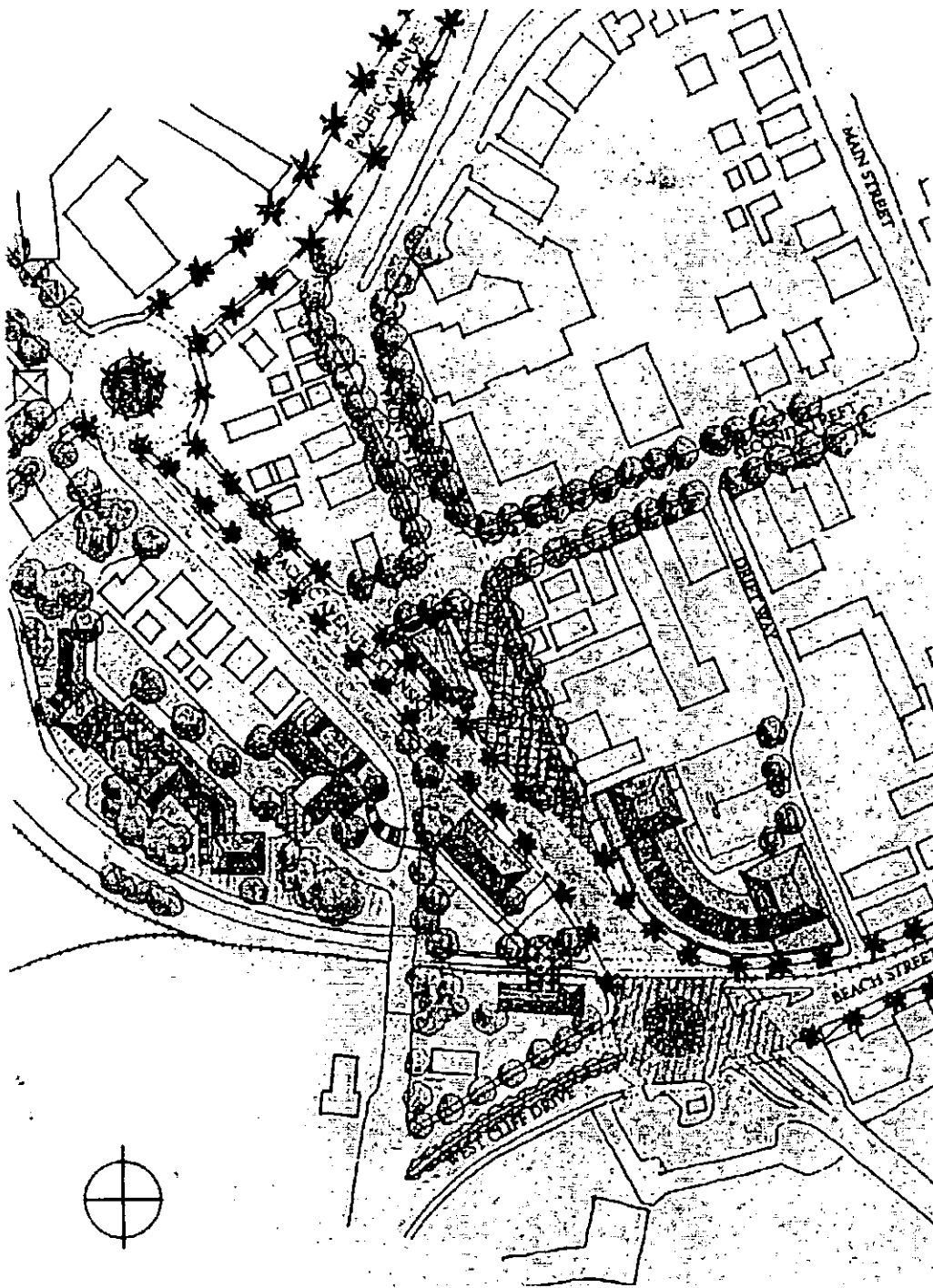
**Recommendations: Form, Character and Massing**

*Transition from Beach Hill Victorian to Beach Street Spanish Colonial building character.* Pacific Avenue Extension is defined by three to four-story buildings of a Victorian character similar to those of Beach Hill (on the triangle site at Front and Pacific Extension) and Spanish Colonial Revival similar to those along Beach Street (on the corner lot at Beach/Pacific Extension).

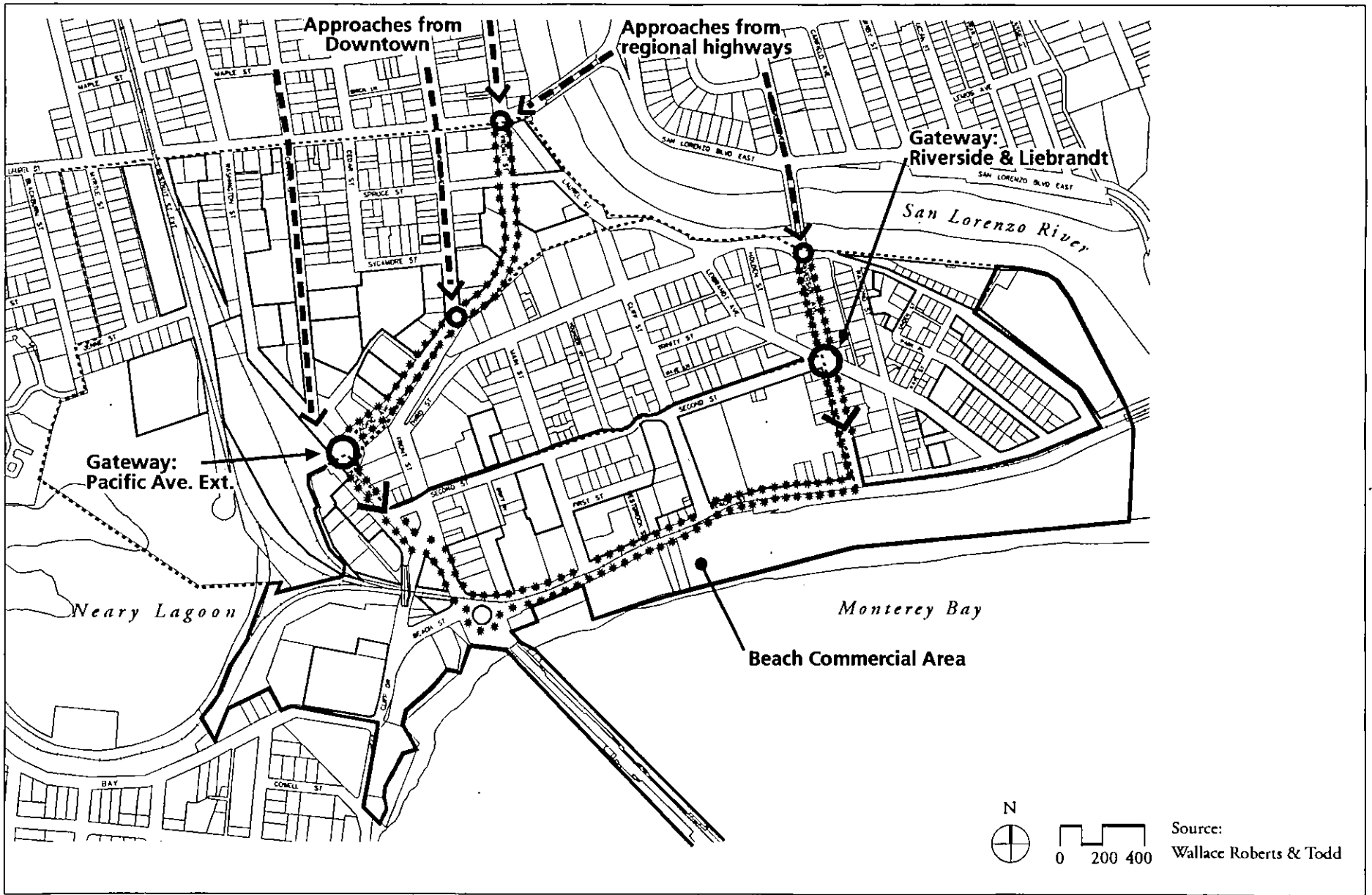
**Recommendations: Streetscape**

*Street tree planting of Mexican fan palms.* Tall palm trees line both sides of Pacific Avenue Extension. Planters, similar to those on Pacific Avenue downtown, accommodate the palms. The palms create a continuous visual link to the beach leading from the Front Street Bridge, around Beach Hill on Front, Pacific Ave., Pacific Ave. Extension, to the palm-lined Beach Street promenade.

*Stabilization, restoration and accent planting of historic stone walls.* Brightly colored trailing vines such as bougainvillea cascading down from the top of the Front Street and West Cliff Drive stone retaining walls enliven the beach approach.



Potential site plan, beach approach on Pacific Avenue Extension.



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City of Santa Cruz - Beach / South of Laurel Area Plan

Figure 65

Urban Design : Approaches & Gateways



*Existing view of the intersection of Front and Pacific, looking north.*

### **3. Linkage to Downtown**

#### *Discussion*

Although the same Pacific Avenue that is the centerpiece of the revitalized downtown continues on to the Beach area, the Pacific Avenue downtown improvements end at Laurel Street. Extending the Pacific Avenue streetscape as far as the intersection with Front Street, at the base of Beach Hill, will create a clear meeting place between the downtown landscape and the “beach” landscape of tall palms.

#### **Recommendations: Opportunity Sites**

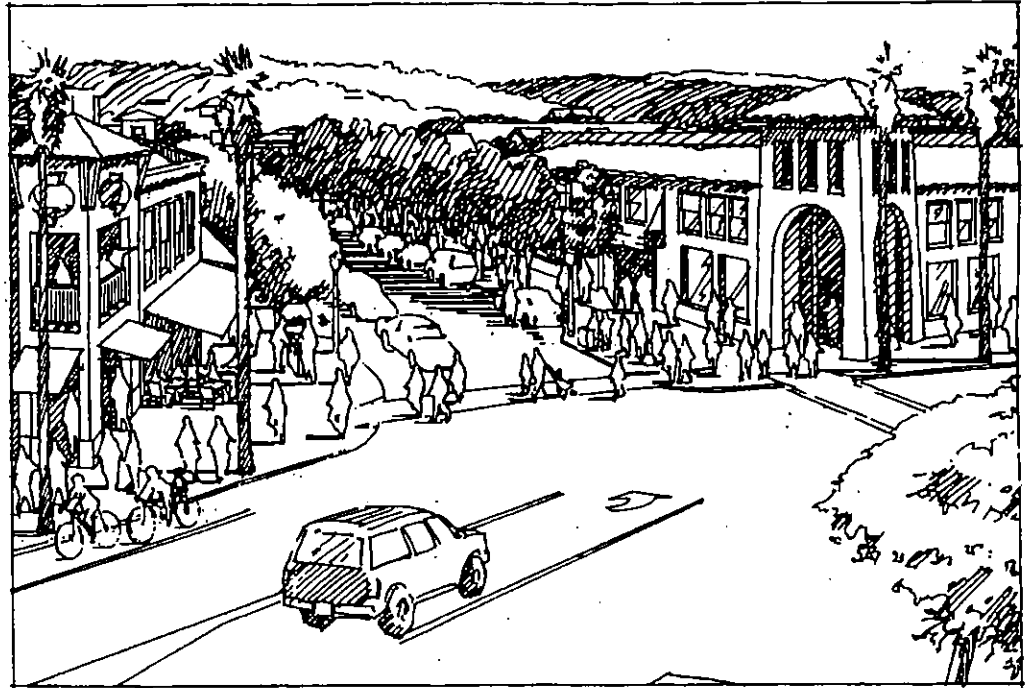
*Intensified commercial development marks the intersection of Pacific Avenue and Front Street.* The narrow site along the street frontage of the new Sycamore Street housing complex, and the used car lot site facing it across Pacific Avenue, are developed with multi-story commercial buildings sited to create a gateway at the base of the Pacific Avenue downtown spine.

#### **Recommendations: Form, Character and Massing**

*Buildings hold the corner of Pacific and Front.* Corner elements may address the corner at an angle, creating pedestrian plaza space accommodating entries at the street corners. Design standards for downtown streetscape and commercial buildings should be applied to the Pacific Avenue corridor throughout this area

#### **Recommendations: Streetscape**

*Extend the Pacific Avenue streetscape treatment between Laurel and the Front/Pacific intersection.* As in the upper segments of Pacific Avenue, London Plane trees are planted at intervals in the parallel parking lane on each side of the street. A planted median will be developed if there is adequate room in the right-of-way for required traffic lanes and turning movements.



*New commercial buildings frame the entry to the downtown at Pacific and Front.*

#### **4. Neighborhood Integrity**

##### *Discussion*

With intensified development in the Beach Commercial area will come new and different conditions at the edge of the Beach Hill and Beach Flats neighborhoods. Several neighborhood edges should be carefully designed and controlled to avoid any negative impacts from adjacent commercial areas.

In order to preserve the livability and attractiveness of the neighborhoods, the plan recommends strengthening the residential fabric through infill development of housing within the neighborhoods, as well as providing for support commercial services within the neighborhoods.

##### **Recommendations: Opportunity Sites**

*Second Street/Wave Lane residential redevelopment site.* Motel properties on the north side of Second St. are redeveloped for high-density residential use. Smaller apartment units developed on this site at the edge of Beach Hill complement family units available in Beach Flats. Ground floor space on Second Street and Riverside Ave. accommodates neighborhood commercial uses.

*Beach Flats opportunity sites adjacent to Third Street.* The new family-oriented Beach Flats housing will give better image and definition to the edge of the Beach Flats neighborhood and will be developed in accordance with established design guidelines. The new housing will be set back adequately from the sidewalk edge, allowing a typical residential front yard entry. Units will define the perimeter of the area but will respect the scale and massing of the conservation neighborhood. Effective design will establish useful open space for residents of the facilities and shall tie in with the community.



Existing view of the Main Beach Parking lot, from Second Street.

**Recommendations: Form, Character and Massing**

*Stepping of residential development up Beach Hill from the beachfront.*

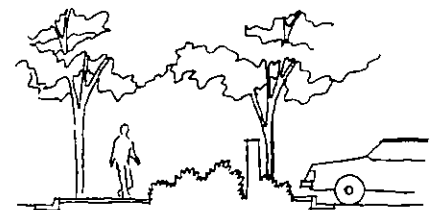
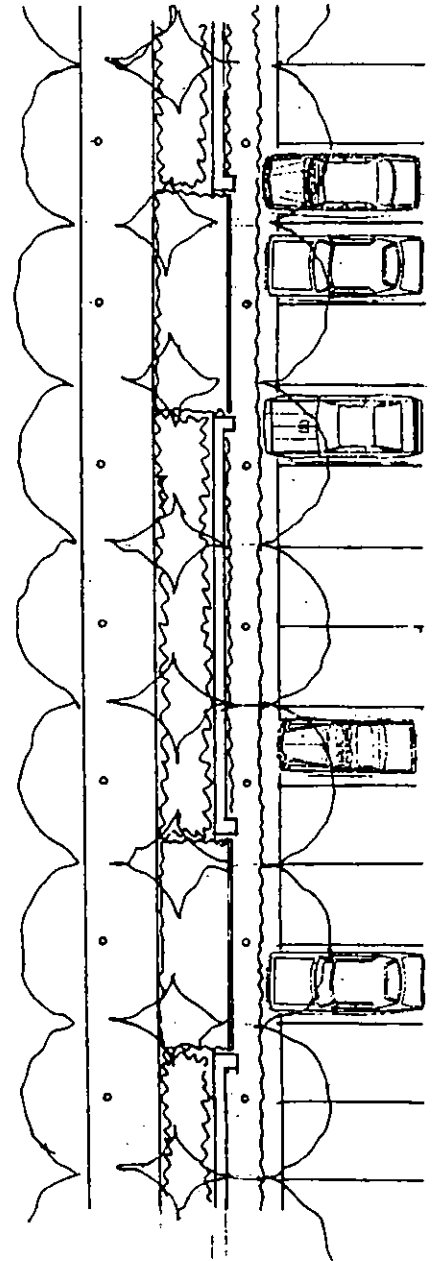
*Spanish Colonial Revival architectural style.* New development in this area of Second Street (east of Cliff) uses the stucco, tile roofs, wood trim and light colors typical of the Spanish Colonial Revival style.

*Articulation and screening of Second Street facade of Main Beach parking site.* To break down its scale and mass, the Second Street facade of any development is articulated with bays, towers and openings proportioned to resemble windows and arcades. Trellises over the sidewalk and at the edge of the top level, planters with trailing flowering plants and street trees further soften the facade.

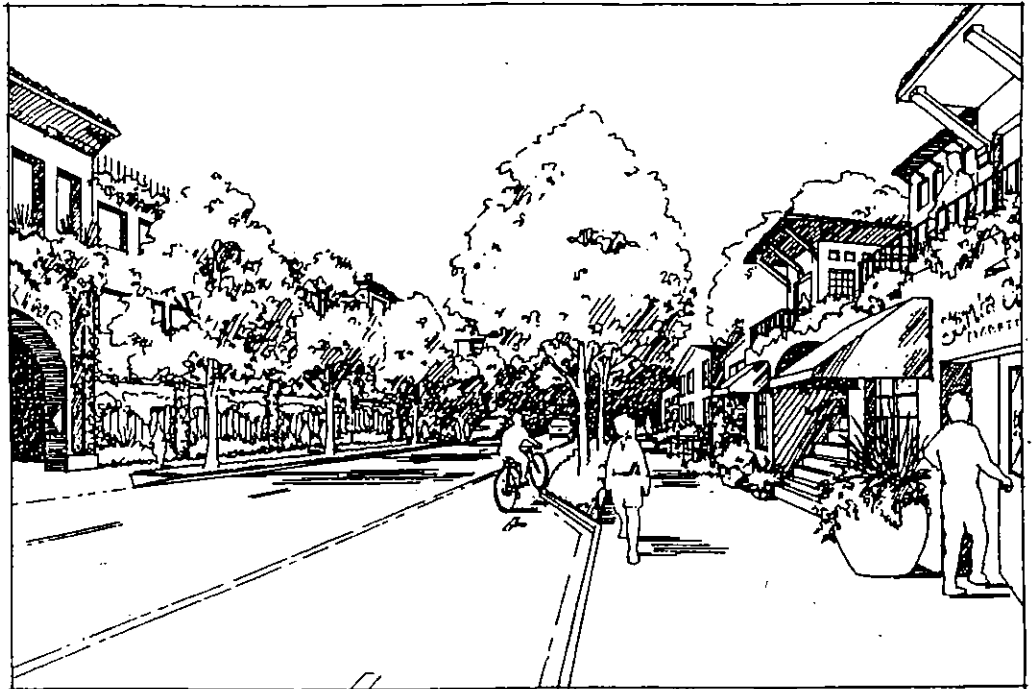
*Buildings built to sidewalk edge.* Retail frontage is built to the sidewalk edge, with residential units above stepping back to create terraces overlooking the street.

*Third Street frontage for new Beach Flats housing.* The new housing development along Third Street is set back 15 feet from the sidewalk edge, allowing a typical residential "front yard" accommodating front door entry paths and driveways.

The housing is developed in a Spanish Colonial Revival style, with stucco walls and terra cotta tile roofs and accents. Housing units should have individual entries off the street if possible, or closely spaced entries for clusters of units to maintain the fine-grained, small-lot residential pattern typical of Beach Flats. Single apartment complex entries with security gates should be avoided.



Potential screening and landscaping, River Lot.



*Residential/retail redevelopment of Second Street is buffered from potential development on the Main Beach lot.*

#### **Recommendations: Streetscape**

*Setback at Main Beach parking lot site.* If a future planning process recommends a parking structure for this site, the face of the parking structure should be set back from the right-of-way line to accommodate planting and an arcade that buffers the structure and brings it down to pedestrian scale. The following illustration incorporates a 6' planting strip for street trees between curb and sidewalk and a 6' sidewalk.

*Second Street tree planting of flowering broadleaf evergreen trees.* Street trees in front of the new Second St. neighborhood retail are set into the parking lane. On the western third of the street, trees are planted in a planting strip which takes the place of the parking lane to provide additional buffer for the existing cottages.

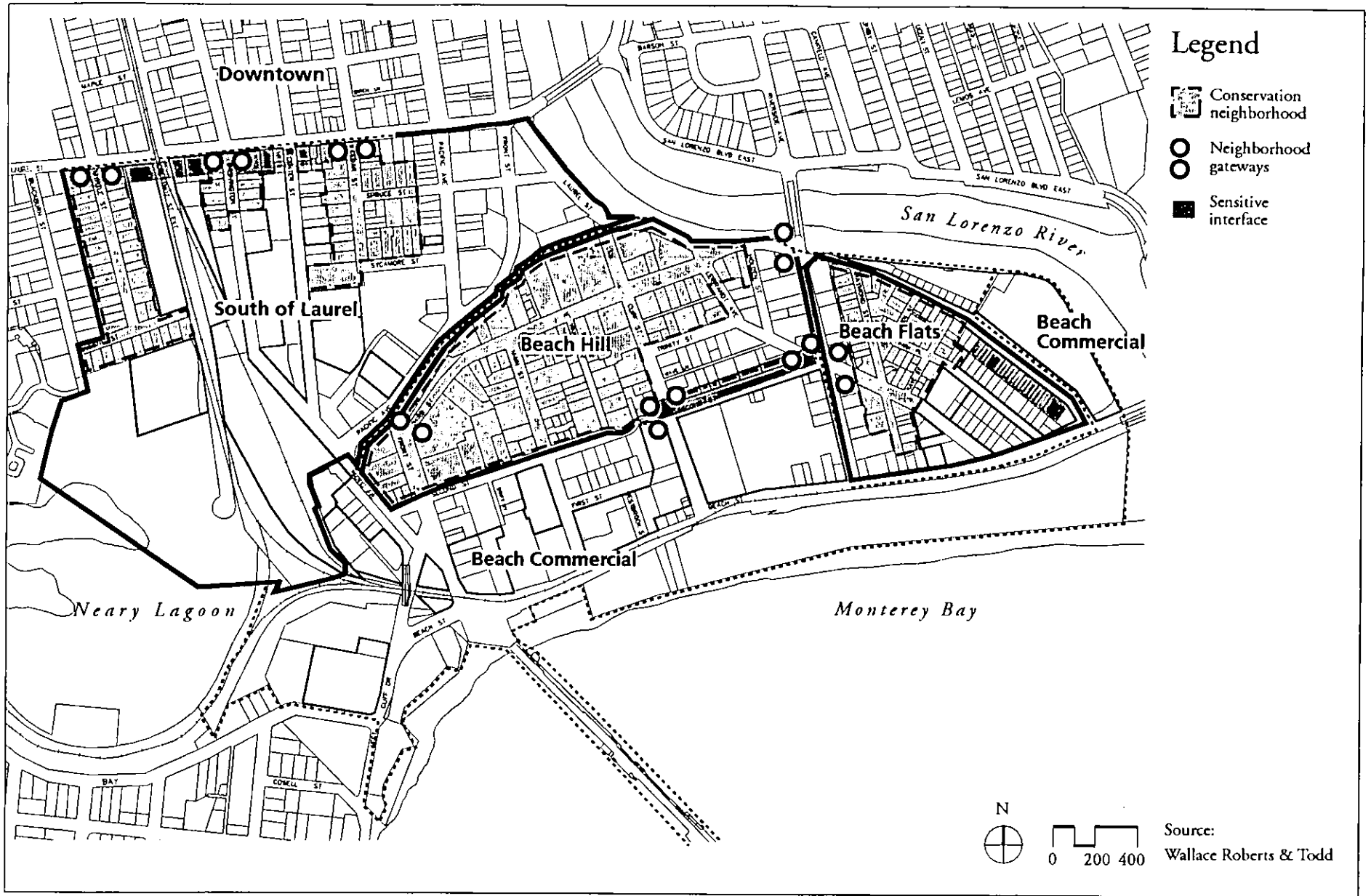
*Use planter boxes, pots and vines for color and interest in hardscape residential open spaces.*

*Landscaping and potential low wall along River Parking Lot.* To protect and improve the view from the new Beach Flats housing, the River parking lot frontage could be screened using a "narrow-scape" approach, incorporating a low concrete or stucco wall with a double row of street trees and varied landscaping.

The screen wall uses sections of metal grillework planted with vines and varying step-backs for variety along the very long frontage. This provides extensive buffering in a non land intensive manner.

*Residential streetscape development along Third Street.* Third Street is given a more residential streetscape treatment through planting of flowering canopy street trees at the curb edge on both sides of the street. Continuous planting strips are planted with flowering perennials and groundcovers.



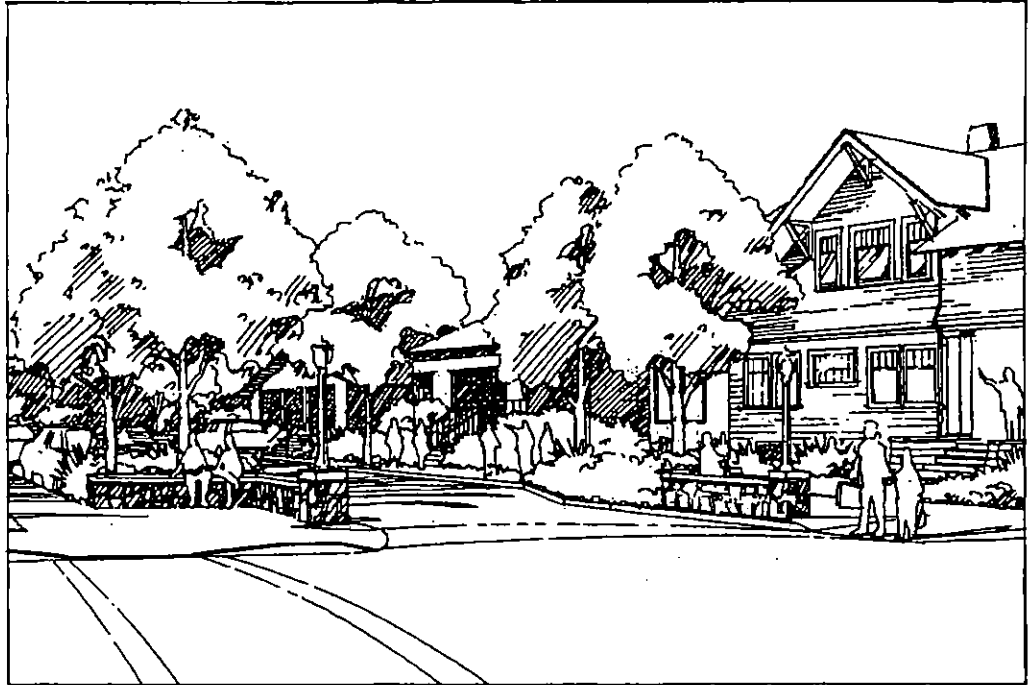


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City of Santa Cruz - Beach / South of Laurel Area Plan

Figure 66

Urban Design: Neighborhood Edges



*Gateways define entries to conservation neighborhoods in the South of Laurel area.*

## 5. Neighborhood Gateways

### *Discussion*

Within the Beach Flats, Beach Hill and South of Laurel residential areas, certain cohesive residential blocks have been identified as conservation neighborhoods to protect their character and integrity. They include streets of modest bungalows as well as the historic Victorians of Beach Hill. Entries to conservation neighborhoods discourage through traffic, slow turning movements and allow safe pedestrian crossing. Gateway markers at the entries incorporate functional elements, providing seating, street lighting and signage.

### **Recommendations: Streetscape**

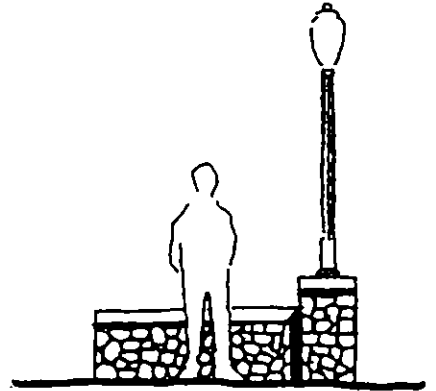
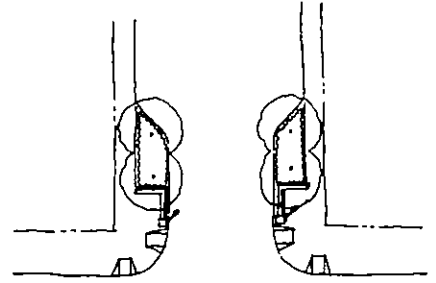
*Neighborhood gateways discourage through traffic within conservation neighborhoods.* Located at intersections of local neighborhood streets with Laurel, Pacific and other major streets, gateways “neck down” the local street at the corner to provide safer pedestrian crossing, slow down turning cars and alert drivers that they are entering a distinct residential area.

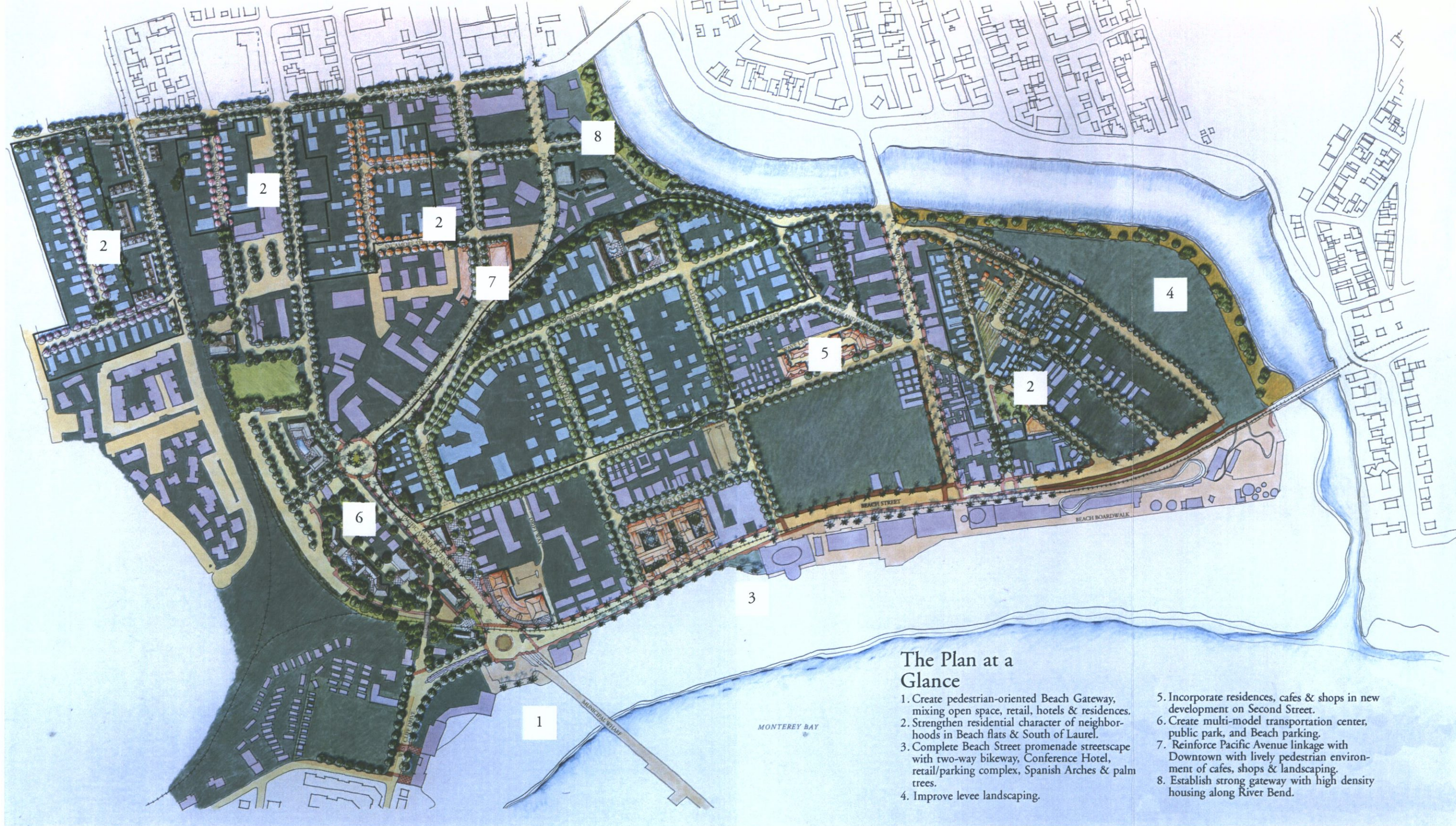
*Neighborhood gateways are functional, providing lighting, seating and signage.* Gateways are low L-shaped seatwalls protecting the corner sidewalk extension from traffic lanes. The end post near the intersection is mounted with a traditional-style ornamental street light. The street face of the wall carries the cross street name (Myrtle, Cedar, etc.) which can be either incised (stone/concrete walls), inset (tile), or applied (paint or ornamental metal on stucco.)

*Gateways are appropriate to the neighborhood architectural character.* Beach Hill gateways are more grand and Victorian in character, Beach Flats gateways are Spanish Colonial in character, and South of Laurel gateways reflect their bungalow and cottage neighborhood character.

*Gateway plantings give each conservation neighborhood a signature plant palette. Use of distinct flower color, accent plant, etc. at gateways and in the public right-of-way contributes to the identity of each conservation neighborhood.*

*Each conservation neighborhood is planted throughout with a signature street tree. Because the conservation neighborhoods are small, local streets throughout the neighborhoods should be planted with the same tree rather than attempting to differentiate streets with a variety of trees. Specific neighborhoods could be identified at particular times of the year by, for example, the distinctive blooms of jacaranda or red-flowering gum, or the fall color of Chinese tallow or pistachio trees.*





### The Plan at a Glance

1. Create pedestrian-oriented Beach Gateway, mixing open space, retail, hotels & residences.
2. Strengthen residential character of neighborhoods in Beach flats & South of Laurel.
3. Complete Beach Street promenade streetscape with two-way bikeway, Conference Hotel, retail/parking complex, Spanish Arches & palm trees.
4. Improve levee landscaping.
5. Incorporate residences, cafes & shops in new development on Second Street.
6. Create multi-modal transportation center, public park, and Beach parking.
7. Reinforce Pacific Avenue linkage with Downtown with lively pedestrian environment of cafes, shops & landscaping.
8. Establish strong gateway with high density housing along River Bend.

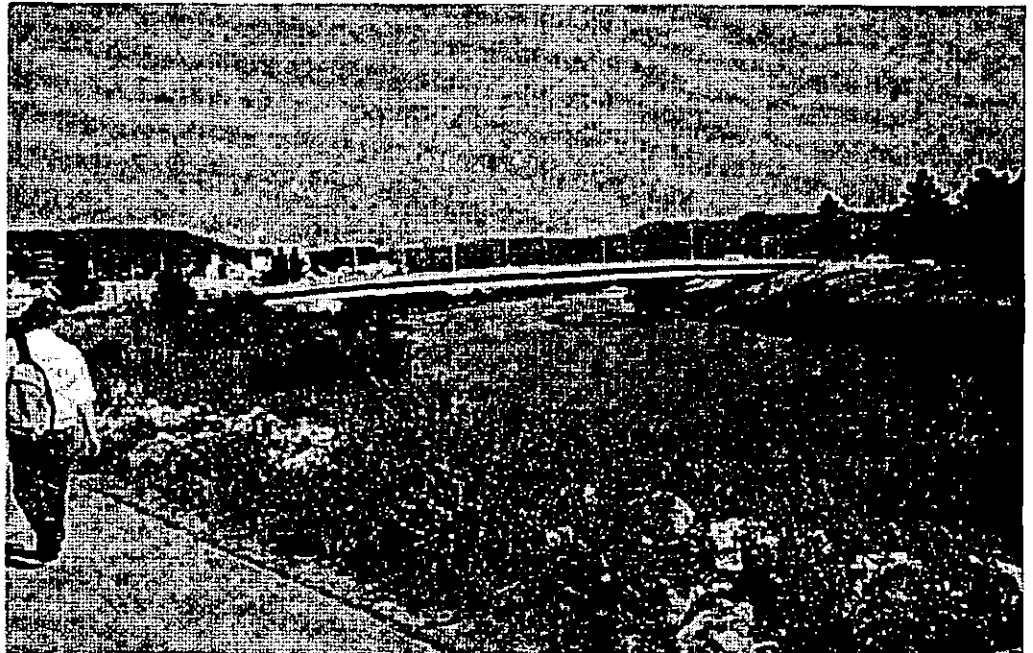
**XVII. COMMUNITY FACILITIES & OPEN SPACE  
EXISTING CONDITIONS & RECOMMENDATIONS**

## **XVII. EXISTING CONDITIONS RECOMMENDATIONS: COMMUNITY FACILITIES & OPEN SPACE<sup>1</sup>**

### **A. BEACH AREA: EXISTING CONDITIONS**

#### **1. Overview**

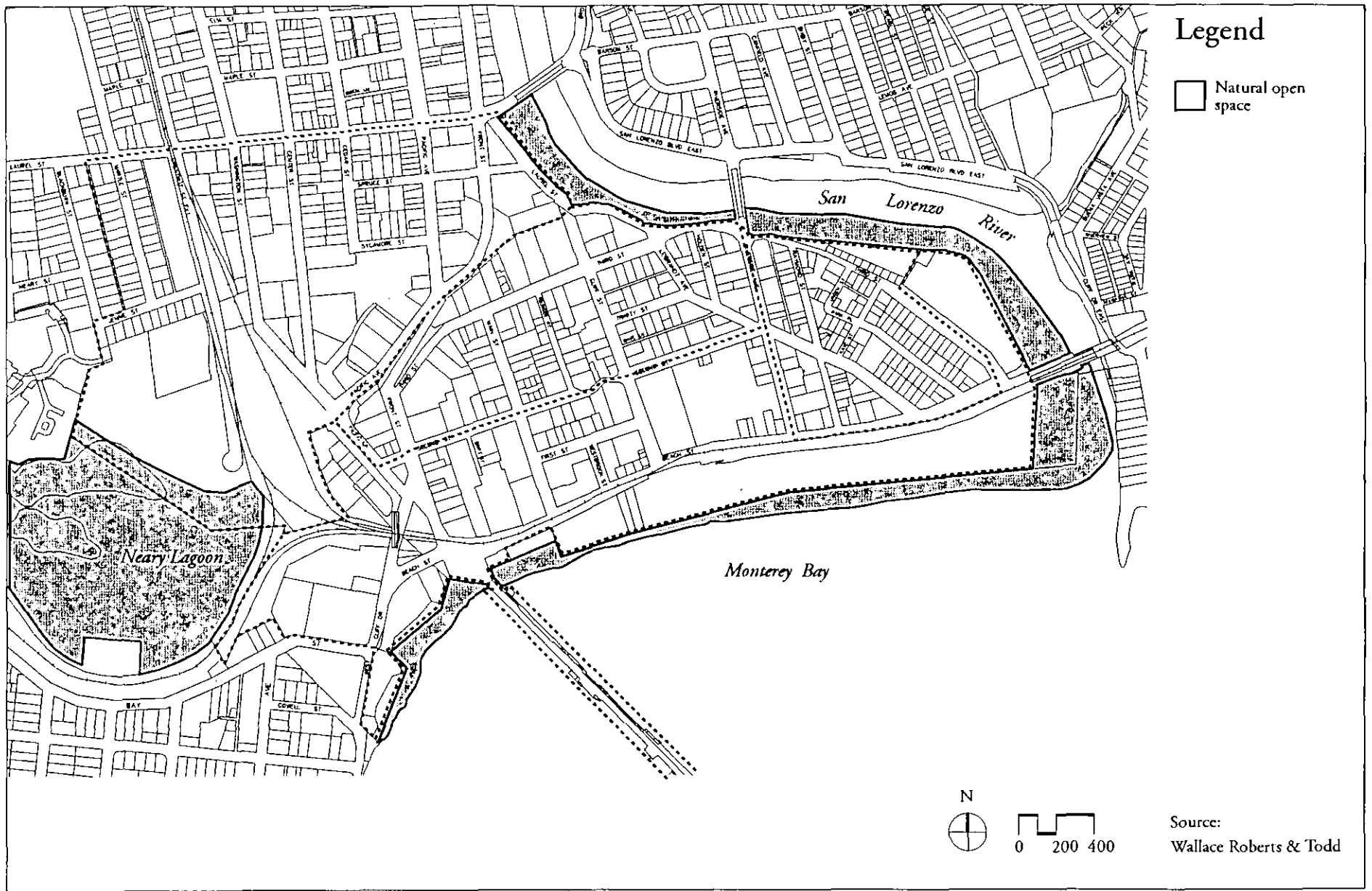
The two residential neighborhoods of Beach Flats and Beach Hill form the boundaries of the regional recreational open space of the Beach and the Monterey Bay. To the east, Beach Flats is defined by the banks of the San Lorenzo River and to the west, is located the major passive open space of Neary Lagoon.



Few communities in the world possess such a wealth of natural resources at their door. The River, the Bay and the Lagoon play an important role in providing visual and spatial relief at the ends of densely developed residential streets in these neighborhoods. [See following figure].

However, the historic pattern of small lot, dense development, stemming from the 19th century, has made the provision of internal open space a challenge in these communities. This becomes important in the Beach Flats neighborhood which is the most densely populated sector of the City.

<sup>1</sup> This Chapter is based on original research by Keith Boyle of the Department of Planning and Community Development.



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Figure 68

Natural Open Spaces

Currently, the Beach area is served by approximately 2 acres of neighborhood serving parks, including:

- Raymond Uhden Park - .2 acres
- Beach Flats Park - .3 acres, and
- Mike Fox Park - 1.5 acres.

Additionally, the Carmelita Cottages are owned by the City and operated as a youth hostel in the Beach Hill area.

## **B. BEACH FLATS: EXISTING CONDITIONS**

The Beach Flats neighborhood possesses a combination of formal and informal community facilities. Among the formally maintained facilities are the Raymond Uhden Park, the Beach Flats Park which has been extensively remodeled to address the needs of the young children in the area, and the Community Center at Raymond Uhden Park. A full-time community liaison and resource coordinator staffs the Community Center and organizes a variety of activities for the local residents.

In addition to these resources, there are a series of informal sites which are providing open space to the community. Primary among them are a community garden begun three years ago on privately owned land, and the use of a private parking area for soccer scrimmages in the off-season.

### **1. Policy Framework**

Current *General Plan* policies require 2 acres of neighborhood park facility for every 1,000 residents. According to this standard, the Beach Flats area has a deficiency of about .5 acres of neighborhood park space. While this standard is difficult to achieve in other areas of the City, this policy - if fully implemented in the Beach Flats neighborhood - creates a series of policy conflicts, pitting the goal of providing housing and stabilizing the neighborhood against the goal of achieving additional park space.

The *Beach Area Plan Strategy* recommended that:

- a permanent community center be established in the area, and open space,
- the existing community garden be maintained to the extent feasible until such time that development is approved for the site and an alternative site is located.

Planning activity in 1996 addressed with the opportunities created by the potential realignment of Third Street. However, this is not under consideration in this Plan. At that time, the River Levee was identified as an active recreational loop trail that connected the Beach Flats with the lower Ocean Street area. The river recreation loop concept included improving the existing pathway on the levee to include two-way bike/pedestrian access, a picnic area, optional exercise kiosks, improved access across the railroad bridge and optional sites for gardening activities.



## **2. Community Facility Issues**

There are several public facilities in the area that add to the importance of the quality of life in Beach Flats. They are: the Community Center; the Community Garden; and, parks and open space.

Of the three, perhaps the most crucial to daily life is the current **Community Center** which is in temporary quarters at Raymond Uhden Park. Because of the importance of this Center, this study recommends that a permanent location for the Center be found. There are a variety of possible sites within the "New Development Area" and adjacent to the Third Street Realignment.

The **Community Garden** has generated community concern and support. The concern stems from the fact that the site of the garden is currently on privately owned property which is proposed for eventual development of new housing targeted for homeownership. Any relocated garden, the community has requested, should be located in a central location which would be protected from traffic and provide a unified site. This study recommends that a permanent location for the Community Garden be found.

However, the extremely small amount of available open space within the Beach Flats area makes these criteria extremely difficult to meet. With the understanding that there is no ideal solution to this issue, the recommendations below offer a variety of ways to approach a solution to the need for suitable community facilities.

### *Option A*

- Locate permanent Community Center on Lower Leibrandt on site of Pink Apartments adjacent to existing Park.
- Locate permanent Community Garden on abandoned portion of Lower Leibrandt.

### *Option B*

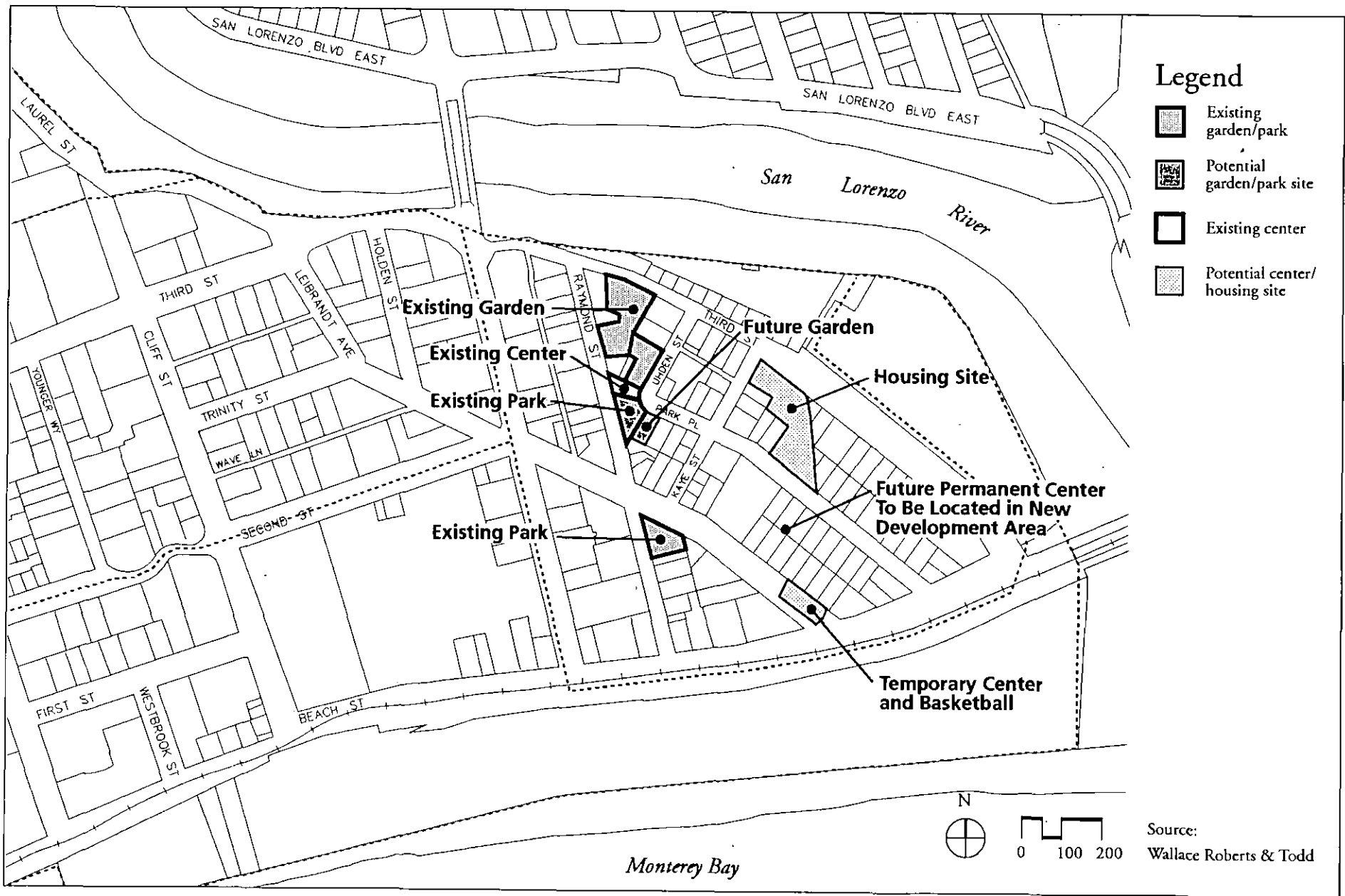
- Locate permanent Community Center at the La Playa.
- Locate permanent Community Garden along River levee.

### *Option C*

- Locate temporary Community Center & basketball court on Lower Leibrandt
- Incorporate permanent Community Center in new development in New Development Area
- Locate permanent Community Garden at expanded Raymond Uhden Park & acquire one adjacent property.

A process is currently being implemented seeking consensus on a preferred option.

**Open Space and Programs** are essential to the quality of life in this area. The recommendations below address the issue of continuing recreational usage of off-season parking sites in the area, and of encouraging the creation of a picnic area along the San Lorenzo River.

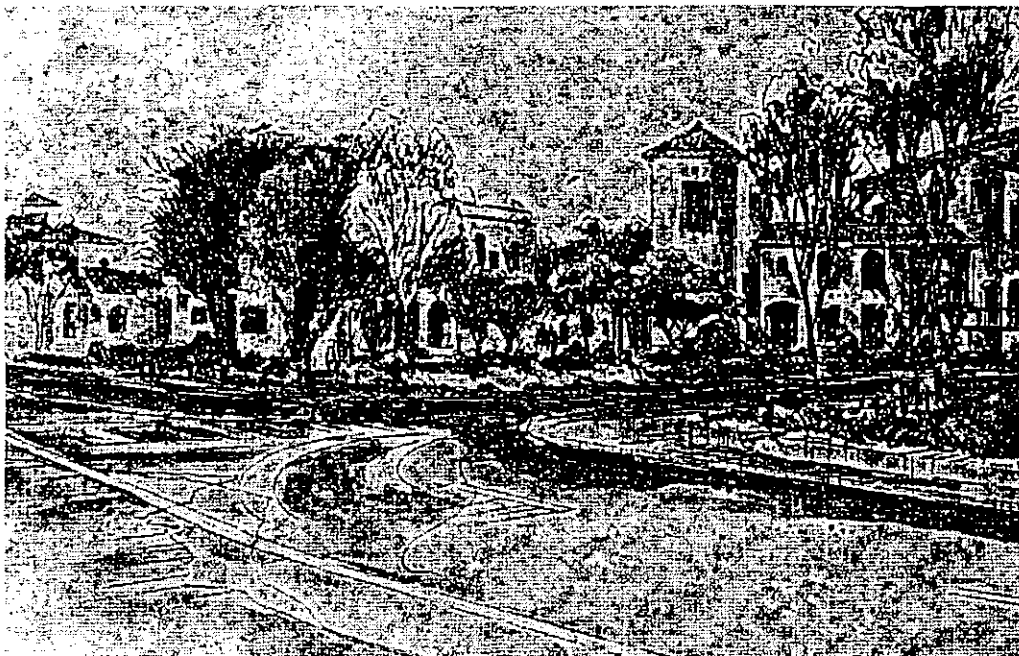


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Figure 69

Beach Flats Existing and Potential Park, Center and Garden Locations



*Illustration by Thacher & Thompson*

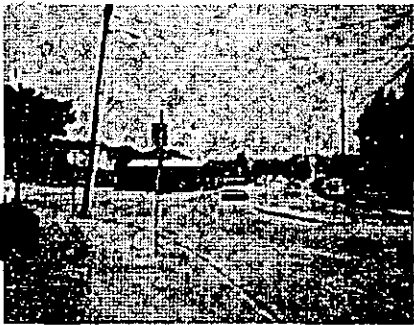
**Recommendation: Establish Clear Community Facilities Policy & Programs:**

The following policy should govern the development of community facilities in the Beach Flats neighborhood as changes occur:

1. Maintain and improve existing Raymond Uhden Park and Beach Flats Park.
2. Consider abandonment of lower portion of Leibrandt Avenue at Beach Street to provide the location of new temporary community center. Incorporate permanent community center in New Development area.
3. In the near term, the existing community garden should be maintained to the extent feasible. Consider a permanent garden to be relocated on an expanded Raymond/Uhden Park site.
4. If required, one additional parcel adjacent to Raymond Uhden Park, fronting on Park and Uhden (Parcel # 5-644-01) might be purchased to expand this Park.
5. Development agreements with the Seaside Company should include:
  - Levee beautification and landscaping,
  - Provision of a two-way Bike/pedestrian path,
  - Provision of an attractive picnicking area, and
  - Permission to use the triangular lot adjacent to the River near Riverside as an active use area in the off-season.
6. The following programs and services should be continued:
  - funding for existing after-school recreation programs and summer Kids Club programs in Beach Flats.



- funding for the Beach Flats community center programs including the community liaison.
- centralized municipal services and outreach at the community center, such as an emergency services substation, recreation programs, neighborhood improvement program, and related activities.
- encouragement of other social service providers to also operate out of the community center.
- use of the community center to act as a neighborhood focus to direct various community recreation programs and provide access to City personnel including, housing code enforcement, parks and re-creation and police.
- support of the existing social service programs that serve residents in the area.



## C. SOUTH OF LAUREL: EXISTING CONDITIONS

### 1. Overview

The South of Laurel area is currently served by the Louden Nelson Center which is a one (1) acre park and community center. Additionally Neary Lagoon has been recently upgraded as a 4 acre passive recreation area that serves a community recreation need. The *General Plan* indicates that the South of Laurel area has a poor distribution of neighborhood serving parks and that more will be needed in the future.

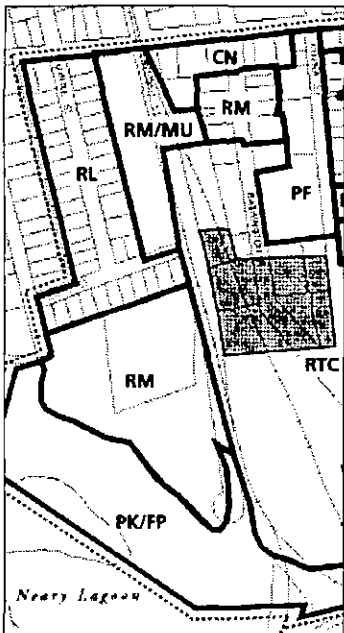
In addition to traditional parks and recreation facilities, residents and visitors in the South of Laurel enjoy major open spaces and natural resources in the vicinity.

- In the future, the San Lorenzo River will be transformed by a number of improvements, most notably an amphitheater on the inside of the levee, pedestrian improvements, and landscaping.
- Neary Lagoon is an important natural park.
- Monterey Bay and beaches are within walking distance.
- Louden Nelson Community Center, while already heavily used, provides a wide array of recreational opportunities.
- The Santa Cruz High School playing fields and swimming pool are in close proximity to this area.

The expectation of significant additional residential population in the future as this area develops brings with it the need for additional parks and recreation space.

### 2. Policy Framework

The proposed *B/SOL Area Plan* is consistent with the General Plan in that the South of Laurel Area is the location that is projected for the greatest anticipated increase in population. The *B/SOL Plan* includes an increase of 300-400 units in the South of Laurel area which would generate approximately 900 new residents. The increase in population resulting from implementation of the *B/SOL Area Plan*, in addition to the population increase that



has occurred since the adoption of the General Plan would generate a need for approximately two acres of new neighborhood park space in the South of Laurel area, based on the City's standard of 2.0 acres per 1,000 residents. The General Plan did not identify a deficiency in community park space for this area.

The *B/SOL Area Plan* proposes approximately 2.5 acres of new neighborhood park space in the South of Laurel including:

<u>Park Name</u>	<u>Acreage</u>
Chestnut Street Basketball Courts.	5 acres
Depot Site Active Recreation Field	2.0 acres

The Chestnut Street Basketball Courts and the Depot Site recreation field will provide 2.5 acres of neighborhood park in the South of Laurel area. Therefore, the increase in population resulting from the *B/SOL Area Plan* will be adequately served by neighborhood park space in conformance with the General Plan standard.

The General Plan also suggests that the parks and recreation needs of the area be served by smaller facilities, such as plazas, pocket parks, and paseos. Smaller pocket parks should also be promoted, where feasible. Economic constraints may limit the size and number of parks that are selected. The creation of additional east west pedestrian links, where feasible, in the area to facilitate access to these facilities by the residents is also encouraged.

**Recommendation: Develop Package of Community Facilities**

The following recommendations should govern the development of community facilities in the South of Laurel and should be implemented as budgets permit.

1. Acquire Depot site to serve a variety of uses. Masterplan six acre site to accommodate 2± acres of active recreational space and 300 parking spaces.
2. Abandon lower Washington Street at the Center Street intersection.
3. Carry out cost-benefit analysis of incorporating Santa Cruz Feed lot site as part of park aggregation.
4. Incorporate transportation hub concept into planning of Depot site to provide transit facilities to local residents and visitors. Pursue "Livable Communities" and ISTEAF funding to implement concept.
5. Relocate the old freight station building on the property to serve as a community building and future rail station.
6. Improve the San Lorenzo River levee to provide an additional community "linear park" resource which serves as improved access to downtown in accordance with river design concept plans.



**XVIII. PUBLIC FACILITIES: EXISTING CONDITIONS  
& RECOMMENDATIONS**

## **XVIII. EXISTING CONDITIONS/ RECOMMENDATIONS: SERVICES & INFRASTRUCTURE<sup>1</sup>**

### **BEACH AND SOUTH OF LAUREL**

#### **A. WATER SUPPLY SYSTEM**

##### **1. Existing Conditions**

The City's water supply comes from both surface water and groundwater sources of the San Lorenzo River and North Coast watershed areas. Surface water sources including Majors Creek, Laguna Creek, Liddel Spring, San Lorenzo River and Loch Lomond Reservoir account for about 94% of the total supply. Water is pumped from the supply sources to the Graham Hill and Beltz water treatment plants and is then distributed to residents.

Existing water mains in the Beach and South of Laurel are in generally substandard condition, with at least one-half of the lines being 4-inch diameter cast iron pipes dating back as long ago as 1890. Typically, 4-inch mains are considered undersized except in the last 300-feet of cul-de-sacs. Some of the existing fire flows in the project area are deficient by today's standards, because of these undersized water mains.

##### **2. Constraints**

According to the *General Plan*, the existing water supply sources, with certain upgrades, are capable of meeting year 2005 demands under high growth scenarios in about 90% to 95% of all years. Minor supply deficiencies requiring voluntary conservation efforts would occur in roughly 8% of all years, and major deficiencies would occur only under rare, extreme drought conditions.

However, the Water Department is concerned about being at a service limit near the end of the planning period. It is believed that it is critical to act now to augment supply so that the City can continue to meet the populations water needs beyond the year 2005.

##### **Recommendations**

Many of the water lines in the project area need to be replaced to support new development that is proposed in the Master Plan. When selecting a main for replacement, the Water Department looks at various factors including ability to serve future domestic and fire demands, leak history, age of pipe, improvement to the transmission and distribution grid system, and improvement for water quality. Typically, 4-inch mains are upgraded to 6-inch diameter size, unless the main is considered to be used for transmission purposes.

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<sup>1</sup> This Chapter has been prepared by Keith Boyle of the Department of Planning and Community Development.

The following upgrades will be needed to serve new development in the Beach and South of Laurel, based on the previously mentioned factors:

- Replace 4-inch main in Main Street
- Replace 4-inch main in Riverside Avenue
- Replace 2-inch main in Leibrandt Street
- Replace 4-inch mains in Center and Washington Streets

Additional upgrades may be needed to improve the overall water supply system in the Beach and South of Laurel area. With future development in the Beach Flats area, a transmission improvement in San Lorenzo Boulevard and/or Center Street may be needed to bring better flows to the area.

If a development project fronts a main considered inadequate to satisfy the minimum standards of service, the developer may undertake the main replacement at their expense and may be eligible to receive future reimbursement from the City. Also of note, the City Council may elect to declare a moratorium on new service connections due to drought conditions or some other water emergency.

This study recommends the following:

- a. Improve water facilities and services to accommodate the demands of existing and potential development.
- b. A water line deficiency report shall be prepared by the Water and Fire Departments which identifies water lines that are deficient and may potentially be replaced or upgraded as development in the Beach and South of Laurel progresses.
- c. Per City Council direction in adopting this Plan, work should begin immediately on a viable water plan for the City.

## **B. SANITARY SEWER SERVICE**

### **1. Existing Conditions**

Sanitary sewer service in Santa Cruz is provided by the Santa Cruz wastewater Treatment Plant, located at Bay and California Streets. The WWTP and a 12,000 foot ocean outfall provide an advance primary level of treatment, which meet the discharge requirements of the California Ocean Plan. The WWTP will be upgraded to a secondary treatment facility in December of 1997. The WWTP has an average dry weather flow capacity of 17 million gallons per day. In 1995, the ADWF was 9.1 MGD with 4.8 mgd of the total within the City. Given the capacity of the WWTP, future population growth within the Beach and South of Laurel will be able to be accommodated.

### **2. Constraints**

The sanitary sewer wastewater collection system in the study area is generally good, with available capacity to serve future growth. There is one location in the South of Laurel that is considered to have a slight capacity problem. Along the Laurel Street Extension, between Holden Street and Cliff Street, there is currently a 16 inch diameter sewer line that the City plans to upgrade to a 24-inch line. This upgrade would not occur until after the San



Lorenzo River levee improvements are completed. Sanitary sewer capacity is available throughout the Beach and South of Laurel, although laterals and some minor collectors may be necessary to connect to the major trunk lines. No new trunk mains would be required to serve the proposed developments of this Plan.

### **Recommendations**

The sanitary sewer system in the Beach Flats area is in acceptable condition, with 6-inch, 8-inch and 12-inch sewer lines located within the street system. A major new 21-inch sewer main was recently installed along Riverside Avenue, between Beach Street and Third street, which could accommodate substantial new development.

The generally acceptable condition may not apply to the laterals located on private property which connect to the City's mains in the public right-of-way. Some laterals in the Beach Flats area have been cited by residents as backing up, allowing sewage to reach the street surface. The City is not responsible for laterals on private property, although the Public Works Department works closely with County Environmental Health to abate deficiencies and does track the complaint history of the City to determine particular laterals that are prone to deficiencies.

This study recommends the following:

- a. A sewer line deficiency report shall be prepared by the Public Works Department which includes the results of a comprehensive survey of sewer laterals in the Beach Area neighborhoods and identifies sewer facility improvements needed, along with a timeline and funding source(s) to accomplish such improvements. Property owners shall be required to maintain and/or upgrade all laterals identified as problematic in good condition.
- b. Ensure the stability of residential neighborhoods in the Beach Area by continuing to require proper private connections to public facilities and services.
- c. Enforce existing codes and ordinances which require property owners to maintain existing sewer laterals in an unclogged condition and of adequate size to meet the demands of the units on the property.

## **C. STORM DRAINAGE**

### **1. Existing Conditions**

The Beach Target Area has several locations where on-street flooding is a problem. Areas of concern include the intersection of Ocean and Barson Streets and the intersection of Kaye and Uhden with Third Street. Improvements to the drainage systems serving these intersections should be considered as high-priority CIP projects.

### **Recommendation**

- a. Establish the construction of a drainage system serving the intersections of Kaye, Uhden and Third Street as high-priority CIP projects.

## **D. POLICE PROTECTION**

### **1. Existing Conditions**

Police protection services are provided to the project area by the Santa Cruz Police Department (SCPD). The operations division of the SCPD is located at the police headquarters in City Hall, and the records and investigation divisions are currently in a temporary substation located at 212 Locus Street. The SCPD presently consists of approximately 94 sworn officers and 33 civilian employees.

The SCPD has a goal of response time to calls of less than five minutes for emergencies and aims to arrive within three minutes. Response times to the Beach and South of Laurel area would be within the goal response time of five minutes.

Specific problem areas within the project area include the Beach Flats and River Flats areas, the Southern Pacific Property, and the Laurel Street Extension area. The Beach Flats area is currently one of the more serious crime areas of the City. The South of Laurel area is not as serious as the Beach Flats area, but it does have more crime activity than other parts of the City. The most reported crimes in these areas are public inebriation and drinking, and drug and gang-related activity.

In an effort to control criminal activity in the area, the SCPD has established the Beach area as its own beat. It should be noted that the Beach Flats area is included in the larger Beach Area Beat. The Police Department contributes a significant amount of personal response to the Beach Flats. Officers are assigned to the Beach area 24 hours per day, seven days a week. During the course of this study, the City Council endorsed the hiring of additional police officers to assist in this area.

The SCPD has also created a four-member neighborhood enforcement team (NET) to concentrate on specific problem areas of the City. The NET is an independent enforcement team which typically consists of a supervisor and three officers. The NET has the authority to address serious crimes in the City and proceed with enforcement actions, including surveillance and involvement of community members.

In addition, a crime prevention officer is in the planning process. Part of this officer's duties would be to revitalize the neighborhood watch program. The neighborhood watch program would include meeting with concerned communities, crime prevention training, and follow up meetings between the communities and the officers patrolling those neighborhoods. The neighborhoods can contact the SCPD anytime, and would have direct access to an officer at the community meetings. Recently other police departments have received a community partnership grant which includes a "safe storm" component in which neighborhood residents can work with the department on quality of life issues.

### **Recommendations**

This study recommends the following:

- a. The City of Santa Cruz Police Department should continue its efforts to use a community-oriented policing approach in Beach Flats, emphasizing crime prevention and a high degree of interaction and communication between police officers and neighborhood residents.

- b. Beach Flats and target area residents should be encouraged to organize and maintain an active Neighborhood Watch Program, and work closely with the City Police Department in reporting suspicious and/or illegal activity.
- c. Improve police presence to respond to the unusual pressures and problems in Beach Flats neighborhood resulting from an influx of tourists during summer months and the presence of criminal activity associated with increased drug traffic.
- d. Implement a two-officer per day, year-round police foot patrol and a Community Services Officer for Beach Flats.
- e. The Police Department, through the NET Unit, will continue to focus considerable efforts in the Beach Flats and Target Area, in order to address drug and other illegal and criminal activity.
- f. Uniformed police presence on foot and/or on bicycle should be recognized as having the greatest public safety effectiveness, and should be a consistent component of the policing strategy in Beach Flats.
- g. The City of Santa Cruz Police and Planning Departments shall work with residents, residential and commercial property owners and property managers to assist them in using all reasonable means to ensure that property under their control does not serve as a location for illegal or criminal activity, or which serves to threaten public safety.
- h. The City of Santa Cruz shall continue to seek the assistance and cooperation of other law enforcement agencies and security resources, such as CNET and Seaside Company private security personnel, in providing for public safety in Beach Flats.

Additionally, consideration should be given to a demonstration project employing additional security and community service officers to assist in the area.

- i. Continue community oriented policing approach in the beach by establishing a walking beat in the Beach Flats.
- j. Examine the creation of a Beach Area Host Program to provide visitor information and monitor potential code violations, and work with Parks and Recreation Department, City Schools and community based organizations to provide after school care for latch key children.

## **E. FIRE PROTECTION**

### **1. Existing Conditions**

The Beach and South of Laurel are served by the Santa Cruz Fire Department (SCFD). The SCFD responds to all fires, hazardous materials spills, and medical emergencies in the project area. The first response unit to a site within the study area would be Station 1. Station 1 is located at 711 Center Street and is a one engine, one truck company with a total of seven personnel. Station 2 would be the second response unit to a site within the project area. Station 2 is located at 1103 Soquel Avenue and is a one engine company with three personnel, and Station 3 is also available for responses. Station 3 is located on Younglove Avenue and is a one engine company with three personnel. Response times to the project area average approximately five minutes. Currently, approximately 20-30% of calls to the SCFD in the project area are fire-related and 70-80% are medical emergencies.

The City of Santa Cruz participates in a County-wide mutual aid program with all of the cities in the County. Through this program, should the SCFD need additional assistance, one or all of these mutual aid cities would provide assistance to locations within the City of Santa Cruz on an "as available" basis. The water system operates under gravity flow and currently has adequate overall water capacity. The Beach Flats area, however, is located at the end of the water supply system and contains four inch water mains, many of which date back to 1890. Water pressure for fire flows is not adequate in the Beach Flats area, due to the age and small size of the mains.

With regard to the recommendations of this Plan, the Fire Department has noted that major new developments should incorporate built-in fire protection features such as: automatic fire protection sprinkler and alarm systems; design for fire department access within the sites and buildings in mind; and provide smoke management ventilation systems. The services of a qualified fire protection engineering firm is recommended.

Additionally, the Fire Department has noted that proposed Urban Design features such as the location and size of street trees, the terracing of buildings, and traffic calming features may further increase response times and effectiveness. The Department has also noted concern about issues of safety with regard to transient lodging use for sustained stay.

### **Recommendations**

This study recommends the following:

- a. Improve fire protection capability by increasing fire flow in Beach Flats to respond to the unusual pressures and problems resulting from an influx of visitors during summer months.
- b. Create an emergency access route in the Beach Area by promoting a priority shuttle lane on Beach and Third Streets during peak summer days.
- c. The Fire Department shall identify areas of water supply that are less than 1,500 gallons per minute at 20 pounds per square inch residual pressure for inclusion in future Water Department planning to replace water mains.

## **F. REFUSE COLLECTION & STREET SWEEPING**

Refuse collection and street sweeping have been identified as areas of concern due to the significant amount of garbage that can be found on Beach Flats streets on a year-round basis. This situation exists both due to the influx of visitors during summer and holiday periods, and the high population intensities found occupying Beach Flats housing units. This plan identifies several strategies to help reduce the garbage collection and street sweeping problems.

### **Recommendations**

- a. Maintain requirement as a condition of use permits that property owners contract for adequate frequency of garbage collection services in order to ensure that garbage does not overflow available facilities.
- b. Continue to require property owners who are rehabilitating housing complexes to build an enclosed garbage facility for all projects with four or more units.
- c. The City should continue to support resident-organized Neighborhood Clean-up Days by offering City assistance up to twice a year to allow residents to discard larger items, beautify structures and landscaping, and promote neighborhood pride and involvement.
- d. Improve street maintenance services in order to maintain a clean and orderly setting for the Beach Flats neighborhood.
- e. Consider expanding existing program allowing individual wheeled containers for residents that can be stored in a central location on site.
- f. Investigate other program improvements to reduce garbage problems.

## **G. SCHOOLS**

### **1. Existing Conditions**

The Beach and South of Laurel study area is located within the Santa Cruz City schools attendance area, which includes Santa Cruz City High School District and Santa Cruz Elementary School District with a common Board of Trustees and administration. Santa Cruz City Schools (SCCS) consists of six elementary schools, two junior high schools, three comprehensive high schools, one continuation school, two alternative schools, and one charter school program.

Based upon figures provided by SCCS, for the 1995-96 school year they have a current enrollment of 8,885 students. In a recent study prepared by SCCS, projected future enrollment for the year 2000 is expected to total 8,649 consisting of 3,213 elementary students, 1,122 junior high students, and 4,317 high school students. SCCS does not have plans for new schools.

The South of Laurel area is located within the service areas of Bay View Elementary School, located at 1231 Bay Street, Natural Bridges Elementary School located at 255 Swift Street, Mission Junior High School located at 425 King Street, and Santa Cruz High School, located at 415 Walnut Avenue. The Beach Area portion of the project is located within the service areas of Westlake Elementary School, located at 1000 High street, Delaveaga Elementary School, located at 1145 Morrissey Boulevard, Bay View Elementary School, and the same junior high and high school as the South of Laurel area.

Based on 1990 Census information, it is estimated that the 830 additional residents could include as many as 60 elementary school age children, 15 junior high age students, and 30 high school age students. However, the school age population may change significantly, depending on the types of residential development actually built. The Neary lagoon Cooperative residential project, for example, has a higher school age population than the 1990 Census information suggests.

As of October 1994, enrollment for Bayview was 605 students, enrollment for Mission Junior High was 490 students and enrollment for Santa Cruz High was 1155 students. The only school that is nearing capacity is Bayview Elementary School, which listed a capacity of 641 students. The addition of roughly 60 elementary students would exceed the Bayview capacity by 24 students.

#### **Recommendation**

- a. This study suggests the possibility of further strengthening a sense of community in the Beach and South of Laurel plan area by the potential establishment of a neighborhood primary school for grades K-3, which may take the form of a "magnet" school with a wide range of educational resources. It is recommended that this concept receive further study as the Beach/SOLA Area Plan recommendations are implemented.
- b. This study recommends that all new housing projects will be responsible for paying standard in-lieu fees for school improvements required to serve new student populations.
- c. This study also recommends that the School District work with the City in designing programs for the Community Center.
- d. This study recommends that the City work with the County Office of Education Child Development Resource Center to create effective child care resources in the Beach and South of Laurel area.

## **XIX. IMPLEMENTATION STRATEGY**

## **XIX. IMPLEMENTATION STRATEGY**

### **A. OVERVIEW**

The purpose of planning is implementation. The preceding chapters have offered specific suggestions for making change in the Beach and South of Laurel. This chapter addresses the essential issues of prioritizing activities and financing them.

While the vision for the future in this Plan may be simply and directly stated, it cannot be implemented with the same simplicity. Achieving the maximum potential benefit from this Plan for those who live, work and visit Santa Cruz will require that a number of actions be initiated and carried to conclusion over a long period of time. Successfully implementing these actions will require a high level of business and resident involvement and sustained commitment by community leaders.

The question then becomes what strategy, or combination of strategies can best catalyze the revitalization of the Beach and South of Laurel? This chapter:

- ranks recommendations for priority implementation,
- discusses the need for a coordinated approach, and
- suggests a management approach for implementation,
- *identifies a series of implementation tools, and*
- discusses sources of financing of priority recommendations.

**It is important to realize that the development of precise financing strategies for specific initiatives are not the function of this Plan, but are the first proposed step of the implementation strategy, once project priorities are agreed upon.**

### **B. IMPLEMENTATION INITIATIVES: PRIORITIES**

In a comprehensive Area Plan such as this, where the recommendations are closely interrelated and designed to support and reinforce one another, it is difficult to identify only a few as “highest priority.” However, in order to structure an implementation sequence it is important to identify those initiatives which should be undertaken as a priority.



*Recommendations*

**NEW INITIATIVES - HIGHEST PRIORITY**

1. Initiate Beach Flats Neighborhood Revitalization Program, including increased security, new housing, homeownership & code enforcement
2. Construct New Affordable Multifamily Housing - streamline permitting where appropriate
3. Implement development initiatives: La Bahia Conference Hotel, analyze Wharf.
4. Implement coordinated parking/shuttle strategy, including “dual access”, intersection improvements, meter management & acquisition of Depot Site and public park
5. Implement new controls: adopt Beach District Overlay Zone and performance overlay zones.
6. Establish City/Lodging Industry Partnership to upgrade facilities.
7. Encourage construction of non-subsidized housing on appropriate sites - streamline permitting where appropriate
8. Designate Beach Hill Historic District
9. Implement Two-Way continuous Year-round Bikeway on Beach Street.

**NEW INITIATIVES - HIGH PRIORITY**

1. Pursue acquisition of Feed Lot site.
2. Develop exterior maintenance program for residential and commercial properties.
3. Develop employee off-site parking program.
4. Develop comprehensive marketing strategy.
5. Implement urban design gateway improvements: Beach Flats, Beach Hill & South of Laurel, and traffic circles.

**ON-GOING INITIATIVES/PROGRAMS**

1. Continue and Expand Community Participation Process/Programs in Beach Flats
2. Develop enhanced code enforcement program for South of Laurel and cost recovery schedule: Adopt rezoning recommendations
3. Negotiate Development Agreements for major commercial structures & expand local marketing programs
4. Finalize Garden Project Relocation and permanent Community Center.
5. Continue partnership with SCCRTC for rail and transit
6. Continue improvement of Marine Sanctuary facilities.
7. Continue implementation of area-wide pedestrian/bike improvements

## C. COORDINATED APPROACH

### 1. Need for a Coordinated Approach

Both the public and the private sectors have important roles to play in the revitalization of the Beach area. Because of the multitude of interrelated program elements and of the need to **coordinate public and private investment strategies and timetables**, a coordinated approach to the implementation of recommendations stemming from this planning effort is strongly recommended.

It is the intent of this recommendation that such an approach would have the capability of bridging the numerous, interrelated transportation/parking, marketing/program management, and development and expansion programs being proposed for the Beach and South of Laurel Areas to ensure an organized implementation strategy.

Many of the elements suggested in this study will **require close cooperation among those with a stake in the area**, and successful implementation of the study's recommendations demands active participation by the City as well as by individual property and business owners — such as the organization and management of a unified employee shuttle program; the coordination of public and private parking programs and protection of the neighborhoods; and coordination of public and private construction.

Some specific Area Plan recommendations which need a coordinated approach are:

#### *a. Transportation and parking,*

- one or more intercept parking lots,
- visitor/local and employee shuttle service
- coordination of commercial and residential parking strategies,
- an integrated pricing system and fee structure for transit and parking,
- improved rail service and depot facilities.

#### *b. Marketing and program management*

- integration of Wharf and Beach Street activities,
- development of year-round schedule of events,
- provision for permanent visitor's center in Beach area,
- recruitment and management of retail mix,
- coordination of facade improvements and signage programs with individual businesses,
- development of a Heritage Tourism program which links the Beach Area with Beach Hill, West Cliff and the Downtown Historic Districts - perhaps using the shuttle.

#### *c. Housing and Commercial development*

- construction of new affordable units as soon as possible
- implementation of home ownership programs
- sensitive and practical relocation programs,
- potential property acquisition and disposition
- subdivision, resubdivision or the combining of properties,
- expedited review and approval process for projects which meet guidelines.

*d. Comprehensive construction scheduling to reduce impacts on local neighborhoods and peak season visitation including:*

- public improvements of roadbeds, sidewalks, parks, bike paths and pedestrian paths, and
- private developments such as conference facilities and retail renovations.

*e. Enforcement and Incentive Programming*

- existing residential structure exterior and interior upgrades,
- existing commercial structure exterior upgrades
- implementation and monitoring of design standards,
- implementation and monitoring of rezoning,
- potential fee deferral to stimulate investment.
- passage of specific resolutions or ordinances as necessary to implement particular aspects of the Plan.

*f. Financing and investment.*

- partnership with local lending institutions,
- targeting residential/commercial loans to revitalization areas,
- coordinated lodging industry program,
- structuring of public/private partnerships.
- issuance of bonds, certificates of participation or other financial instruments

**2. Anticipated Results of Coordinated Approach**

It is anticipated that such an approach would result in:

- early identification of problems or potential program conflicts,
- coordination of public and private implementation,
- facilitation of exchange of information,
- minimalization of administrative or start-up costs for both public and private sectors,
- reduction/elimination of false starts,
- facilitation of financing, and
- reduction of risk factor for both public and private participants.

**D. PROPOSED MANAGEMENT**

A three-tiered management approach is suggested as a way of coordinating the implementation of this Plan's recommendations. The goal of this approach is twofold:

- To facilitate and to carry out policies and programs which accomplish the priority recommendations, and
- To solicit private participation and provide continuing public information on the goals and key concepts of this Plan.

**1. Internal Management Approach**

Many of the recommendations contained in this study involve the mission and activities of a variety of Departments and Agencies within the City of Santa Cruz government. Among the offices most affected are:

- Department of Public Works,
- Department of Planning and Community Development,
- Redevelopment Agency, and
- Department of Parks and Recreation.

Among the offices which will be involved to a lesser extent in implementation are:

- Police Department,
- Department of Finance, and
- Office of the Legal Counsel.

**Recommendation: Form Beach/South of Laurel Interagency Task Force**

Because of the need to focus and coordinate interdepartmental attention on the Plan's priority recommendations, this study recommends:

- a. the formation of a Beach/South of Laurel area **interdepartmental task force** comprised of a representative from Public Works, Planning, Redevelopment and Parks, (representatives from Police, Finance and Legal will participate on an as-needed basis)
- b. under the **direction of the City Manager**,
- c. to convene at **regularly scheduled monthly meetings**, or more frequently as needed.

The principal functions of this Task Force will be to:

- coordinate interdepartmental activities in implementation,
- phase-in implementation of Capital projects with departmental programs,
- provide operational support for priority programs,
- facilitate financing through interdepartmental budget review,
- identify/resolve potential program conflicts.

Such a structure will provide **clear identification of lead and supporting departmental responsibilities for approved major new initiatives** and agreement on timing of implementation in those areas where a number of agencies may share some responsibility such as:

- Circulation and parking strategies,
- Housing and neighborhood revitalization programs,
- Commercial development and redevelopment initiatives,
- Financing approaches, and
- Marketing and program management.

Regulatory, enforcement and security issues which support the major new initiatives may be placed under the direction of the Assistant City Manager. In general, this refers to ordinances, regulations, amendments to the Municipal Code, General Plan and other specific plans to ensure consistency and coordination. Ongoing security issues may also fall within this purview.

It is envisaged that this Task Force will report regularly to a specific subcommittee of the City Council.

## **2. Policy Management Approach**

The long range implementation of the Plan will entail a wide range of actions that cut across many policy areas and have an impact on both the operating and capital improvement budgets of the City. Because of this, a number of review boards and commissions, such as the Planning Commission, the Zoning Board, the Local Coastal Commission, the Parks and Recreation Commission, the Transportation Commission will be involved in varying elements of implementation. Principal among these will be the Planning Commission which will play the lead role in bringing land use and development strategies to fruition, i.e.: General Plan Amendments; Local Coastal Plan Amendments; new zoning ordinances and overlay zones; text amendments; design guidelines; and development standards.

Because of the need to ensure consistent and coordinated policy guidance, this study recommends that coordination of the implementation effort be assigned to the City council as a whole, providing principal oversight responsibility. A specific sub-committee of the City Council should be assigned responsibility for shepherding the effort through.

### **Recommendation: Beach Committee to Shepherd Plan Implementation**

Because of the breadth, complexity and interrelated nature of a number of Plan proposals, the City will benefit from ongoing coordination by a single Council subcommittee. While many of the activities proposed are within the traditional responsibility of the City, implementation of this Plan also relies upon participation by the private and non-profit sectors.

The Beach Committee would provide the formal forum for merging and coordinating the activities of City agencies with those of private and non-profit participants, and for conducting continuing outreach and public information to all City residents. The role of this Committee would be to guide and support the active revitalization of the Beach and South of Laurel, and to act as the City Council's liaison between public and private actions.

In this role, it is anticipated that the Beach Committee would exercise policy oversight for each of the major new initiatives proposed within this Plan. This would provide not only policy consistency, but also a single point of contact for local residents and businesses interested in or affected by the Plan's recommendations.

The functions this Committee could perform are:

- advising Mayor and Council of program status and recommending Council action,
- recommending priority implementation of new initiatives,
- recommending funding priorities and resolving program conflicts,
- providing continuing policy status reports,
- coordinating public and private implementation, and
- establishing a continuing public outreach and information process.

## **3. Public/Private Partnership Approach**

City actions alone will not create active and economically viable neighborhoods and commercial areas. Private investment is critical. For over a decade, the nation has been rethinking its strategy on how to revive and repair disinvested neighborhoods and declining commercial centers. Increasingly, experts are agreeing that the proper role of cities is to create the environment in which sound private investment can occur.

To achieve this, jurisdictions must seek the advice and counsel of private investors, property owners, financial institutions, retail merchants, and residents on what is needed to make revitalization a success.

**Recommendation: Beach Committee Lead Partnership Approach**

Because of the extremely wide range of issues the City must address in the Beach and South of Laurel, it is recommended that the policy oversight committee, the Beach Committee be designated the lead in working with the private sector as the City moves forward through the formal, legal process of implementation.

It may be advisable to establish a series of temporary, ad hoc advisory committees to assist the Beach Committee in its deliberations as conditions warrant. These could include:

- Investment Advisory Committee, including lending institutions and major property and business owners.
- Neighborhood Revitalization Advisory Committee, including security officials, landlords and residents, private and non-profit housing representatives.
- Lodging Industry Advisory Committee, including owners, managers and industry representatives.
- Marketing and Tourism Advisory Committee, including retail merchants, tourism officials, Downtown and cultural representatives.

The function of these committees would be to act as a marketplace for ideas and a forum for stimulating private commitment. They would advise the Beach Committee on issues under discussion.

Further, the City Council has referred to the Beach Committee the issue of initiating and funding a public process within the Beach Flats neighborhoods by utilizing both the existing service providers, the Beach Committee and other community resources, to identify needs within the Beach Flats community that are not being currently met - as defined by existing residents - and make direct input into the ongoing process of implementation.

**E. IMPLEMENTATION TOOLS RECOMMENDED IN THE PLAN**

This Plan has detailed a series of specific tools to assist in implementation. Among them are:

1. **Mixed Use Zoning** - permitting a broadened range of uses in order to allow development to be more market driven.
2. **Rezoning** - to encourage appropriate/compatible development.
3. **Flexible Development Standards** - regarding height, bulk, setbacks, and parking -to promote more innovative and economically feasible design in both commercial and multifamily development.
4. **Overlay Zones** - incorporating flexible development standards, performance criteria, and design guidelines targeted to specific areas.

5. **Conservation Neighborhoods** - to enhance neighborhood viability.
6. **Design Guidelines** - to ensure compatible and harmonious design of both commercial and residential structures.
7. **Financial Incentives** - to attract new investment and reinvestment in residential and commercial structures.
8. **Sunset Provisions** - for financial incentives to “jump start” revitalization.
9. **Development Sequencing** - designed to mitigate impacts and major infrastructure requirements..
10. **Constraints** - designed to encourage/discourage certain patterns of behavior.

## **F. FUTURE ENVIRONMENTAL REVIEW**

The environmental review for actions that implement, or are consistent with the *B/SOL Area Plan* will be consistent with the concept of “tiering” under CEQA. These principles will require the City or Redevelopment Agency to prepare a site-specific negative declaration or EIR whenever an initial study prepared by Staff indicates that such an action “would have effects that were not examined in the program EIR.” An EIR would be required if the site-specific action “may cause significant effects on the environment that were not examined in the prior [EIR].”

Any such negative declaration or EIR will be subject to public review and commenting requirements, thus ensuing full public input regarding the design and mitigation for affected projects. The City or Redevelopment Staff could only dispense with site-specific environmental review where Staff concludes that a proposed activity is “within the scope of the project covered by the program EIR,” because the activity does not raise any site-specific issues that are not adequately covered by the B/SOL EIR. (See CEQA Guidelines, section 15168,, subd. (c)(2))

## **G. IMPLEMENTATION & FINANCING<sup>1</sup>**

### **1. Overview**

In establishing the Implementation Framework for the *Beach and South of Laurel Area Plan* a certain degree of flexibility and continuing uncertainty has to be assumed, with respect to specific project costs and the exact funding sources for each project.

This section is intended to provide, where available, estimated project costs as well as potential funding sources. Since recommendations include both economic development, housing, transportation, and service functions, a great deal of flexibility can be utilized in each funding scenario. While it is likely that many of the underlying assumptions on costs and other items may change over time, the options which are most likely to occur and benefit the City are presented for purposes of strategic planning.

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<sup>1</sup> Joe Hall of the Redevelopment Agency and Michael G. Jones of ALTA have prepared the information which is the basis of this section.

*New Initiatives: Highest Priority*

**Beach Flats Revitalization:** increased security, new housing, homeownership and code enforcement.

The cost of each component of this program will vary depending on the specific scope developed during implementation of this Plan.

**Increased Security:** During the course of this planning process additional police officers were added to the Beach Beat. There is also the potential for additional security through the Seaside security patrol, and/or community service officers. If additional security were provided by private security services, the approximate monthly cost for one officer with vehicle for 8 hours, 7 days/week is \$4,800+.

**New Housing/ Homeownership:** During the course of this planning process, a homeownership program, targeted to existing tenants, to assist 4 lower-income households annually was begun. Estimated public subsidy for each is estimated at approximately \$40,000. HOME funds have been allocated for this program. New housing will be constructed by public/private and non-profit participation. Redevelopment Agency has indicated that housing set-aside funds will be available to fund housing related activities.

**Code Enforcement:** The Department of Planning is undertaking a comprehensive review of code compliance in develop more rapid and effective measures and cost recovery schedule, and a new fine schedule. Cost of increased enforcement should be covered by these initiatives.

**Funding Sources:** Funding sources for this involve a mix of CDBG funding, HOME funding, private investment and grant assistance.

**Construct New Affordable Multifamily Housing:** This program is designed to provide incentive assistance to assist housing developers in identifying and building new affordable housing on beach area sites. The cost of this program will vary depending on the size of the project.

- The public incentive to promote new affordable and market rate housing will be funded through the Redevelopment Agencies Low- and Moderate Income Housing Fund. It is anticipated that the fund can provide an incentive of up to one million dollars to promote the maximum affordability of future projects.

**Major Development Initiatives**

One of the key thrusts of this Plan is the enhancement of the tourism infrastructure in the Santa Cruz Beach Area. Projects designed to assist this would include a conference hotel center incorporating the existing La Bahía hotel and Wharf improvements. Each of these particular projects contain various cost components which would require negotiations to determine the exact public participation, if any, with respect to each component.

For instance, it is estimated that a new full service conference hotel will cost approximately \$135,000 per room and \$10,000 per parking space. Inclusion of a conference facility above and beyond hotel costs is an area in which public/private financing may be required.



A comprehensive analysis of the Wharf may fall into the \$60,000- \$80,000 range.

### Funding Sources

Financing for the public share of the future development initiative could potentially come from the increased property tax increment from these developments, or a share of increased transient occupancy tax or admissions tax revenues they generate. Specific development initiatives will have to be identified based on available potential revenue as well as specific case-by-case needs.

#### *Parking & Shuttle: Acquisition Depot Site*

**Depot Site:** The Depot Site is currently owned by the Union Pacific Railroad. The plan has identified this site as a crucial facility for the City in terms of meeting short term parking demand, helping to implement the dual access circulation proposals, and meeting the requirements of the Coastal Commission for beach access. Because of its for sale status, the following analysis was prepared.

#### Assumptions

Parking spaces needed	300
S/F per space	330
Total parking lot s/f	100,000 s.f.
Land cost	\$11/sf - [Total site \$2-3 million]
Construction costs	Projected cost about \$1.2 million to design and construct. Many ancillary cost items such as fencing and landscaping are estimated and not based on specific plans.
Operating Costs	\$100/space/year
Total annual operating costs	\$30,000
Funding	A \$2.1 million grant may be available to help purchase the site.
Revenues	Are expected to be generated from year 1 from meters at \$.50/hour, and possible from meter district revenues in the Beach and South of Laurel. Meter district revenue is incremental revenues over and above existing meter revenue in the Beach area due to increased meter rates.
Shared Use	Share use of the parking lot is expected to occur with the multi-modal transportation center and the proposed park to be developed on the remainder of site. No sharing of costs or revenues is included in this analysis. During seasonal peak periods, all 300 spaces will be reserved for beach visitors.

Four options were evaluated for development of the Depot Lot. [See following table]

- Option A: \$840,000 in grant funding available for parking lot land purchase, meter district revenues totaling \$949,000 over 5 years available.
- Option B: No grant funding, meter district revenues available.
- Option C: Grant funding available, but no meter district revenue.
- Option D: Neither grant funding nor meter district revenue available.

Table A indicates that the Depot Lot cannot be operated in the first 5 years without the parking meter district revenues, and with the grant funding would not generate enough revenue to satisfy the debt service coverage requirements of a revenue bond.

**Table A**  
**Depot Lot Cost Analysis**

Development Costs	A	B	C	D
Land Purchase	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Minus Grant Fund	\$260,000	\$1,100,000	\$260,000	\$1,100,000
Construction Items				
Parking Lot	\$810,000	\$810,000	\$810,000	\$810,000
Landscaping	\$80,000	\$80,000	\$80,000	\$80,000
Lighting	\$80,000	\$80,000	\$80,000	\$80,000
Fencing	\$40,000	\$40,000	\$40,000	\$40,000
Meters	\$90,000	\$90,000	\$90,000	\$90,000
TOTAL	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Design and Engineering	\$110,000	\$110,000	\$110,000	\$110,000
GRAND TOTAL	\$1,470,000	\$2,310,000	\$1,470,000	\$2,310,000
Financing Items				
Net Interest During Construction	\$92,316	\$145,068	\$92,316	\$45,068
Capitalized Reserves	\$154,350	\$242,550	\$154,350	\$242,550
Financing Costs	\$58,800	\$92,400	\$58,800	\$92,400
TOTAL TO BE FINANCED	\$1,775,466	\$2,790,018	\$1,775,466	\$2,790,018
Interest Rate	9%	9%	9%	9%
Term (yrs)	30	30	30	30
Profit/(Loss)				
ANNUAL FINANCING (COST)	\$(159,792)	\$(251,102)	\$(159,792)	\$(251,102)
ANNUAL OPERATING (COST)	\$(30,000)	\$(30,000)	\$(30,000)	\$(30,000)
TOTAL (COST) YRS 1-5	\$(948,960)	\$(1,405,508)	\$(948,960)	\$(1,405,508)
TOTAL REVENUES YRS 1-5	\$1,468,238	\$1,468,238	\$519,000	\$519,000
Parking Revenues	\$519,000	\$519,000	\$519,000	\$519,000
Other Parking Revenues	\$949,238	\$939,238	—	—
Lease Revenues				
NET (COST) YRS 1-5	\$519,278	\$62,729	\$(429,960)	\$(886,508)

It may be possible to capitalize the losses expected in the first few years, but this is exposing the City to some financial risk. It may also be possible to generate revenues from other sources, i.e. the leasing of parking or land to private uses, the sharing of costs with the park, and possibly leasing spaces during off-peak periods to adjacent commercial/residential tenants.

**Conclusion: The Depot must be financed using revenues from a parking meter district.**

#### **Parking Meter District**

The district is proposed to include the incremental revenues from the 420 total meters in the Beach area, starting in year 4 [see Table B]. This will provide the City with a steady stream of income from the existing meters, while producing revenues for a new parking meter district. Meter rates in the Beach area will increase from \$.75/hour to \$1.50/hour from years 1 to 10, to more accurately reflect their prime location and high demand. The meter rates would still be less expensive for the typical Beach/Boardwalk visitor staying about four hours than comparable off-street parking.

As the South of Laurel area redevelops over the next 10 years, 400 new parking meters will be installed with rates of \$1/00/hr starting in the year 2003. Usage estimates of 480,000 revenue hours per year translate into 1,200 revenue hours per meters, or about an average 60% occupancy over the course of a weekday (9 am-5 pm).

**Table B  
Parking Revenue Projections**

<b>Beach/Wharf Area Parking Meters</b>				
Total Meters	420			
Annual Operating Hours	2,145,360	(420 meters x 5,108 hours)		
Annual Revenue Hours	567,000			
Baseline Meter Rate	\$0.75	per hour		
Baseline Meter Revenue	\$425,250	per year		
<b>Rate Schedule</b>				
	Meter Rates	Revenue Hours	Revenue	Minus Baseline
Years 1-3	\$0.75	567,000	\$425,250	
Years 4-5	\$1.00	623,700	\$623,700	\$198,450
Years 6-7	\$1.25	686,070	\$857,588	\$432,338
Years 8-10	\$1.50	754,677	\$1,132,016	\$706,766
<b>Depot Lot, Remote Lots, South of Laurel (metered spaces)</b>				
	Depot Lot	Remote Lots	So. of Laurel	
Total Spaces	300	400	400	
Annual Operating Hours				
Peak Period	1,080	450	—	
Off-peak	512	—	2,000	
	Revenue Hours	Revenue Hours	Revenue Hours	
Annual Usage				
Peak Period	158,000	73,500		
Off Peak	15,000	0	480,000	
Total	173,000	73,500	480,000	
Rate Schedule	Depot Site	Remote Lots	So. of Laurel	
Years 1-3	\$0.50	—	\$0.50	
Years 4-5	\$0.75	\$0.50	\$0.75	
Years 6-7	\$1.00	\$0.75	\$1.00	
Years 8-10	\$1.25	\$1.00	\$1.25	

The district would also include the 300 space Depot Lot. The total number of meters in the district would be 1,120. No meter operation or enforcement costs have been included in the estimates. Meter capital costs are included in the pro-forma and total \$110,000 in the first 10 years.

**Conclusion:** The parking meter district is needed to fund the Depot Lot, the shuttle, meter upgrades, and the transportation management of the area. The district is expected to generate over \$1.1 million annually by the year 2007.

**Shuttle System**

The costs and operation of the shuttle system have been presented in the earlier chapter on transportation. However financing for the initial phase of parking and traffic management improvements will come from a mix of funding sources.

The City has applied to the County Regional Transportation Commission for State Transportation Improvement funds to fund acquisition of the Depot Site. Funding for the parking shuttle and intersection improvements, will require assistance through the Federal, State or Regional transportation programs, Congestion Management Program, increases in

Beach Area parking revenues, and net revenues from the Southern Pacific Depot parking site. The exact revenue generation will determine the timing of each traffic management improvement.

The City of Monterey receives about 40% of its shuttle funding from grants from the air district. It also charges \$1/person for an all-day pass. The City of Santa Cruz could phase in a fee for the shuttle. It would generate revenues of about \$97,000/yr using this system. Finally, private entities in the Beach area such as the Seaside Company could partially or wholly subsidize a shuttle program that directly serves their employees and/or visitors. The shuttle could be also considered as in-lieu-of parking device where the Seaside Company subsidized the program in-lieu-of providing additional on-site parking.

#### *City/Lodging Industry Partnership To Upgrade Facilities*

The cost of each motel upgrade will vary on the age of the facility, as well as specific site needs. General cost estimates in this area could range from \$20,000-40,000 per site depending on the need for new landscaping and other exterior improvements. City participation will follow the format established by the Eastside Facade Program where a portion of the costs were shared.

#### **Program Funding**

Funding options in this area will require a combination of private and public funding. Samples of potential funding sources for the program could involve such innovative ideas such as establishing a participating motel TOT tax base line and utilizing any resultant increase in transient occupancy tax at that hotel following renovation to fund the public share of the site upgrade.

A second alternative could be an accelerated auditing program to ensure accurate TOT tax reporting and the assignment of any increased revenues from this program to City/Lodging Industry partnership.

#### *Beach Hill Historic District*

This program will require no additional funding since the implementing zoning regulations and other procedures have already been adopted. What remains to be done is the preparation of the formal staff report and an assessment of the potential impact/benefits of the Mills Act. The Beach Hill Historic District will contain approximately 50-70 properties.

#### *Summary*

Following adoption of the *Beach and South of Laurel Area Plan*, initial funding should be given to the highest priority projects. These projects are ones for which funding has been most specifically identified and where private investment is available.

With the identification of the seven new initiatives in the Beach and South of Laurel Plan, City staff can then focus its attention on developing the necessary programs, agreements, and other mechanisms to ensure program implementation. As mentioned in the initial section, a variety of strategies must be developed from these, including voter approval of the Transient Occupancy Tax Surcharge, new housing developments and improved traffic management.

## H. POTENTIAL SOURCES OF FUNDS

### 1. Existing Sources

**Annual City Budget:** The Annual City Budget establishes the level of investment in each specific City service. The Annual City Budget can, over time, be used to provide on a comprehensive basis increments of service for a specific function. However, given the restrictions of Proposition 218 and competing needs outside the Beach area, the City budget may be more properly looked at as a way to respond to private actions by way of identifying public improvements which can be brought forth to stimulate future investment.

**Capital Improvement Program:** The Capital Improvement Program provides funding to projects throughout the City and can be used as a mechanism to focus and organize projects set forth in this Plan. Funding for the Capital Improvement Budget comes from a portion of the Transient Occupancy Tax, and grants.

**Tax Increment Financing (TIF):** TIF is a method of funding public investment in an area using State Redevelopment Law by recapturing, for a time, all or a portion of the increased property tax revenues resulting from private investment. As private investment adds to the tax base within a redevelopment area, a portion of the increased tax revenues are placed in a special fund that can only be used for public purposes permitted by law in that area.

The Beach and South of Laurel area is currently in the Merged Redevelopment Project Area and, therefore, incremental property tax revenues from private investment can be used in funding improvements in this area. Currently, the assessed valuation of the Beach and South of Laurel area is approximately one hundred fifty-seven million dollars (\$157,000,000).

If private investment occurs in this area, the additional tax increment which results above this current level could be utilized for future improvement. Tax increment revenues available to the Beach and South of Laurel area will amount to about \$7,500 for each one million dollars of increased assessed valuation. Of this \$7,500, approximately \$5,000 will be available for economic development and public improvement projects and \$2,500 available for low- and moderate-income housing. These funds may be spent throughout the merged project area.

**Community Development Block Grant (CDBG):** The Community Development Block Grant Program is funded by the U.S. Department of Housing and Urban Development and provides assistance to the City for programs and projects directly aimed at the type of housing and neighborhood facilities discussed in the Beach/South of Laurel Area Plan. The Community Development Block Grant funding is allocated on an annual basis and can be used to fund a wide variety of housing and neighborhood facilities contemplated in the Beach and South of Laurel Area Plan. Priorities for use of this funding are established on an annual basis, and, to date, have been used to fund housing rehabilitation, park improvements among a few projects. The average annual grant to the City available for projects is approximately \$775,000 ± per year.

**HOME Fund:** This fund is a new source of revenue provided to the City by the Department of Housing and Urban Development and is specifically targeted to improve and increase the supply of low- and moderate-income housing. The annual grant to the City available for projects is approximately \$300,000 ±.

This brief summary of existing sources of funding provides a certain degree of information with respect to the existing potential to fund new improvements. However, in each of the previously mentioned categories there are existing programs and projects in place competing for these funds, and thereby limit their potential to address programs and needs identified in the Beach and South of Laurel Area Plan. Given this scarcity of financial resources, it is important to discuss a number of new potential funding sources which could complement and enhance available revenues.

### **New Funding Sources**

**Assessment Districts:** Assessment districts are often used to fund public improvements that benefit private property and development. Such assessments place upon the benefiting properties the cost which are not borne by the larger community. Assessment districts can take on a number of forms and perform many different projects. Assessment districts typically raise funds through annual assessments to pay off bonds which are sold to finance particular projects. Assessment districts are typically established by municipal governments.

The passage of Proposition 218 has created new procedures to establish assessment districts which will require a more focused and voluntary application this funding mechanism. However, for certain physical improvements, this mechanism may be a method through which public and private funding can be brought together to provide project funding.

**Transient Occupancy Tax Beach Area Improvement Surcharge:** Transient occupancy tax is one of the major revenue sources for funding capital improvements in the City of Santa Cruz. Two-thirds of the existing transient occupancy tax is devoted to street, park, and other capital improvements throughout the City of Santa Cruz. If a surcharge is added to the existing transient occupancy rate of 10%, this funding could be specifically used for capital improvements in the Beach area.

A recent survey of comparable cities indicates a transient occupancy rate of 12% occurs in these cities. If a 2% surcharge were applied to the existing rate, it would generate approximately \$500,000 per year, which would support bond funding of approximately 5½ to 6 million dollars. The provisions of Proposition 218 would require two-thirds voter approval of any future transient occupancy tax surcharge.

Some portion of the increased transient occupancy tax revenues anticipated from the new hotel/ conference center should be dedicated to construction of affordable housing in the Beach/South of Laurel area as well as to other public infrastructure and service needs identified in this Plan.

**New Private Investment:** The Beach and South of Laurel Area, as previously mentioned, is now in its entirety within the boundaries of the Merged Redevelopment Project Area. As a result, new private investment in this area will create additional tax increment revenues.

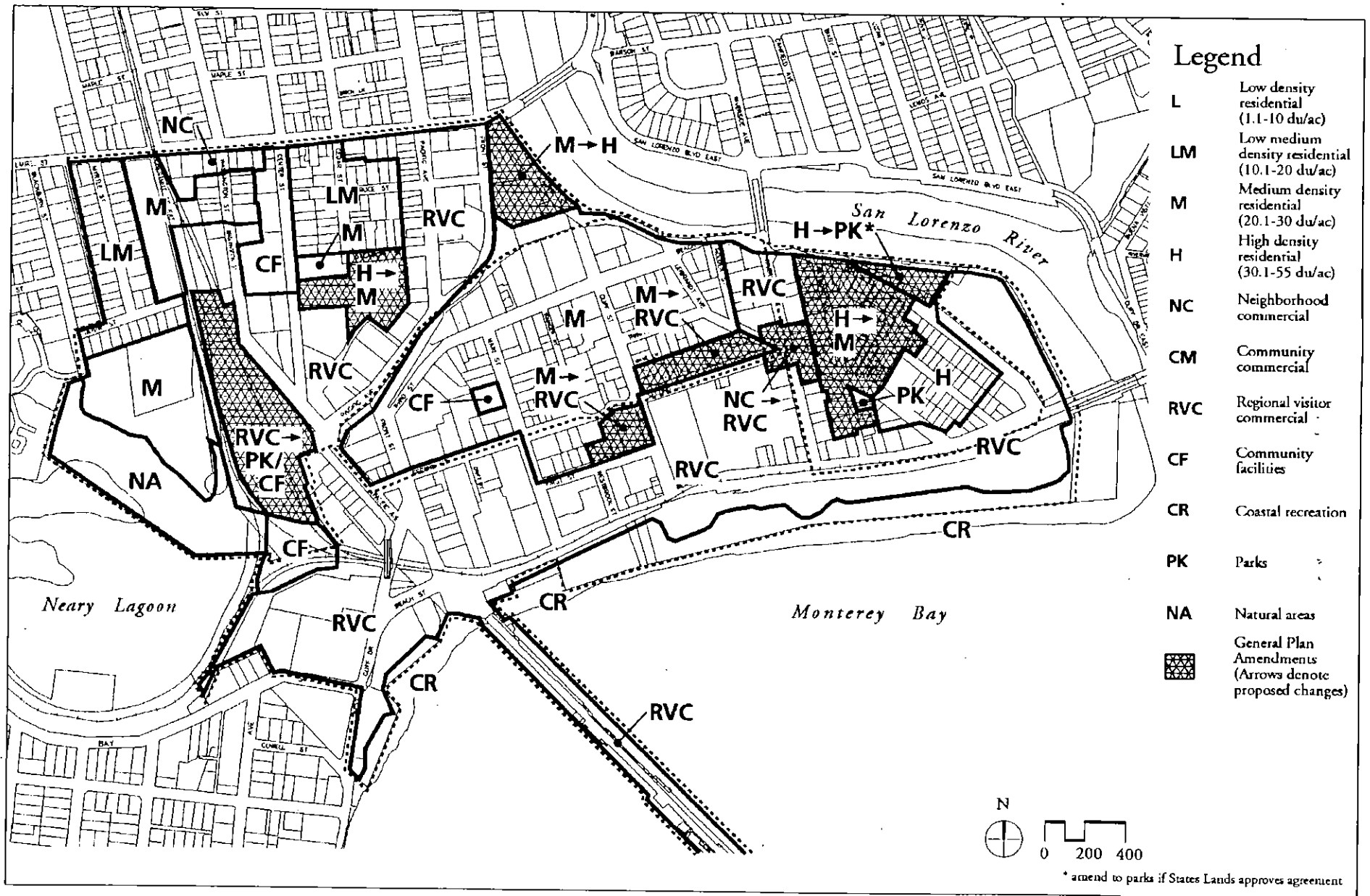
For instance, construction of a new 230-room hotel will generate approximately one million dollars in new additional tax revenues (transient occupancy tax, \$640,000; redevelopment tax increment, \$271,000; utility tax, \$100,000). Similarly, new housing or other commercial construction will generate additional revenue above and beyond those taxes currently generated in this area. Aside from the direct impacts of new investment, secondary impacts will occur through increased sales tax and other non-site specific City revenues.

**Loans and Grants:** The City of Santa Cruz has aggressively sought grant assistance with respect to a number of Beach and South of Laurel area projects. Grant assistance has, to date, assisted in the financing of the Riverside Avenue bridge, Beach Street Promenade Improvements, and increased neighborhood police patrols in the Beach Flats areas.

Additionally, over the years, grants have assisted in the reconstruction of the Santa Cruz Municipal Wharf and the reconstruction of the West Cliff Drive bridge. Where possible, throughout the term of the Beach and South of Laurel Beach Area Plan, grant assistance will continue to provide funding for specific projects. For instance, the City is currently seeking a State Transportation Improvement funding through the Santa Cruz County Regional Transportation Commission to assist in the purchase of the former Southern Pacific Depot site for use as a multi-modal transit site.

The above funding sources provide a number of financing mechanisms through which the next stage of Beach area improvements can be financed. However, with the restrictions of Proposition 218 and increasing competition for public funds, it is important to recognize that private investment will be a major factor in realizing these improvements. Nevertheless, even with limited public involvement for streets, parking, housing, and other facilities, the public investment will be substantial over the next decade.





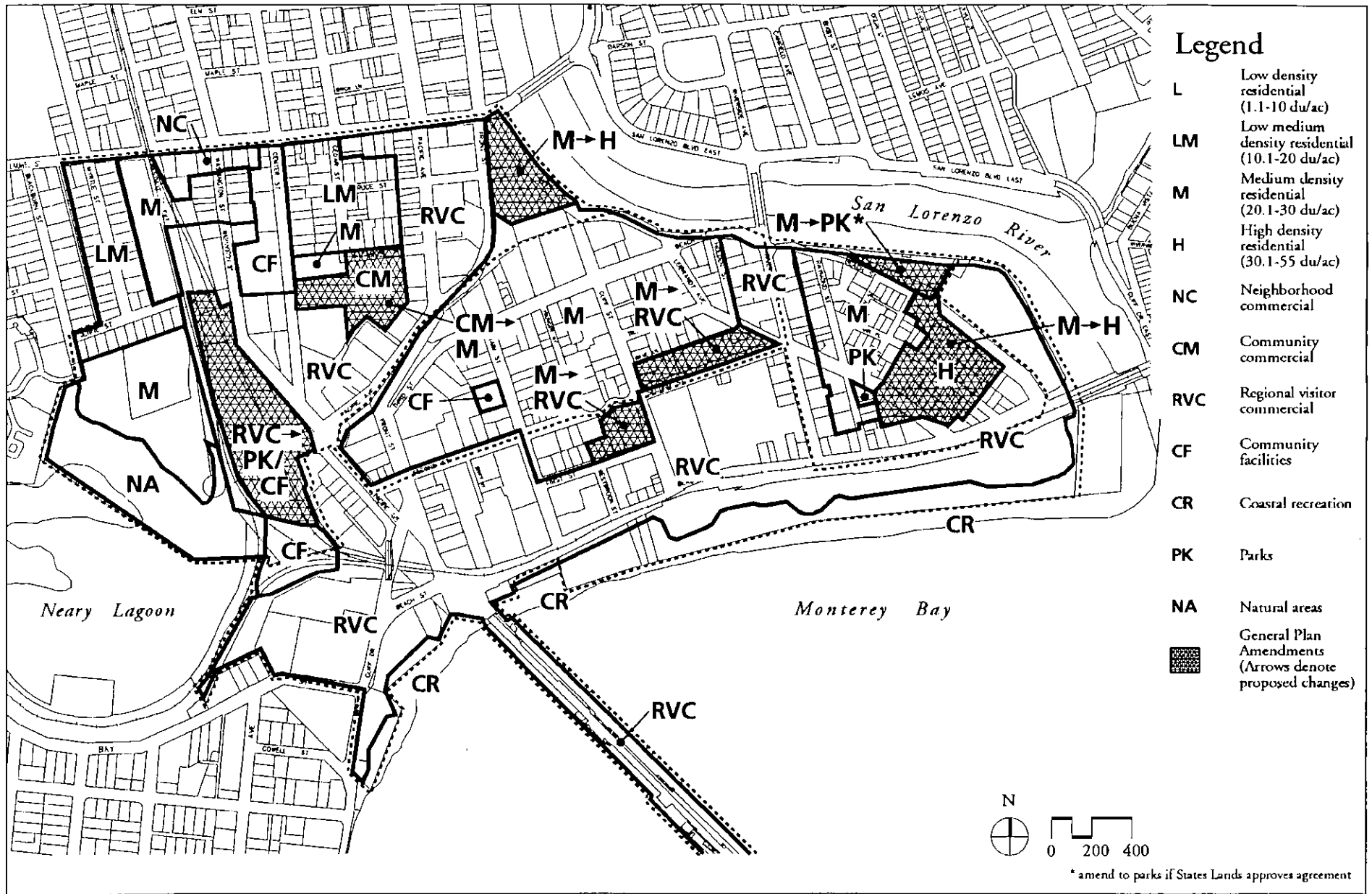
The Phipps Group

City of Santa Cruz - Beach / South of Laurel Area Plan

Figure 70

# Proposed Amendments to General Plan Land Use Designations





The Phipps Group

City of Santa Cruz - Beach / South of Laurel Area Plan

Figure 71

LCP Land Use Amendments