



Santa Cruz County Business Council

Board of Directors

Thursday, June 19th @ 7:30 AM
The Crow's Nest - Santa Cruz Harbor

Meeting Summary and Minutes

Present: Bob Murphy (Wells Fargo Insurance Services), David Heald (Santa Cruz County Bank), Ted Burke (Shadowbrook), Cindy Weigelt (Watsonville Community Hospital, DB), Mickey Holzman (Pajaro Dunes Resort), Peggy Dolgenos (Cruzio Internet), Joe Foster (SCCBC), Rick Weiss (Bay Federal Credit Union), Jarl Saal (First Alarm), Ryan Pacheco (Wells Fargo Commercial Banking), Karl Philipovitch (Graniterock), Jon Lee (Barry Swenson Builder), Tom Gill (Plantronics), Kathy Hartman (Santa Cruz County Association of REALTORS), Dave Regan, Karen Semington (Hutchinson & Bloodgood LLP), Rick Hofstetter (Lighthouse Bank), Tom Hart (Sutter Health/PAMF)

Guests: Barbara Mason, County of Santa Cruz; Kathy Previsich, County of Santa Cruz; G. Stearns, Stearns & More Capital

Meeting Summary

- Potential Transportation Sales Tax Measure: Directors listened to a report given by members of the Infrastructure & Transportation Committee regarding the Committee's work on providing feedback/guidance on a possible sales tax measure to the Santa Cruz County Regional Transportation Commission (SCCRTC). The Directors accepted the report, and asked for the Committee to continue engagement with SCCRTC staff.
- County Economic Vitality Strategy (EVS) Presentation and Discussion: Directors heard a presentation from County officials (Barbara Mason and Kathy Previsich) regarding the goals, strategies and proposed "work plan" for the EVS. Directors asked questions of the County officials, and provided individual feedback on the EVS. The Directors gave authority to the Government Affairs & Economic Development Committee to draft/submit officials comments from SCCBC.
 - The majority of the meeting was spent conducting a "Directors-only" roundtable discussion on the EVS: their thoughts will be submitted to the County as "raw" feedback from SCCBC. All individual comments will remain anonymous, and will simply be submitted as comments from the SCCBC Board of Directors.



Santa Cruz County Business Council

Meeting Minutes

1. Call to Order/Introductions

- 1.1. Ms. Dolgenos called the meeting to order at 7:30 AM. She then asked everyone to introduce themselves
- 1.2. Following introductions, a motion was made to approve the May 2014 Board meeting minutes. The motion was seconded and approved.
- 1.3. Ms. Dolgenos then communicated that we would have a guest speaker coming shortly, but first she called from committee reports to be given.

2.

3. Committee Reports

- 3.1. 2014 Focus Areas: water, transportation, and education
 - 3.1.1. Ms. Dolgenos and Mr. Foster provided a brief update on progress/activities related to the three (3) chose areas of focus for 2014. Mr. Foster passed around a two (2) page list of accomplishments associated with the three (3) areas. He also mentioned that our progress report is available in the shared Dropbox folder. Ms. Dolgenos said that updates will be given monthly.
 - 3.1.2. The Board accepted and filed the report
- 3.2. Financial
 - 3.2.1. In Mr. Machado's absence, Mr. Foster provided a quick overview of the SCCBC financials. A copy of the financial report was sent to the Directors prior to the meeting. Additionally, a hard copy of the report was passed around the table for review. There were no questions or comments on the report
 - 3.2.2. The Board accepted and filed the report.
- 3.3. Membership & Programs (*Burke*)
 - 3.3.1. New members - introduced Grunsky Law Firm and Hilton Scotts Valley
 - 3.3.2. Targets - listed off all of our targets
 - 3.3.2.1. Jon Lee will talk to William and Benjamin
- 3.4. Infrastructure & Transportation (*Philipovitch*)
 - 3.4.1. Mr. Philipovitch, Mr. Burke and Ms. Semingson gave a report on the recent working session the Committee held with officials from the Santa Cruz County Regional Transportation Commission. The working session was held at our most recent Committee meeting. During the session, the Committee clearly communicated the Board's concerns related to the possible sales tax measure. Transportation officials listened to the concerns and said that they are willing to work with use to come up with a compromise that will be acceptable for all parties. Transportation officials requested that the Committee develop its own "expenditure plan" for a potential tax measure and then present it to them once completed. The Committee will do this at their July meeting.



Santa Cruz County Business Council

- 3.4.2. Mr. Philipovitch briefing the Directors on other issues the Committee is monitoring: Ocean St Plan (City of SC), SC 115 KV Reinforcement Project (PG&E), County's Broadband master plan.
- 3.4.3. The report was accepted and filed.
- 3.5. Government Affairs & Economic Development
 - 3.5.1. Being conscious of time, the Committee report was tabled and the Directors moved on to the presentation on the County's Economic Vitality Strategy (EVS)
- 4. **Working Session: Economic Vitality Strategy - County of Santa Cruz**
 - 4.1. **Presentation/overview of the EVS given by Kathy Previsich (Planning Director) and Barbara Mason (Economic Development Coordinator)**
 - 4.2. Prior to Ms. Mason and Ms. Previsich starting, Mr. Hart set the stage by talking about SCCBC's involvement in the drafting of the EVS and our intent to provide as much constructive feedback as possible during the public review process. Ms. Dolgenos also added that a number of the strategies included in the EVS are a direct reflection of input the Government Affairs & Economic Development Committee has passed on over the past year.
 - 4.3. EVS Overview - Ms. Mason and Ms. Previsich
 - 4.3.1. An overview of the EVS, the process behind its development, and where it is headed was given. After the overview, focus shifted to the proposed 2-year "work plan" for the initial implementation. Each of the seven (7) goal areas and associated strategies were discussed. Additionally, those at the County and around the community that will be responsible for each item were clearly communicated. The presentation took roughly 10 minutes. The Directors present had a few questions for Ms. Previsich and Ms. Mason. They mostly pertained to how they see this plan differing from the plan that was proposed in 1994. Following the questions/answers, Ms. Previsich and Ms. Mason excused themselves so the Directors could begin their discussion about the EVS.
 - 4.4. Board discussion/feedback (individual comments made by Directors)
 - 4.4.1. Focus on existing businesses....nurture those that are already here...focus on business retention. Make it easy for home-grown businesses to stay "home."
 - 4.4.2. Focus on housing...we have a severe housing shortage in all areas of the County. Additionally, what we do have is not affordable for most. The EVS should devote significant time/resources to the development of new housing stock...though, not at the cost of more fees passed on to developers/builders.
 - 4.4.3. How do we get things more focused...7 goals is great, but there are far too many strategies. Dwindling the list down to a couple of strategies under each core area will be vital to the success of the EVS
 - 4.4.4. Being in development...reducing risk...streamlining of the process...reduce cost on the application process...these are the most important things for the EVS to



Santa Cruz County Business Council

focus on once implemented. We're not saying drop all the "rules," but make it easier for us to work with the County to get things done.

- 4.4.5. Housing is expensive...in short supply...difficult to construct...some way to incentivize the County moving quickly through the permitting process.
- 4.4.6. Brand leveraging....some sort of countywide event that is based around all of our action sport businesses.
- 4.4.7. A lot of older dilapidated buildings...the permitting process to upgrade the property....why does it take three weeks to get an appointment only to be told that you have to make another appointment...SCCBC needs to come up with some guidelines for how the permitting process
- 4.4.8. More accountability about getting the job done...permits exceed the cost of the work we do...actually charging the clients more in permit fees than we are charging
- 4.4.9. Focus on less...less is more...drill it down so it is more of a two year plan rather than a 20 year plan...it's nice to include everyone, but we have to focus on a few so we can see some early results
- 4.4.10. Rather than spending a lot of time branding...we need to have something to "sell."
- 4.4.11. Set up a committee that will perform a quarterly review of the plan...this committee would include County officials, municipal leaders, business orgs and other stakeholder groups
- 4.4.12. As a private-sector entity, we have three projects that we work on at a time...the County needs to have three projects that they work on at a time related to economic development. Do not stretch resources too thin.
- 4.4.13. How on board with this is the ag-sector? They are extremely powerful and a huge driver of our local economy.
- 4.4.14. Positive that the County is doing this...a lot has changed in the last 20 years...they need to prioritize, though...make sure the missteps of 1994 are not repeated
- 4.4.15. UCSC sees the opportunity for more interaction with the County...Goal 3 needs to have more of a mention of UCSC and how the County can leverage that partnership
- 4.4.16. Gaming needs to be mentioned in the plan
- 4.4.17. Make sure that County departments actually talk to one another
- 4.4.18. Availability and affordability of housing; critical. We are facing a huge crisis in the future if steps aren't taken now.
- 4.4.19. Take a look at what were the impediments that felled the 1994 plan. Why did it not succeed? Set deadlines for projects that are meaningful and enforced.
- 4.4.20. If there is going to be a business license fee there should be some sort of benefit going back to the businesses that pay into it.



Santa Cruz County Business Council

- 4.4.21. There is no incentive for the County to actually achieve any of this...other than the strategies that focus on bringing in sales tax. Do whatever it takes to change this perception.
- 4.4.22. Nobody likes change. Leadership at the County has to be 100% committed to making everything in the EVS happen. There has to be buy in from all County departments, and from all external stakeholders, as well.
- 4.4.23. How do you implement strategic plans? As businesses, we have to follow a plan to make it happen...step-by-step. Is the County taking a similar approach to implemented the EVS (assuming the BoS approves it)
- 4.4.24. Retention needs to be a top priority...it will be extremely difficult to recruit new businesses...we have to keep the new start ups here...focusing on retention of start ups and other organizations that have been
- 4.4.25. The BoS should “accept” the document rather than “approve” the document. This will give the BoS more control over the implementation process.
- 4.4.26. Housing affects every single one of our businesses...from employee recruitment, to retention.
- 4.4.27. CVC needs to be supported, the County does not need to take over any of the promotional efforts. Just support the CVC. They are the experts.
- 4.4.28. If the County wants to get involved in the promotion side of things, they are going to have to revisit funding the CVC.
- 4.4.29. Water is not mentioned very much in the EVS. It is such a huge issue. The County will have to be cognizant of the countywide water situation. Without water, there will not be economic vitality.
- 4.4.30. What are the metrics that are set forth to make sure that the plan is accomplishing what it is intended to accomplish?
- 4.4.31. Housing issue is huge. What it takes for clients to building/purchase houses. For staff, the cost of housing is a huge concern. Employees are having a hard time affording the cost of housing. It affects all employees, all levels.
- 4.4.32. Concentrate on a critical few items that can actually happen. Do not try to do everything.
- 4.4.33. Business retention and support is of the utmost importance. It is expensive to do business here, so the County needs to do whatever it can to support our local businesses and do whatever it takes to keep them growing in Santa Cruz County.
- 4.4.34. We are concerned about any additional taxes or fees that would be associated with the implementation of the EVS. Do not create additional hurdles for businesses to have to jump over. Related to this, if a fee or tax was to be implemented, the revenue generated should go back into efforts focused on economic vitality.
- 4.4.35. The proposed business license fee is not helpful for businesses in the unincorporated area.



Santa Cruz County Business Council

- 4.4.36. Housing inventory is very low, and it is very unaffordable. Silicon Valley people are investing a lot in real estate, and that is driving costs up. The County needs to focus strategies on making it easier for more housing units to be constructed.
- 4.4.37. The EVS is trying to do too much. From a business perspective, adding another fee is not inline with economic vitality.
- 4.4.38. Very happy to support the retention and expansion efforts.
- 4.4.39. A little concerned that the County is not looking at putting any efforts in attracting outside businesses to the areas.
- 4.4.40. Removing risk is so important for developers. Streamlining of the process. More predictability. There is so much cost for developers that goes into the permitting process. Developers need to be somewhat certain that plans will go through, because a lot of upfront money is at stake. This relates to commercial development, as well as housing. The County needs to help remove risk for developers. Make is more friendly for them to go through the permitting process.
- 4.4.41. The County needs to incentivize the Planning Department to work more efficiently. If things run slowly, or if improvements are not made, there needs to be some accountability.
- 4.4.42. Really seeing business as a partner in this is of the utmost importance.
- 4.4.43. There are a lot of dilapidated commercial properties in the farming sector. There needs to be more incentive for property owners to modernize. The process is so difficult here, that many businesses will move on rather than waiting for properties are going to be enhanced.
- 4.4.44. The business community would like to work with the County to establish the proper metrics for the Planning Department to measure success.
- 4.4.45. One stop shop for the permitting process. Do not send businesses from place to place. Start the process, and then finish the process. The permitting process must operate more efficiently. Permits are exceeding the cost of the work. We are charging our clients more for the fees than for the actual work.
- 4.4.46. Focus on less. Too comprehensive. It is more of a 20 year plan, than a 2 year plan. Health care is a big priority for our business.
- 4.4.47. The County needs to do whatever it can to help with clearing up congestion on our local roadways and highways. Employees in this County tend to have to commute quite a bit. Sitting in traffic adds a great deal of stress to their lives. It impacts productivity/morale.
- 4.4.48. The two year plan should be shorten down from a 10 page plan, to a 3-4 page plan.
- 4.4.49. There are a lot of similarities between the 1994 economic development plan and the 2014 EVS. One of the shortcomings of the 1994 plan was that there was not a “stakeholder advisory committee” that would help the County with making



Santa Cruz County Business Council

sure the process is succeeding. There needs to be a regular (possibly quarterly) meeting of the County and external partners to make sure the EVS is succeeding.

- 4.4.50. We need to focus more on having something to sell, rather than spending a lot of time on branding/visioning. We need to have more things to sell.
 - 4.4.51. After the plan is adopted, the County should sit down with its private-sector partners and devise the actual work plan. Divide up tasks. Set timelines for accomplishments. Hold one another accountable.
 - 4.4.52. The County needs to revisit how they classify agricultural land. Right now, all agricultural land in the County is considered “prime.”
 - 4.4.53. It is really positive that the County is embarking upon this. 20 years ago their plan was taken that seriously. Things are moving in a positive direction.
 - 4.4.54. A lot of opportunity to explore ways for the County to partner better with UCSC.
 - 4.4.55. Housing is the big issues. Staffing. Availability and affordability. Where is the light at the end of the tunnel?
 - 4.4.56. The County needs to fully look at why the 1994 plan was not successful and handle the implementation of this completely differently. Whatever happened then did not work.
 - 4.4.57. Set meaningful, realistic deadlines. Ones that can be enforced. A detailed timeline must be included with the adopted plan. More detail in the timeline.
 - 4.4.58. If there is a business license fee adopted, there needs to be a clear understanding of how the money collected is going back into supporting local business.
 - 4.4.59. Nobody likes change. Unless the County’s leadership is 100% behind it, it will not go anywhere. Everyone has to buy into it. Having clear consensus on how to implement the EVS will be vital to its success.
 - 4.4.60. The success of this plan depends upon the County demonstrating a great deal of leadership
 - 4.4.61. Retention is so important. Most of our business are home grown, so it is so important to support/nurture what we have here. We have a lot of great start-ups. We have to improve our housing situation, our availability of commercial property and our transportation infrastructure in order to keep businesses here.
 - 4.4.62. The County needs to support the CVC. There is no need for the County to get involved in the promotion of the County.
 - 4.4.63. Just focus on making it easier to get a permit.
 - 4.4.64. The County must change its overall philosophy in order to prioritize economic vitality
 - 4.4.65. Funding is going to be a huge issue. How is the County going to support these efforts financially?
- 4.5. Future direction by SCCBC



Santa Cruz County Business Council

- 4.5.1. Ms. Dolgenos, Mr. Hart and Mr. Foster asked the Board for direction on how they would like SCCBC to “officially” comment on the EVS. It was determined that we should have a one (1) to two (2) page cover letter/overview, and then have all the individual/raw feedback as an appendix.
- 4.5.2. A motion was made to have the Government Affairs & Economic Development Committee draft and submit all official comments from SCCBC on the EVS. The motion was seconded and passed.

5. Announcements/Other Business

5.1. July 8th UCSC/SCCBC event

- 5.1.1. Mr. Foster made a mention that only a few Board members were signed up for our July 8th luncheon. He asked them to please sign up before all the spots were filled.

5.2. August 13th members’ breakfast

- 5.2.1. Mr. Foster mentioned an announcement regarding our August breakfast will be made soon.

6. Adjournment

- 6.1. Ms. Dolgenos adjourned the meeting at 9:15 AM

Next Meeting: Thursday, July 17th @ 7:30 AM - First Alarm & Patrol, Aptos