

Economic Development

department



Department Description

The Economic Development is comprised of five key divisions focusing on bolstering the local economy and improving the quality of life for our community and residents.



Economic Development

The Economic Development Division is responsible for business retention and expansion (BRE) efforts. The division provides tailored permitting assistance, incentive programs, and business planning and promotion to assist businesses and grow the economy. Since 83% of Santa Cruz businesses have nine or fewer employees, the team works with small and medium-sized businesses at every stage. The Economic Development Division advocates for all businesses so they can succeed and grow in the City of Santa Cruz.

FY 2018 Accomplishments

Economic Development

- Provided outreach and assistance to over 300 businesses and entrepreneurs through recruitment and retention efforts.
- Conducted 129 formal and informal business visits City-wide.
- Mailed over 105 new business letter packets welcoming new businesses and providing resources and information for support.
- Developed and distributed 2,000 Holiday shopping retail guides, promoting over 150 retail businesses across the City.
- Hosted national retail consultant Bob Gibbs for an update to the 2011 Retail Market Analysis.
- Bob Gibbs provided one-on-one retail visits with 20 businesses city-wide and presented a talk on the best practices of retail attended by local retailers, entrepreneurs, brokers, and community members.
- Published the “Freelance/Consultant Business Guide,” the second of 24 Business Guides to be released on the ED website ChooseSantaCruz.com to provide startup information by specific business type. The guides serve as a companion resource to the website’s Business Roadmap, launched in 2016, which provides general startup information.
- Completed two Facade Improvement Grant projects - Barrios Unidos (1817 Soquel), and Locust Street Building (105 Locust) and entered into agreement for a third – Bohemian Boutique (1306 Pacific).
- Entered into two Commercial Signage Grant Agreements with Santa Cruz Signs (501 A River) and Workbench (129 Bulkhead).
- Continued to serve as a founding member and partner of Santa Cruz Works, a local non-profit collaboration with UCSC focused on connecting and supporting the local science and tech ecosystem through marketing, job networking, and educational forums and events specific to the science and tech community.
- Provided assistance and support for the creation of Santa Cruz Accelerates, a startup accelerator program in collaboration with grant funding from UCSC.

- Presented at the Santa Cruz Works Member Breakfast to share information about upcoming development projects and City initiatives relevant to the Tech industry.
- Provided assistance and support to the Startup Sandbox, an incubator and wet lab space for UCSC graduate students and tech commercialization.
- Continued to support the tech ecosystem and startup culture with sponsorships of Santa Cruz Tech Beat, Tech Raising, and Event Santa Cruz. Sponsored the 5th annual Hackathon at UCSC: Cruz Hacks with contribution of the Tech Transfer Bonus prize, which provides 3 months of mentorship through Santa Cruz Accelerates.



- Continued to co-host the monthly Santa Cruz New Tech Meetup, an event which averages attendance of over 200 people and promotes the growth of the local tech ecosystem.
- Presented at the Titans of Tech event hosted by Santa Cruz Works on the ecosystem of support for tech and innovation in our community and attended by over 400 people.



- Held the third annual *Choose Santa Cruz* Pop up Market as a holiday market featuring 12 local businesses and attended by over 700 people.
- Continued monthly coordination meetings with the Planning Department to talk through permitting constraints for evolving industries such as retail.

- Began working with Yarn Shop Santa Cruz for first Website Assistance Pilot Program project.
- Celebrated National Small Business Week (April 30-May 6) by distributing 200 posters marketing a “shop local” campaign citywide to promote local shopping and share resources, available through Economic Development.
- Hosted the Food Slam event featuring 9 food entrepreneurs doing demos to an audience of over 100 people at the Food Lounge.
- Continued to refer businesses to free one-on-one confidential business mentoring and support provided by the Small Business Development Center.
- Continued to promote Economic Development activities and to highlight our key industry successes by finalizing our first website video series conveying the unique "*Choose Santa Cruz*" brand and launching a second series called "The Sit Down" showcasing the incredible collaborations that bring the Santa Cruz business community together. Videos released in FY 2018 featured Olena Morozova of Treehouse Childhood Cancer Initiative, Richard Hoover of Santa Cruz Guitars, Timerie Gordon and Christian Nielsen of Nielsen Studios, and Frank Scott Kreuger, Nick Pavlina, and Taylor West of Humble Sea.
- Created Business Liaison position to assist businesses, especially those identified as a high priority interest, in connecting with the appropriate City departments.
- Produced second podcast episode for the Choose Santa Cruz website featuring local business Buoy Labs.



Housing & Community Development

The Housing and Community Development Division works with both non-profit and for-profit housing developers in multiple capacities from financial assistance through project and construction management to create and preserve affordable housing in the Santa Cruz community. The Division additionally administers federal HOME and CDBG Programs as well as the City's inclusionary and Affordable

Housing Trust Fund Programs and monitors over 1,600 restricted units. As the City's housing arm, the division tracks housing issues, pursues new resources, and works to develop effective programs, such as the City's nationally recognized ADU Program.

FY 2018 Accomplishments

Housing & Community Development

- Utilized City's HOME entitlement grant to fund a portion of a Habitat for Humanity project creating a new single family dwelling and ADU on Frederick Street (deed restricted to be affordable to households earning no more than 60% of area median income).



- Construction completed for the first ADU under the My House, My Home program and success of the program has led to an extension of the pilot for additional two years.
- Participated extensively in Mayor Chase's intensive housing engagement initiative.
- Hosted second Affordable Housing Trolley Tour, a driving tour of the multiple affordable housing projects throughout the City of Santa Cruz.
- Continued to pursue amendments to Density Bonus ordinance to facilitate increased housing production.
- Negotiated with Riverfront Apartments to renew Section 8 Agreement.
- Participated with County and other jurisdictions in Landlord Incentive Program for Section 8 tenants - effective January 2018.
- Secured Council approved of the 2018-2019 HUD Action Plan for Community Development Block Grant and Home Investment Partnership Program funding.

- Monitored 850 units of affordable housing (affordable ADUs, Measure O units, and Redevelopment Agency Housing Projects) for compliance with various affordability and rent requirements.
- Assisted 19 households, five of whom were homeless, in obtaining rental housing through the City's Security Deposit Program, administered by the Housing Authority.
- Assisted 15 households facing eviction to remain in their homes through the City's Emergency Rental Housing Program, administered by the Community Action Board.



Infrastructure & Development/Successor Agency

The Economic Development Department serves as the lead agency on a number of infrastructure and housing projects throughout the City. With the elimination of Redevelopment in 2011, the main focus of the Successor Agency is to facilitate the expenditure of the 2011 bond funds and the completion of related infrastructure projects approved by the City Council, the Oversight Board to the

Successor Agency (Oversight Board) and the California Department of Finance (DOF). In addition to the completion of major infrastructure projects, the Successor Agency is the Housing Successor to the former Redevelopment Agency and charged with the management of housing assets of the former Agency which includes ongoing housing monitoring and development. The Economic Development Department also serves as the lead agency on major infrastructure projects throughout the City including city-wide Wayfinding and key projects downtown including future development opportunity sites.

FY 2018 Accomplishments

Infrastructure & Development/Successor Agency


- Completed Phase II, signage design for comprehensive wayfinding signage program, with input from Wayfinding Steering Committee and Community Stakeholders.
- Entered into a purchase sale agreement for the NIAC building to enable creation of affordable housing in the downtown.
- Ongoing oversight of the Tannery Arts Center campus including property management of the Arts Council Santa Cruz County.

Asset Management

The Asset Management Division provides property management of City-owned assets including acquisition, disposition, and development of real property. The Division additionally manages over 80 commercial license agreements and commercial leases on the Santa Cruz Wharf and in other city- owned buildings and parcels, including commercial spaces in the parking garages, property and buildings on the Homeless Services Center campus and properties owned by the former Redevelopment Agency such as the Del Mar Theatre and Tannery Arts Center campus. The Division also manages the city-wide graffiti abatement program, including the maintenance of the graffiti database used by local law enforcement and manages the downtown kiosk and downtown café extension area licenses.

FY 2018 Accomplishments

Asset Management

- Facilitated eight community use event rentals at the Del Mar Theatre.
 - Abated over 2,742 graffiti tags within the City of Santa Cruz, resulting in more than 52,516 square feet cleaned.
 - Completed sale of City-owned surplus property on Frederick Street to Santa Cruz Bible Church.
 - Completed sale of City-owned surplus property on Harbor Drive to Carla Schimemi.
 - Completed a Lease Termination Agreement with Tannery Arts Center, Inc. through which the Colligan Theater at the Tannery becomes a City-owned asset, and entered into a new Lease Agreement with Jewel Theatre Company for use and operation of the theater.
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- Entered into a new Lease Agreement with Santa Cruz Shakespeare for the operation of summer outdoor theater at DeLaveaga Park.
 - Entered into lease agreements with two new kiosk tenants - Café RJ and Roux Dat Cajun Creole.
 - Completed a draft EIR for the Wharf Master Plan.
 - Entered into a contract with Moffat & Nichol for engineering plans and specifications for the demolition of the Miramar Fish Grotto on the Wharf.
 - Applied for and received Coastal Development Permit Waiver 3-17-1046-W from the Coastal Commission allowing the demolition of the Miramar and limited pile replacement to proceed without a coastal development permit.
 - Began preparation of a bid package for the demolition of the Miramar and limited replacement of piles under the building once removed.



- Negotiated and entered into a new lease with the Stagnaro Bros. restaurant on the Wharf.
- Negotiated and entered into a new lease with Marini's Candies retail store on the Wharf.
- Opened negotiations for a new lease with the Riva Fish House restaurant on the Wharf.
- Negotiated and entered into a Wharf lease amendment with Vino Prima wind bar, extending the term of the lease through January 2022.
- Finalized an extension to the license agreement for Surfline's webcam (live streaming video of Steamer Lane and Cowell's from the from the roof of Olita's Cantina & Grill) has been approved. Surfline is the preeminent surf and weather forecaster for the multi-million dollar surf industry.



- Finalized an extension to the license agreement for Paradise Dogs hot dog stand.
- Finalized an extension to the license agreement for Pacific Coast Kites.
- Negotiated and entered into a new license agreement for the KAZU FM 90.3 transmitter on the Wharf.

- Confirmed/established responsibilities for ADA compliance with Wharf tenants. Entered into nondisclosure agreements with same.
- Levied annual rent adjustments on Wharf tenants.
- Held quarterly meetings between Wharf tenants and city staff.
- Reconciled Wharf financials upon turn-over of this responsibility from Finance to Economic Development.



Public Art

Managed by the Arts Program Manager in consultation with the City's Arts Commission, the Santa Cruz City Arts Program includes sculpTOUR—the City's rotating collection of artwork downtown, Graphic Traffic—the signal box art program, and the Mural Matching Grant program. The Percent for Art Program allocates 1% of eligible Capital Improvement Program projects to enhance the City's infrastructure with art, outreach and education efforts. Long-term planning projects lay out strategies and plans for public art; partnerships with local organizations support a vibrant arts culture in Santa Cruz and multiply the impact of city arts funds.

FY 2018 Accomplishments

Public Art

- Began work focusing on Equity, Inclusivity, and Environmental Justice with the Arts Commission.
- Featured six participating artists in the Santa Cruz Recycled Art Program (SCRAP) with an exhibition at R. Blitzer Gallery.
- Held farewell party for "Moonlight Dance" mural and installed a new mural at SCOPE Park titled "Jump In!"

- Installed new mural at Loudon Nelson Center in partnership with the Diversity Center titled "Unity, Decolonize, Thrive."
- Installed two new sculptures downtown as part of the SculpTOUR program.



- Held a poetry contest for poetry in both English and Spanish to be stamped in concrete as part of the Rail Trail phase one. Selected 32 poems in both English and Spanish that will be installed during phase one construction.
- Celebrated the opening of the Abbott Square Market this summer and provided mural matching grant funds to the new quilt mural that wraps around the building.
- Hosted "Follow the Flush & Party at the Plant" Wastewater walk to treatment plant mural in collaboration with Public Works, FICTILIS, and UCSC.

FY 2019 Goals

Economic Development

- Support the Creation and expansion of businesses and jobs.
 - Officially create the Business Liaison role within the Economic Development team to assist businesses, especially those identified as a high priority interest, in connecting with the appropriate City Departments.
- Provide targeted outreach to growing businesses to assist with expansion and identify key resources to remain in Santa Cruz.
 - Assist two businesses through Façade Improvement Grant and Mural Matching Grant Programs.
 - Assist three businesses through Commercial Signage Grant Program.
 - Host semi-annual broker meetings and special workshops on incentives and suitability of sites for development (jointly with the Planning Department).
 - Conduct 1-2 formal business retention visits every month and 100 informal visits citywide annually to meet with top 25 sales tax producers, share business resources, and engage with businesses across targeted industries and all stages of growth.
 - Continue to partner with Santa Cruz Works, to encourage local science and tech workers to find jobs in Santa Cruz.
- Promote economic and cultural vibrancy in Santa Cruz.
 - Support growth in the Downtown, to attract and retain the mix of retail and local stores and to accommodate existing and future housing and office uses.
 - Support the development of public assembly facilities that can accommodate special events such as a permanent arena facility, improvements to the Civic Auditorium, Abbott Square, and Museum of Art and History.
- Actively support knowledge and innovation.
 - Support capital investment in local companies by supporting opportunities for companies to connect with Venture Capitalists.

- Connect innovators with resources and support needed to create and sustain their products.

Housing

Council Strategic Goal 1: Housing - Focus Area 2 - Housing Policy Updates

- Promote development of new higher density rental housing affordable at a range of income levels.
 - Amend the Inclusionary Ordinance to address rental housing needs.
 - Amend the Density Bonus Ordinance to facilitate increased housing production.
 - Start construction of 41 units of affordable housing on Water Street.
- Support preservation of existing affordable housing as a valuable community resource.
 - Continue annual monitoring of restrictions.
 - Track at-risk units with the goal to preserve affordability.
 - Preserve older housing stock, which tends to have lower rents.
- Help those at risk of homelessness stay housed, and those who are homeless, obtain housing.
- Effectively manage HUD CDBG and HOME Programs to maximize their community benefits.
- Develop materials and opportunities to educate the community about various facets of housing.

Infrastructure & Development/Successor Agency

Council Strategic Goal 1: Housing - Focus Area 4 - Downtown Projects

- Continue to develop the Metro/Pacific Station project.
 - Identify a permanent site for METRO project.
 - Continue to develop plans for the creation of at least 60 affordable housing units on the acquired NIAC building site.
- Continue to evaluate feasibility of Library Mixed Use Project.
- Implement Wharf Master Plan and Wharf needed infrastructure improvements.

- Begin fabrication and installation of citywide Wayfinding system which included signage design for gateway, vehicular, pedestrian, cycling, and parking signs.

Asset Management

- Continue to manage the City's Commercial Lease and License Agreements.
- Complete demolition of Miramar building and limited replacement of damaged pilings under Miramar building on the Wharf to enable new lease activity in 2019.

Public Art Program

- Finalize Rail Trail Art Opportunity Master Plan
 - Create a call for mural artists for timber lag wall.
 - Seek grant funding/sponsorships
- Develop a plan to utilize Percent for Art funding, particularly from the water, stormwater, and parking funds.
- Continue work on the Ebb & Flow River Arts Festival in collaboration with ACSCC and CWC.
- Identify new artists for refresh of Graphic Traffic artwork on Ocean Street.
- Continue to oversee SCRAP program and call for artists to produce work for December show.
- Fund at least two mural projects on private or commercial property.
- Assist the Parks Department in doing a call for artists for the bocce court mural.
- Develop several large mural projects at Wrigley building in partnership with Ow family, PangeaSeed, and Save the Waves.
- Complete permit with CalTrans and begin installation for Mission St. Mural with Clean Oceans International and Bay View Elementary.
- Begin the process to update Arts Master Plan including developing scope of work and assembling an advisory group.
- Develop monthly Artists meetup with regional arts nonprofit partners to provide networking and skills sharing among the artist community.

Economic Development

DEPARTMENT SUMMARY

	Fiscal Year* 2017 Actuals	Fiscal Year 2018			Fiscal Year 2019 Adopted
		Adopted Budget	Amended* Budget	Estimated Actual	
EXPENDITURES BY CHARACTER:					
Personnel Services	1,111,583	1,511,435	1,511,435	1,185,732	1,479,471
Services, Supplies, and Other Charges	2,772,963	3,793,259	6,784,561	5,248,137	3,660,469
Capital Outlay	-	-	6,360,000	6,360,000	360,000
Total Expenditures	<u>3,884,546</u>	<u>5,304,694</u>	<u>14,655,996</u>	<u>12,793,869</u>	<u>5,499,940</u>
EXPENDITURES BY ACTIVITY:					
Community Promotion-Downtown Business Promotion	1502 240,000	240,000	240,000	240,000	240,000
Community Promotion-Arts Council-SC County	1503 75,000	75,000	75,000	75,000	70,875
Economic Development-Project Admin	5401 1,390,339	2,154,154	2,242,887	1,916,684	2,118,654
Property Acquisition	5531 -	-	500,000	500,000	-
Economic Development-Project Admin	5590 406,128	759,500	1,248,277	1,080,505	762,500
Property Management	5591 82,315	225,000	350,160	350,160	225,000
City Arts	5592 89,847	172,000	260,392	240,392	100,000
Subtotal General Fund	<u>2,283,629</u>	<u>3,625,654</u>	<u>4,916,715</u>	<u>4,402,741</u>	<u>3,517,029</u>
Cafe Extensions & Kiosks	1504 15,000	15,000	15,000	15,000	15,000
Cafe Extensions & Kiosks	1505 15,700	22,700	22,700	22,700	25,700
Cooperative Retail Management	1506 220,000	220,000	220,000	220,000	220,000
Subtotal Other General Funds	<u>250,700</u>	<u>257,700</u>	<u>257,700</u>	<u>257,700</u>	<u>260,700</u>
Housing & Community Development	5201 988,148	1,026,120	2,905,696	1,673,562	894,571
CDBG Programs	5204 98,588	98,780	98,780	86,280	101,600
CDBG Programs	5205 6,318	15,500	15,500	15,500	15,500
HOME Program Administration	5207 32,028	29,500	29,500	28,811	34,100
Public Improvements Other	5579 -	-	-	-	20,000
Rental Assistance Programs	5604 10,298	11,000	11,000	11,000	22,000
Rental Assistance Programs	5605 2,500	11,000	11,000	11,000	-
Low & Mod Housing Property Acquisition	5610 -	-	5,800,000	5,800,000	345,000
Low & Moderate Housing Production	5650 72,338	89,440	367,275	367,275	189,440
CDBG Programs	6203 115,000	115,000	217,830	115,000	75,000
Rental Assistance Programs	6204 25,000	25,000	25,000	25,000	25,000
Subtotal Other Funds	<u>1,350,217</u>	<u>1,421,340</u>	<u>9,481,580</u>	<u>8,133,428</u>	<u>1,722,211</u>
Total Expenditures	<u>3,884,546</u>	<u>5,304,694</u>	<u>14,655,996</u>	<u>12,793,869</u>	<u>5,499,940</u>

*Sums may have discrepancies due to rounding

Economic Development

DEPARTMENT SUMMARY

	Fiscal Year*	Fiscal Year 2018			Fiscal Year 2019 Adopted	
		2017 Actuals	Adopted Budget	Amended* Budget		Estimated Actual
RESOURCES BY FUND						
General Fund	101	349,130	381,000	633,704	375,383	389,500
Co-op Retail Management	122	218,642	220,000	220,000	220,815	220,000
Kiosk Maintenance	123	42,898	39,010	39,010	39,903	39,090
HOME Rehabilitation Projects	251	2,000	4,800	4,800	8,120	3,000
HOME Investment Partnership	253	440,540	260,000	260,000	381,305	250,000
Community Development Block Grant	261	497,735	493,400	596,230	683,225	508,000
Affordable Housing Trust Fund	279	92,530	11,000	11,000	337,576	117,000
SA (H) LMIH-Merged 2-1-12	281	49,433	-	-	71,762	401,658
Total Resources		1,692,909	1,409,210	1,764,744	2,118,089	1,928,248
Net General Fund Cost		(1,934,499)	(3,244,654)	(4,283,012)	(4,027,358)	(3,127,529)
		FY 2017			FY 2018	FY 2019
TOTAL AUTHORIZED PERSONNEL:		12.00			12.00	12.00

*Sums may have discrepancies due to rounding

Economic Development Department

