

2018

ANNUAL REPORT

PREPARED BY

SANTA CRUZ
COUNTY BUSINESS
COUNCIL



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Santa Cruz County Business Council Members,

As evidenced by the size of this Annual Report, the SCCBC had an incredibly successful 2018! I'd like to credit this success to the engagement and involvement of membership and staff, and to the excellent leadership of our now past chair Michael Termini.

2018 was an election year, and was a banner year for the SCCBC in terms of successful advocacy around measures and initiatives that represent the interests of our membership. SCCBC staff had an active role on a major campaign, and our Board took positions of support on several other initiatives. Most of the SCCBC endorsed positions were adopted by voters, including Measure A, Measure G, Measure J, and Measure L. The Business Council opposed Measure M, the Rent Control Measure, on which SCCBC staff members Robert Singleton and Josie Buchanan served as campaign leads, and were instrumental in its defeat.

Housing continued to be a major area of focus, and in 2018 the SCCBC made further progress in the Housing Density Bonus Ordinance, joining with a broad coalition of affordable housing advocates, organized labor representatives, and faith-based organizations to lobby the County to adopt the best-case scenario local program. Eligible local projects can now receive up to a 50% density bonus for ownership projects and a 100% density bonus on rental projects in unincorporated areas.

In other 2018 housing wins, the downtown Santa Cruz Pacific Avenue and Front Street project received approval, representing a key project of the Santa Cruz Downtown Plan, on which the SCCBC has been working for decades. In South County, the SCCBC has been advocating for the Sunshine Vista project, a mixed-income, 150-unit project off Ohlone Parkway, and it received approval in late August.

The SCCBC also sponsored several election, housing, and tech-related events, including a standing room only South County Supervisor Forum and a special event with California YIMBY (Yes in My Backyard) which featured a panel discussion that brought the Assistant Director for California Housing and Community Development, Linda Wheaton, to Santa Cruz.

This coming year, we look forward to continued work on realistic, actionable solutions to the County's Homelessness issue. We have already had several good conversations on the issue, and look forward to not only representing the perspectives of local businesses in County-wide conversations and on task forces, but to being a catalyst for near term solutions that will benefit the entire Santa Cruz County community.

Thanks to the membership for your participation and engagement in all of our efforts and initiatives. The attendance at Board meetings, Committee meetings and SCCBC events is a testament to the value of the work we do and the commitment of the organizations we are honored to represent.

Sincerely,



Kristin Fabos
Chair, Santa Cruz County Business Council



Policy Initiatives

Housing

Alternative Rent Control/Exorbitant Rent Increase Ordinance

During the heat of the campaign season when Measure M was being considered in the City of Santa Cruz, the Santa Cruz City Council, realizing how unpopular Measure M was, decided to develop an alternative rent control measure. The goal was simple: establish some form of tenant protections while not creating a new, overly expensive city department, or imposing restrictions on housing providers so onerous as to cause them to leave the market.

What followed, and what was eventually adopted in December, was an Exorbitant Rent Increase Ordinance that capped rent increases at 5 percent over 1 year, or 7 percent over 2 years. If housing providers increased rent beyond these amounts, tenants who do not accept the rent increase would be given the option to receive 2 months rent paid in cash by the provider.

County Density Bonus Ordinance

In 2017 one of the primary strategic goals of the Business Council was to pass common sense policy changes that could stimulate the development of more housing in the region. The most significant potential change identified was for local jurisdictions (Counties and Cities) to adopt an enhanced density bonus program that would stack alongside the statewide program. Currently a project can receive a density bonus if it provides more affordable housing than required under local ordinances. The more affordable units proposed, the more concessions and greater density allowed.

The statewide program is currently capped at a 35 percent increase in density, but local jurisdictions are allowed to adopt their own programs, without full environmental review, to exceed local zoning where appropriate. The SCCBC, along with a broad coalition of affordable housing advocates, organized labor representatives, faith-based community leaders, and others successfully lobbied the County through the Housing Advisory Commission, Planning Commission, and finally through the Board of Supervisors to adopt the best case scenario local program. Now eligible projects can receive up to a 50 percent density bonus for ownership projects and a whopping 100 percent density bonus on rental projects within the unincorporated areas of the County.

Mixed Use Library Project

The City of Santa Cruz is currently exploring the development of a new Library Mixed Use Project at the current site of parking lot 4 at the corners of Cedar Street, Lincoln Street, and Cathcart Street. This project serves as a catalyst for important downtown improvements including a new modern library with the space, technology, and amenities that residents have requested; consolidation of surface parking lots into one structure, enabling better uses for the lots, including housing; a permanent, dedicated home for the Downtown Farmers' Market on Front Street; and additional office, retail, and affordable housing directly on site.



Proposed Site

Ocean Street Extension

The road to this rental/condominium development has been a long one, having been in the works for over 11 years. The project was originally slated to provide 40 units on a vacant lot but has been subject to multiple lawsuits and strong controversy from surrounding neighbors. In a landmark and disappointing decision to housing advocates, the Santa Cruz City Council attempted to create a compromise with the Ocean Street Extension neighbors reducing the project from 40 to 32 units. This decision resulted in an overall reduction of affordability components in favor of 'neighborhood compatibility'. The project continues to face multiple lawsuits and has not moved forward since its approval.

Pacific Avenue and Front Street

Last November Owen Lawlor, who represents two SCCBC Members (Lawlor Land Use and Devcon Construction), provided an overview of the 205 rental unit project that was being proposed for downtown Santa Cruz. This project was the first to submit an application under the new Downtown Recovery Plan zoning, which provided for taller buildings all along local Pacific Avenue. It also relied on a land dedication to meet its affordable housing obligation, which will lead to the development of more, and deeper (lower incomes), affordable housing. The Business Council was particularly happy to see this project approved during the last Council meeting of the year, as it represents one of the cornerstone projects of the new Downtown Plan, which we have been working on for decades.



River Street Homeless Camp

Created initially by the City of Santa Cruz as a temporary shelter to accommodate overflow of homeless individuals, the River Street shelter was made available for approximately 60 participants to have shelter and storage facilities. This controversial city-mandated program, with a monthly budget of nearly \$90,000, was initially slated to last for 5 months — though it ended up lasting 9 — while another more permanent structure could be located as a shelter site. However, primarily due to opposition from multiple neighborhoods a site was never designated and the camp was abandoned without a next step in place.

Sunshine Vista

Approved in late August, Sunshine Vista, located off Ohlone Parkway near similarly mixed-income projects on the bank of Elkhorn Slough, Sunshine Vista would provide for 150 units in the form of single-family homes, duplexes, and row houses. It would also create publicly accessible open space, a nature walking trail, and would contribute toward building out the public right-of-way near the project. This mixed-income housing project goes above and beyond affordability and development requirements to create an ideal project in the area of our County that needs it the most.

Water/Environment

Pure Water Soquel

The Business Council has been supportive of Soquel Creek Water District's effort to find a supplemental, sustainable water supply since the joint effort to pursue a desalination plant with the Santa Cruz Water Department fell through in 2014. Since then, the district has been moving forward with its own independent plan to recharge their severely impacted groundwater supply. This includes better regulation of private wells, extensive conservation efforts, and the lynchpin project: Pure Water Soquel.



This recycled water facility will be constructed in 2 parts, should the Soquel Creek Board move forward with the plan they adopted in December. The first part will be at the existing wastewater treatment facility within the City of Santa Cruz to perform the initial treatment. Secondary treatment will be performed at a newly constructed facility at Chanticleer and Soquel Avenues in Live Oak, a site that was selected in response to ratepayer concerns about building at the District's current headquarters. Should the project prove successful, Soquel Creek will be able to recharge their aquifers by directly injecting treated wastewater.

The real net benefit for the Business Council in supporting this project, beyond ensuring access to a sustainable water supply, is to encourage the district to lift some of the conservation restrictions they have had in place. Specifically the Water Demand Offset (WDO) requirement, which requires that all new development offset projected water use by 200 percent, has proven to be a significant barrier to developing any new housing. District staff, in meeting with the Business Council Board, have indicated that should Pure Water Soquel move forward, their Board would likely be willing to roll back the WDO program.

Climate Action

One of the major transportation and quality of life goals for the Business Council is the reduction of Greenhouse Gas Emissions (GHG). To this end every municipality has their own "Climate Action Plan" for meeting statewide emission reduction standards, and we regularly invite staff members in charge of meeting these goals to brief our committee and Board. Last year we heard an update from Tiffany Wise-West Ph.D from the City of Santa Cruz about the progress they are making in both reducing GHG emissions, but also in mitigating the impacts of climate change elsewhere. Overall, Santa Cruz has been successful at reducing its emissions, but still has a lot of work to do. Single occupancy vehicles still contribute a disproportionate amount to our total emissions, and commercial solar installations are lagging behind residential (which have been wildly successful), but other programs and new developments, like JUMP Bikes and Monterey Bay Community Power, offer us clear paths forward for additional reductions.

Transportation

Unified Corridors Study

2018 was a pivotal year for transportation, with the final results of the Unified Corridors Study (UCS) finally coming out in the fall. The study, which examined the best case scenarios for transportation across our 3 main corridors (Highway 1, Soquel/Freedom, Rail Line), took into account four major scenarios against a baseline, and a “do nothing” scenario. Ultimately the Regional Transportation Commission voted to table a decision on a final “preferred scenario” until 2019, but the scenario adopted included both passenger rail and freight, as well as auxiliary lane extensions beyond those called for in Measure D. RTC Commissioner Patrick Mulhearn briefed the Council in November, and recently visited with us again in February 2019 to provide updates.



State Legislation

SB3 - SCCBC Position: Support; Outcome Passed

Senate Bill 3 was part of the larger package of housing legislation that was signed into law by then Governor Brown during his last legislative term. It authorized the State to hold an election, which eventually became Proposition 2, to issue \$4 Billion in general obligation bonds for a one time capital investment in affordable housing. Proposition 2 passed, and now local jurisdictions will have the opportunity to submit and receive needs based grants for housing projects. The SCCBC Supported this legislation because of the dire need for more housing, both locally, and statewide.

AB1506 - SCCBC Position: Oppose; Outcome Failed

This bill would have repealed the Costa-Hawkins Rent Control Act, and allowed for broader implementation of rent control throughout the state. Costa-Hawkins was passed in the 90s as a means of limiting how rent control could be applied. Specifically, Costa-Hawkins prohibits rent control from being applied to single family homes or apartments built after 1995. It also allows landlords to raise their rents up to market rate levels after a rent controlled tenant has left the unit, also known as vacancy decontrol. The Council opposed AB1506, and the following statewide ballot measure, Prop 10, because we believe the unintended consequences of applying rent control to single family homes and new development outweigh the benefits to tenants. We believe there are more effective, demand side policies (like housing vouchers) that would better suit the needs of a state with a severe housing supply shortfall.

SB827 - SCCBC Position: Support; Outcome Failed

This bill, authored by Senator Scott Weiner, would have automatically up-zoned areas for new housing development near transit. Specifically, areas near train stops, ferry terminals, or high quality bus corridors would have been eligible for significant increases in density, while limiting local governments ability to say no.

AB33 - SCCBC Position: None; Outcome: Failed

The Business Council considered many options for how the state should move forward in recovering from the now normal costs associated with the onset of wildfire related damages, including evaluating AB33, which would have allowed PG&E to issue bonds to cover the initial costs of compensating wildfire victims. Ultimately the Council was torn, because while we recognized the need for PG&E to manage their cash flow—given that they are investor owned utility who manages a massive portfolio of infrastructure—the extent of PG&E's liability was not yet known at that time. Ultimately the bill was deemed premature, and it died in Committee.

SB831 - SCCBC Position: Support; Outcome: Failed

SB831 would have made it remarkably easier to build an Accessory Dwelling Unit, and would have limited local government authority over where and how they could be built. Some key components included not allowing local jurisdictions to use lot size, floor to area ratio, ADU size (both total and relative), or setbacks to stop the development of ADUs. While this bill did pass the Senate, it died in Assembly Committee.



AB3087 - SCCBC Position: Oppose; Outcome: Failed

This bill would have created a California Health Care Cost, Quality, and Equity Commission, an independent state agency, to control in-state health care costs and set the amounts accepted as payment by health plans, hospitals, physicians, physician groups, and other health care providers, among other things. The Business Council felt that while intentions were benevolent, the way in which this legislation was written, and how it might affect our local healthcare providers was too rash. Fortunately the legislature agreed and it never made it out of committee.

Guest Speakers

Anil Babbar



Vice President of Public Affairs for the California Apartment Association Anil Babbar spoke to the Board of Directors in June about a citizen-led initiative that would later become Measure M. This rent control and just cause eviction measure was opposed by SCCBC, but was placed on the November ballot in the City of Santa Cruz, where it ultimately failed.

Councilmember Ed Bottorff



Councilmember Ed Bottorff of Capitola spoke with the SCCBC Board of Directors in September to get our support for Measure J, a TOT (Transient Occupancy Tax) increase. The Business Council was supportive, but only because part of the funds generated will go toward promoting the local hospitality industry.

Jim Coffis



The SCCBC received an update from Jim Coffis, Co-Founder and Deputy Director of Greentrade in February about the County's Environmental Impact Report (EIR) process in relation to the Cannabis Cultivation Ordinance. In a strange turn of events the County decided to ignore the results and recommendations of its own EIR and adopt more stringent cannabis growing regulations. GreenTrade will continue to push for the rules they believe will allow for good cannabis actors to become legal, while also mitigating the impact the cannabis growing industry has on the environment.

Barrow Emerson



Barrow Emerson is Santa Cruz Metro's principle Planning Manager, and as such, came and spoke with the SCCBC regarding Metro's financial standing, potential fare restructuring, employee bus passes, and the implications of Bus Rapid Transit. Barrow is a delight to hear from, as he is clear, pragmatic, and real in his answers regarding the future of public transportation in Santa Cruz.

Claire Fliesler



Claire Fliesler is a Transportation Planner for the City of Santa Cruz, and she spoke at a special Lunch and Learn event hosted by SCCBC for our membership to learn more about the Mixed Use Parking and Library Project. This project was passed in City Council in October of 2018.

Joe Foster



Former SCCBC Executive Director, and then Pacific Gas and Electric representative Joe Foster spoke with the Business Council twice last year regarding the BRITE Coalition and the Coalition for Equitable Energy Use, which dealt with liabilities after the California Wildfires, and how investor owned utilities deal with shared governance of infrastructure in the wake of CCAs respectively.

Supervisor Zach Friend



Last year 2nd District Supervisor Zach Friend was our keynote speaker at the Business Council Annual All Member Meeting. Beyond providing a basic legislative update to our members, Zach also spoke about the important role the business community plays in local politics. Specifically, whereas so much of Santa Cruz County politics is about finding excuses to say ‘no’ to something new, the business community has been remarkably consistent in finding reasons to say “yes” to new projects and programs. Mr. Friend further lamented that business community involvement, while growing, is still not as entrenched as more established interests.

Don Gropetti



Representing Santa Cruz Nissan and the Gropetti automotive family, Don presented to the Business Council last spring in advance of a series of public hearings on his new Nissan project, to be located at the corners of 41st Avenue and Soquel Drive. SCCBC staff spoke in favor of the project at both the Planning Commission and Board of Supervisors level, and it was ultimately approved, but has since been subject to a frivolous lawsuit.

Sheriff Hart



Santa Cruz County Sheriff Hart spoke with the Business Council last September about why we needed to be supportive of Measure G, a sales tax increase to fund public safety, mental health, and homelessness services. Normally the SCCBC is skeptical of new taxes, but Sheriff Hart made a genuine pitch as to why this new approach would result in lower rates of recidivism, freeing up much needed resources for other public safety efforts.

Manu Koenig



Manu Koenig, Executive Director of SCC Greenway, spoke to the Joint Transportation and Government Affairs Committee about Capitola Ballot Measure L. Measure L was placed on the ballot to make sure the Capitola Trestle was used exclusively for the purposes of bike and pedestrian transportation, this was motivated by a desire to keep a train from crossing the historic trestle that cannot support both pedestrian and train transport. The Measure, endorsed by the SCCBC, ultimately passed by a small margin.

Don Lane



The Board heard from former Santa Cruz Mayor Don Lane multiple times about the effort to pass an affordable housing bond, that would eventually evolve into Measure H. If passed, this small parcel tax increase would have funded low cost permanent rental housing, aid to first time homebuyers, and housing resources for individuals currently experiencing homelessness. The SCCBC went on to endorse this measure, but unfortunately it was unable to meet the 2/3's voting threshold required for passage.

Sarah Latham



In March the Board of Directors heard from UC Santa Cruz's Vice Chancellor of Business and Administration Sarah Latham about the public-private partnership modeled on campus housing project - Student Housing West. If completed, this project will add a net increase of 2,200 beds to campus by 2020, as well as childcare facilities. The project, endorsed by SCCBC, is currently facing a lawsuit from an alumni group, and will go before the UC Regents early in 2019 for potential approval.

Owen Lawlor



In August the Board of Directors heard from Owen Lawlor of Lawlor Land Use about a Downtown Rental Housing Project and the updated Downtown Plan. Lawlor Land Use is currently working on two projects - one on Laurel and Pacific and one adjacent to the San Lorenzo Riverwalk. Discussion focused new regulations within the Downtown Plan that allow for buildings up to 85 feet in height, as well as potential for parking reductions, and inclusionary affordable housing.

Lisa Li



Lisa is the project developer for Sunshine Vista, a 150-home community with 20% affordable housing. This much needed project, that involves cleaning up an old junk yard, was surprisingly controversial despite provisions to provide traffic abatements, the creation of walking paths and open space, and environmental restoration of the lot. The project faced strong neighborhood opposition, yet was eventually passed by the Watsonville City Council and is currently moving forward with development.

Bonnie Lipscomb



Bonnie Lipscomb, the Director of Economic Development for the City of Santa Cruz, spoke at a special Lunch and Learn event hosted by SCCBC for our membership to learn more about the Mixed Use Parking and Library Project. This project was passed in City Council in October of 2018.

Cynthia Mathews



In April, Council Member and former Mayor Cynthia Matthews spoke with both the Board of Directors and the Joint Transportation and Government Affairs Committee about Measure S. Measure S was a quarter-cent sales tax on retail sales to fund general city purposes, raising the overall sales tax rate in Santa Cruz to 9.25 percent. The SCCBC ultimately decided to take no position of the measure that overwhelmingly passed on the June ballot.

Gail McNulty



In February, Gail McNulty the former Executive Director of SCC Greenway spoke with the Joint Transportation and Government Affairs Committee about the Regional Transportation Commission's potential signing of a contract with operator Progressive Rail. In this contract Progressive Rail promised to provide freight service as well as a passenger rail system on the rail corridor. Following a full day-long public hearing, the RTC voted to sign this contract in May of 2018.

Mark Mesiti-Miller



In November the Committee heard from Mark Mesiti-Miller of Friends of the Rail Trail (FORT), and Santa Cruz Area Chamber of Commerce about why these organizations prefer Scenario B from the Unified Corridor Study. This scenario, which primarily relied on a rail/trail option was later aggregated with other projects by the Regional Transportation Commission (RTC) as the "preferred scenario" to move forward with for the use of rail corridor.

Khalil Moutawakkil



SCCBC Board Member representative Khalil Moutawakkil came and spoke with our Board about how the high local cannabis taxes were hurting retailers and allowing for the black market to continue. Our Board heard his concerns and were sympathetic to how local businesses are affected by the sometimes heavy hand of government taxation. We produced an informational video about the subject through our Clear the Fog series.

Rick Moe



Developer Rick Moe came and spoke with the Business Council during our August meeting about his project Ocean Street Extension. Ultimately our Board voted to support the project, which would have provided 40 units of denser housing within one mile of downtown Santa Cruz.

Patrick Mulhearn



The board heard from Patrick Mulhearn Commissioner for the SCC Regional Transportation Commission (SCCRTC) who gave an update on the ongoing Unified Corridor Study (UCS) proceedings and detailed the RTC's preferred scenario for the rail corridor.

Hanh Mo



SCCBC Board Member Hanh Mo spoke with the Business Council over the summer regarding Assembly Bill 3087, which would have created a whole new state commission to regulate healthcare costs. While the bill had good intentions, all of our healthcare members expressed severe concerns over allowing a statewide, political body to determine what providers could charge for certain services, without greater accountability built into the process. Not only did the Business Council vote to oppose the bill, but it eventually died in committee shortly thereafter. Hanh is now Vice Chair of SCCBC for 2019.

Tyson Sayles



Tyson Sayles, Principal of Mixed Use and Multi-Family Projects for Ensemble Developments, spoke with the Board of Directors in April about a potential mixed use housing development at the 190 West Cliff Site across from the Dream Inn. This project is planning to use a density bonus by providing more on-site affordable housing than what is required at the base density. They expect to submit plans once the final project scope is defined.

Melanie Mow Schumacher



Special Projects and Communications Manager Melanie Schumacher for the Soquel Creek Water District spoke with the Board of Directors in June about Pure Water Soquel and the potential rollback of the water demand offset program. A site for part of the Pure Water Soquel project was designated later this year at a site at the intersection of Chanticleer and Soquel Avenue.

Tina Shull



The Assistant City Manager for the City of Santa Cruz Tina Shull and Principal Management Analyst Susie O'Hara spoke with the SCCBC Board of Directors in May about the temporary homeless encampment on River Street. This site was made available for approximately 60 participants to have shelter and storage facilities for the 9 months it was in operation.

Sibley Simon



President of New Way Homes and SCCBC Board Member Sibley Simon spoke with the Board of Directors in February about a white paper he authored with Monterey Bay Economic Partnership (MBEP) called, "What Realistic Policy Changes Could Improve Housing Affordability in the Monterey Bay Region?" This white paper has led to the passage of housing legislation in our region, specifically an enhanced Density Bonus Program at the County level.

Evan Siroky



Founder of Santa Cruz YIMBY Evan Siroky spoke at a SCCBC co-sponsored event, "YIMBY: Update on the State of Housing". A panel discussion at the Dream Inn with local and state level housing authorities about how the housing crisis is currently being addressed at the state and local level.

Derek Timm



Scotts Valley Councilmember and Business Council Member Derek Timm spoke with our Board of Directors in October about Scotts Valley Ballot Measure A, renewal to support the Scotts Valley Education Foundation on the November Ballot. The measure ultimately met its 2/3 requirement and was passed in Scotts Valley.

Tiffany Wise-West, Ph. D



Tiffany Wise-West the Sustainability and Climate Action Manager for the City of Santa Cruz spoke with the Joint Transportation and Government Affairs Committee in April about community outreach to help City residents become more aware of the 2017 Climate Adaptation Plan Update. Dr. Wise-West discussed the specific actions being taken in terms of flood and other disaster planning, as well as practical adaptive actions residents can take.

Matthew Wetstein



The President of Cabrillo College Matthew Wetstein spoke to the SCCBC Transportation and Government Affairs Committee in September, about the new funding formula adopted by the California Community Colleges system, and the adverse effects it has had on some of California's Community Colleges, including Cabrillo.

Events and Special Meetings

Titans of Tech

The Business Council was one of the sponsors for the now Annual Titans of Tech event, which took place last spring at the Dream Inn. The purpose of the event is for local tech leaders to gather and tell stories about their lives and products in a celebration of what makes Santa Cruz such a great place to live and work. SCCBC Executive Director Robert Singleton spoke briefly at the event, pitching the Business Council as a concierge service for businesses looking to get more involved in the local community. As a result the Business Council was able to secure a foot in the door of recruiting more local tech companies.



Manufacturers Roundtable

In late September the Business Council joined with multiple local business organizations, including the Small Business Development Center and the City of Santa Cruz Economic Development Office, alongside the California Manufactures Network (CMTC) to host a Manufactures Roundtable at SCCBC Member Ow Properties building. The event was attended by over 100 people and boasted a program designed to help local manufactures



access much needed federal and state resources offered through CMTCC. They were also given the opportunity to share their success stories as well as the challenges they were facing in their businesses.

South County Supervisor Forum

In advance of the June primary the SCCBC partnered with the Pajaro Valley Chamber of Commerce and Agriculture to host a candidate forum for 4th District Supervisor. At this stage in the race there were 4 challengers facing off against incumbent Greg Caput, these were - Jimmy Dutra (who would go on to face Caput in November), then Mayor Felipe Hernandez, Cabrillo Trustee Leticia Mendoza, and Dr. Nancy Bilicich. The event drew over 100 people in attendance, and was the main candidate forum for this race. SCCBC Board Member, Steve Bennett of the Santa Cruz Sentinel was the moderator.



Watsonville City Council Candidate Forum

In October of last year the Business Council once again joined with the Pajaro Valley Chamber of Commerce in hosting a candidate forum in South County, this time for Watsonville City Council, which had 4 open seats up for election with multiple candidates vying for 3 of those seats.

All Member Annual Meeting

Every year the Business Council hosts a special “All Member Meeting” where we invite SCCBC members and their guests to attend a reception of sorts. It’s more of a general party to celebrate our work over the previous year and the release of our Annual Report than a true reception (thank god), but it also features a keynote speaker and a light program. Our speaker was 2nd District Supervisor Zach Friend who spoke about the importance of getting to “yes”, rather than finding an excuse to say “no”, in regards to political projects and progress generally.

YIMBY Update on the State (of Housing)

The end of the first quarter saw the Business Council hosting a special event with Santa Cruz County and California YIMBY (Yes in my backyard) that brought the Assistant Director of California Housing and Community Development, Linda Wheaton to Santa Cruz. Linda provided an excellent and thorough overview of how housing works in California, and was then able to respond to questions from the audience. Then SCCBC Executive Director Robert Singleton led a panel discussion that featured Linda, Cal YIMBY Policy Director Louis Mirante, Business Council Member Sibley Simon, and former Santa Cruz Mayor and housing advocate Don Lane.

YIMBY: UPDATE ON THE STATE (OF HOUSING)

Wednesday, March 28th, 2018
6 - 8 p.m.
The Dream Inn

Keynote Speaker:
Linda Wheaton, California Assistant Director
of Housing and Community Development

Panelists:
Louis Mirante, California YIMBY
Don Lane, Former Santa Cruz Mayor
Sibley Simon, Co-founder of Envision Housing

A graphic illustration featuring a row of colorful houses in shades of red, orange, and blue with white windows and roofs. Above the houses, on the right side, is a small hot air balloon with a red and blue striped pattern and a basket.

YIMBY/MBEP/SCCBC Housing Measures and Candidates Forum

In October the Business Council joined forces with the Monterey Bay Economic Partnership and Santa Cruz County YIMBY (Yes in my backyard) to host a housing themed candidates and measures forum. The whole purpose to hosting yet another forum during the 2018 election was to specifically understand how local candidates would approach the issue of housing, and to give voters the opportunity to learn more about both local and statewide housing measures.

Business Leader Preview of Sunshine Vista

In August the Business Council joined with housing developer California Sunshine Development to host a special educational meeting with South County business leaders and neighbors about their proposed 150 unit project. The project, which would replace a very under utilized and dilapidated industrial site adjacent to Watsonville Slough, would also provide 30 units of affordable housing.

Lunch and Learn About Downtown Mixed Use Library Project

In September the Business Council partnered with the City of Santa Cruz's Economic Development Office to host a special lunch and learn about the mixed use downtown library and parking garage project. This event featured Economic Development Director Bonnie Lipscomb and Transportation Planner Clare Fleisler, who briefed our group of SCCBC members and downtown business owners about how the project was funded, how it would impact new housing development, how parking will look in the future, and why they could now reduce the parking assessment on downtown businesses.

2018 Elections

As part of our ongoing work to represent the local business community, SCCBC staff and members regularly engage in work related to local elections. In particular, we work to get the measures and initiatives that our membership supports (or does not support) adopted. In that regard 2018 was a banner year for local elections, with SCCBC staff taking an active role on one major campaign, and taking a partner supporting position on many others. Ultimately, we were very successful in 2018, with most of the SCCBC endorsed positions getting adopted by voters.

Measure M - Position: Oppose; Outcome: Failed

Business Council staff members Robert Singleton and Josie Buchanan joined the No on Measure M campaign formally in July of 2018, after our Board of Directors unanimously voted to oppose the measure in June. Measure M, as written, would have done 3 things: 1) Prohibit “real” rent increases, so that housing providers could only raise rent to cover the cost of inflation, 2) Implement “just cause” eviction protections, which would have made the ending date of a lease null and void, and would have allowed for other problematic actions by existing tenants, like the ability to move on other tenants without landlord permission, and 3) Create a new, separately elected rent board to collect rental fees from property owners for the purposes of administering the program.



As the primary campaign managers and staff for the “No” campaign, Robert and Josie performed every major task associated with the effort, including managing hundreds of volunteers and other paid staff, executing all public communications and strategy, public

speaking, fundraising, branding and social media, and more. Ultimately we were victorious, and Measure M was soundly defeated 61-39, though a new City Council majority was elected who promptly revisited the issue in early 2019.

Measure A - Position: Support; Outcome: Passed

The Business Council chose to endorse Measure A, the parcel tax renewal to support the Scotts Valley Education Foundation, after hearing from SCCBC member and campaign manager Derek Timm, who is now a member of the Scotts Valley City Council. Not only was the measure a renewal of an expiring tax, but it required 2/3rds support from the entire city in order to pass. Measure A was successfully approved by voters in November 2018.

Measure G - Position: Support; Outcome: Passed

The Business Council Board of Directors endorsed a support position on Measure G, which increased the sales tax by a quarter-cent countywide to help pay for programs associated with addressing mental health and reducing recidivism. Our Board overwhelmingly voted to support this measure after hearing from Sheriff Hart in September about how the money would be spent, despite being a general sales tax increase that only needed 50 percent plus 1 to pass. Measure G did indeed pass, with broad-based support throughout the County.

Measure H - Position: Support; Outcome: Failed

Unfortunately, Measure H, a \$150 Million affordable housing bond funded by a countywide parcel tax increase, did not pass. The Business Council's number one priority over the past 5 years has been housing, namely as many units as we can get, however, we can get them, and wherever they need to be. Measure H would have helped those recently transitioning out of homelessness, and as well as our service workers and other low-income individuals. While voters approved Measure H with a clear majority, they did not meet the 2/3rds threshold required to secure the funding we needed for housing.



Yes on Measure J - Position Support; Outcome: Passed

It's rare for the Business Council to be supportive of a tax, and more specifically a tax on tourism and hospitality, which makes up a large portion of our local revenue base. That being said, the SCCBC was more than willing to support Measure J, and Transient Occupancy Tax increase in Capitola, because the business community had been explicitly engaged

beforehand. Not only were local Capitola businesses consulted beforehand, they helped to decide where a portion of the money would be spent, namely in marketing Capitola as a destination.

Yes on Measure L - Position: Support; Outcome: Passed

The purpose of Measure L was to make sure the Capitola Trestle was used exclusively for the purposes of bike and pedestrian transportation. Previously the Business Council had adopted a position of supporting a “trail only” scenario for the currently unused rail corridor. This position was in sharp contrast to supporting passenger rail service, which we feel is too expensive to justify the level of public investment needed to make it successful. As written before Measure L, the official Regional Transportation Commission policy on the Capitola Trestle was to use it for passenger rail service eventually (though no funding source to fix and/or replace the trestle had been identified), and detour all bike and pedestrian traffic through the Capitola village. The SCCBC felt this was not a viable long term strategy, and that it might actually endanger cyclists and pedestrians, thus we were happy to endorse Measure L.

Clear the Fog Video Series

The Santa Cruz County Business Council's "Clear the Fog" series, is a video series that takes a quick look at current projects and debates in Santa Cruz County. In this ongoing series, we speak to experts about issues and projects they're working on in the hope of building community. Political issues can be complicated sometimes, which is why we're here—to clear to fog, bring on the sunshine, and provide you with the facts.

What is a Density Bonus?



In this video, made before the County's passage of an enhanced Density Bonus Program, we spoke with the President of New Way Homes, Sibley Simon, about what this program would mean for housing affordability and supply in our region. A density bonus functions by allowing for proportionally higher densities within a project for every additional affordable housing consideration. Beyond the increases in density, development

projects that choose to build more affordable housing than what is required by local plans are allotted “zoning concessions”. These concessions vary from reduced parking requirements to

not having to adhere to property setbacks, to even increases in building height. The amount of concessions a developer gets is dependent upon how much affordable housing they build.

Homelessness Services Center Virtual Tour

In this episode, we spoke to the Executive Director of the Homeless Services Center, Phil Kramer, about the correlation between the rise of homelessness and lack of available housing in Santa Cruz County. Kramer also provides insight into the realities of individuals facing homelessness in Santa Cruz County - dispelling common misconceptions, as well as discussing resources available within their current facilities and their future expansion.



Santa Cruz Fiber and Internet Infrastructure

In this video, we spoke with co CEO and co-founder of Cruzio Internet about the expansion of a Fiber optic Network. After providing internet for 30 years for thousands of customers in Santa Cruz County, the local internet company began construction of a world-class internet infrastructure system with the ultimate goal of getting one gigabyte speed internet to everyone in Santa Cruz County - an estimated 50-100x faster than the average user speed in our community.

Downtown Parking



For this video, we spoke with the Transportation Director for the City of Santa Cruz Claire Fliesler about the current state of parking in Downtown Santa Cruz- dispelling the myth that we have enough parking while elaborating on future plans to combat the inevitable decrease in parking in hopes of allowing for more efficient developments. Fliesler shared details about Santa City City Downtown's rather unique model of

shared parking, wherein all of the public parking is supplied by the city - allowing for lower parking requirements for businesses and housing alike. Fliesler also went onto discuss the City's anticipated increased parking demand and its strategies to accommodate this through additional infrastructure, and an increased parking fee.

Are Cannabis Taxes Too High?

For this video, SCC Business Council explored what kind of hardships a local cannabis business faces in Santa Cruz County, with such high taxation rates and competition from other unregulated businesses, or the black market. To learn more we spoke with CEO of KindPeoples, Khalil Moutawakkil, who provides insight into the role of the sales tax on cannabis, as well as touring their newly established location. Moutawakkil argues that retailers are hurt the most by these high tax rates because they are taxed at every phase of the supply chain.

Special Committees and Projects

Housing Advocacy Network Executive Board

As part of our work to advocate in favor of developing more housing, the Business Council (represented by Executive Director Robert Singleton) joined the Executive Board of the Housing Advocacy Network—a coalition of nonprofits, faith based organizations, activists, businesses, and others that help get the word out about upcoming housing projects and policy changes. The group manages an “action center” which sends out broad based updates and action alerts to generate more support for housing on a project by project basis.

Monterey Bay Economic Partnership Committee on Housing

SCCBC Executive Director Robert Singleton and multiple SCCBC members, including Lawlor Land Use and Envision Housing, all serve on the Monterey Bay Economic Partnership's Committee on Housing. This tri-county group meets every other month and is made up of business leaders, both market rate and affordable housing developers, and City and County Planning Staff. The charge of the committee is to discuss and endorse projects and policies that could promote the development of more housing throughout the Monterey Bay area, inherently recognizing that housing is a regional issue that shares a nexus with employment and transportation.

YIMBY

2018 Saw the official formation of Santa Cruz County's Yes In My Backyard (YIMBY) chapter, which is an advocacy group dedicated to increasing housing production. As we've seen through the last 40 years, California has chronically underinvested in the creation of new housing in proportion to our population and jobs increases. And this purposeful lack of



production is directly rooted in NIMBYism (Not in my backyard), specifically as outlined by the nonpartisan state Legislative Analyst's Office (LAO) in their biannual housing report. To combat this entrenched resistance to new housing, which is severely impacting our local and state economy, the Business Council was proud to co-sponsor multiple events with SC YIMBY last year, as well as regularly attend their meetings to coordinate our advocacy efforts.

Charter Amendment Committee

In September then Santa Cruz Mayor David Terrazas proposed, and eventually secured buy-in for a newly created Charter Amendment Committee (CAC). The CAC, which is made up of 12 at large City residents including SCCBC Staff member Keshav Kumar, was set to take a holistic look at Santa Cruz Elections and make recommendations on items like district elections, ranked choice voting, Mayor and Council salaries, terms, election dates, etc. The Committee did eventually meet for their first time in December, and will resume its work in March 2019.

Monterey Bay Internships

Monterey Bay Internships (MBInterns.com) was created as an easy platform to connect young bright minds with local businesses. This platform gives students and recent graduates from every local college a one stop shop to get real work experience in their field with mentors who will help them gain skills to succeed. Monterey Bay Internships allows individuals to find opportunity within the community they went to school in, allowing them to help build the Monterey Bay region instead of taking their skills elsewhere. MBInterns is a win-win-win for businesses, young professionals, and our community. The Business Council was one of the founding organizations that helped bring the MB Interns project to life, and we still participate regularly in managing the site.

Mike Machado - RTC Oversight Committee



The Business Council was extremely excited to be able to write a letter of support in favor of former SCCBC Treasurer and Hutchinson and Bloodgood representative Michael Machado to the Regional Transportation Commission's Measure D Financial Oversight Committee. Not only does Michael have extensive experience in auditing large scale public agencies, but he also represents South County, and had the support of the Pajaro Valley Chamber of Commerce and Agriculture. The Measure D Oversight Committee is responsible for conducting periodic audits of the tax measure funds, and to hold the agency financially accountable.



California BRITE Coalition

In the wake of the destructive wildfires that have, and will continue to impact California for years to come, state leaders and utility companies have been grappling with how to respond to the growing cost of such events. Specifically, with PG&E being held at least partially responsible for the Tubbs fire that hit Sonoma, and more recently the fires that burned Paradise, it is becoming increasingly clear that Investor Owned Utilities (IOUs) will need to face significant changes both in cost structure and liability, but also in governance and preventative actions. The BRITE Coalition is a statewide body of IOUs and other business organizations who have come together to address these issues, and hopefully advocate for a brighter (ha) future for all Californians.

Coalition for Equitable Energy Use (CEEU)

In 2017 a local consortium of municipal governments created a new public agency, Monterey Bay Community Power, to purchase and distribute electricity throughout the tri-county area. This was part of a larger trend of local governments creating what are called Community Choice Aggregation (CCA) agencies, who compete with IOUs to sell power to customers. CCAs can buy different blends of power, oftentimes with a greater focus on renewables, and sell them to consumers at differing rates depending on the customer type and their choice of energy. However, CCAs still rely on IOUs to maintain the distribution infrastructure (power grid) to get the energy to the consumer. Thus IOUs need to be compensated fairly for continuing to maintain this infrastructure, which is done through a Power Charge Indifference Adjustment (PCIA) fee that is charged to CCAs. How this fee is determined is ultimately up to the California Public Utilities Commission (CPUC). The CEEU was created as a statewide coalition of IOUs and business organizations to advocate for a more equitable PCIA fee as more CCAs continue to come online.

SCCBC 2018 Staff

Robert Singleton, Executive Director



Robert Singleton was originally hired by the Business Council in late 2012 as a Policy Analyst, but took over as Executive Director in early 2017. He has been committed to growing the organization both in terms of membership, but also in legitimacy, and scope of work. To this end he has personally recruited over 15 new members, led a dues increase to broaden the SCCBC's scope of work, created a permanent support staff position, managed a high profile political campaign, and rebanded the entire organization. He enters his third year as Executive Director excited to build upon the progress that has been made thus far, and hopes to maintain the exemplary standing of the Business Council in the community.

Josie Buchanan, Marketing and Community Relations Manager

Beginning as the Marketing and Content Intern for the SCCBC Josephine was hired on as staff in Summer of 2018. Buchanan is responsible for SCCBC's bi-weekly newsletter, as well as creating the content for many original articles, memos, and staff reports. In 2018 Buchanan worked on several ventures within the SCCBC, including becoming a member of Santa Cruz YIMBY, the Housing Advocacy Network, and the Democratic Women's Club. Josephine also worked directly on the No on Measure M campaign as a Community Outreach Associate.



Keshav Kumar, Junior Policy Analyst



A third year student at UC Santa Cruz Junior Policy Analyst Keshav Kumar worked to keep Business Council Staff and membership up to date on legislation and policy at the state and local level. In 2018 Kumar was appointed by the Santa Cruz City Council to the Charter Amendment Committee as well as working directly on the No on Measure M campaign as a Campaign Representative.





Sandra Parhami, Policy and Programs Intern

A senior at UC Santa Cruz our Policy and Programs Intern was with the Business Council. In this time Sandra Parhami worked with the Council to build and foster relationships throughout our region. Parhami was responsible for multiple reports and several original articles on topics such as cannabis taxes and the Sonoma SMART train. At the end of her six-month internship with the SCCBC Sandra went on to accept an offer as a Sales Development Representative at Looker.

Nicolette Quittner, Videographer

Nicolette Quittner was brought on to the SCCBC team to develop an idea of having an ongoing video series, it was Quittner who flushed this idea into what became our Clear the Fog series. A recent graduate, Quittner built relationships with the experts SCCBC spoke with, shot, and compiled these videos. These quick deep dives into local politics have been very successful, gathering thousands of views each.



Authors' Note

To Our Membership and Community,

2018 was another landmark year for the Business Council. We were active across every major policy front locally and beyond, working to get more housing approved, making sure we have access to a sustainable water supply, and advocating for smarter transportation planning—just to name a few. Our work to educate, and to advocate on behalf of our members was effective and efficient, having delivered major wins such as the defeat of Measure M, the passage of Measure G, the approval of multiple large scale housing projects in all parts of the County, the adoption of an enhanced density bonus program, approval of Pure Water Soquel and more.

As the principal organization charged with representing our local business community in the political arena, the Business Council has never more active, and our influence has never been stronger, or further reaching. We didn't just build relationships with our elected and community leaders, we helped shaped the discussion and their assumptions about what was possible.

And our work did not go unnoticed. Time and time again, we as staff received feedback from our partners and supporters (and members) to “please keep doing what you are doing”, or “it's great that the business community is so involved”, or sometimes even “we see the Business Council everywhere”. That's our job, and we take pride in it.

Our work is both fun and fulfilling. We get the opportunity to have a tangible and positive impact in our community, and we get to realize the fruits of our labor in being able to live, work, and thrive in Santa Cruz County.

Thank you again for supporting the work of the Santa Cruz County Business Council, and for the phenomenal year that was 2018. We look forward to working with you again in 2019 to further promote economic and community vitality.

Sincerely,



Robert Singleton,
Executive Director



Josie Buchanan,
Marketing and Community Relations Manager



