
SANTA CRUZ COUNTY BUSINESS COUNCIL

2017 ANNUAL REPORT

A NOTE FROM THE CHAIR



March 22nd, 2018

Santa Cruz County Business Council Members;

I am proud to say the SCCBC had a fantastic 2017. This is not only due to the efforts of our membership but also in large part to the leadership of our now past chair Rick Weiss.

We were successful in securing a seat on the County Homeless Governance committee where the voice of the local business community has been heard by our elected leaders. I continue to bring our message of rational compassion to the group and they have acknowledged that while we feel the need to help the individuals, we also need to keep the vitality of our business community in mind.

Our careful analysis of the rail trail issue found us voting overwhelmingly in favor of the trail only option. The amount of press this received and the commentary it created is evidence that our organization is visible and more relevant in the community than ever.

The county housing efforts were front and center in 2017 as they continue to be in 2018, and it is an issue we have recognized as vital to the interests of business in our County. We have been instrumental in inspiring the Board of Supervisors to reconsider their approach to affordable housing, specifically with regard to inclusionary housing regulations. We will continue to be advocates of rational, data-driven legislation that will ultimately create a housing stock for our employees and the entire Santa Cruz community.

2018 will find us growing in membership as a result of the efforts of our membership committee and our Executive Director Robert Singleton. He has taken his new role to heart and we look forward to the day in the not too distant future when he will be able to devote his full time efforts to the organization.

My sincere thanks go out to the membership for remaining engaged and active in all of our efforts. The attendance at our Board and committee meetings is evidence that our organization is growing in not only numbers but also activism.

Thank you one and all for continuing to be engaged and excited in all that the Santa Cruz County Business Council does.

Sincerely,

Michael Termini
Chair, Santa Cruz County Business Council

POLICY INITIATIVES



City of Santa Cruz Downtown Plan

After over 20 public hearings and years of planning, the City of Santa Cruz Downtown Plan (formerly the Downtown Recovery Plan), was finally passed in November 2017. These changes to zoning, which allow for mixed use buildings of up to 90 feet on lower Pacific Avenue, will help facilitate the development of more, much needed rental housing directly adjacent to public transportation. These smaller units will be affordable to students, seniors, and young professionals who prefer living closer together, and within walking distance to all of their favorite amenities.



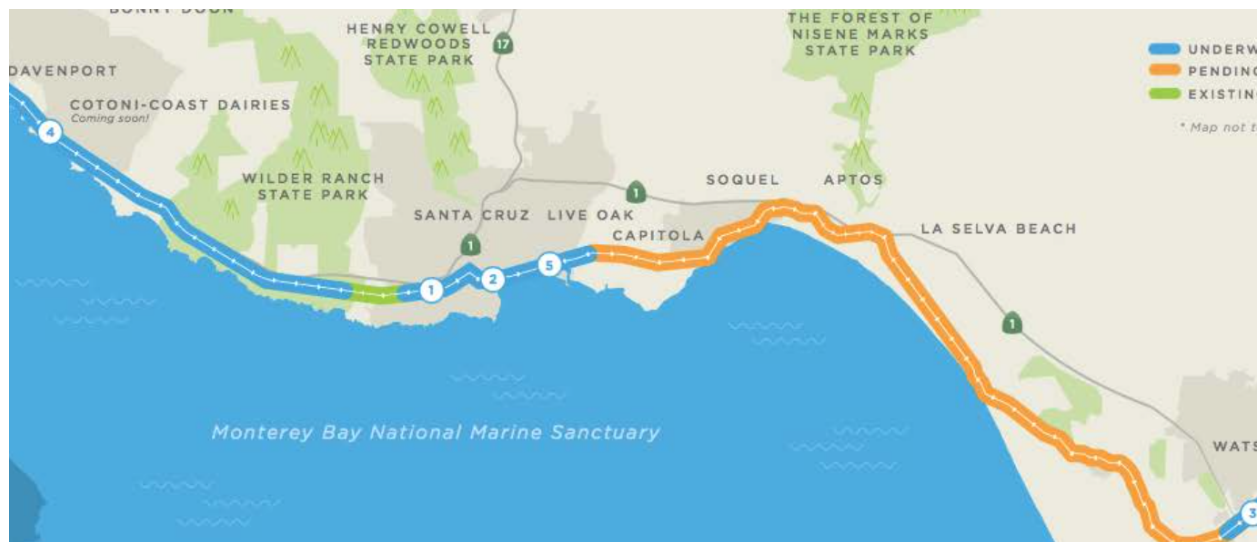
This plan also grants commercial access to the San Lorenzo Riverwalk, helping to promote greater use of this very underutilized space and transportation corridor. The plan also calls for new housing to be built on top of this commercial space, so that we can have a greater presence on the Riverwalk to promote active recreation, and public safety.



Business Council staff attended many of these public hearings to speak in favor of the project, specifically during the last few months when we worked with a broad coalition of housing advocates, industry partners, and other community leaders to turn out a large group of residents to offer their support for the project *in person*. Our members also wrote many letters to our local commissions and the City Council to encourage them to move forward—and most recently to the California Coastal Commission to deny a frivolous appeal to the plan. The Downtown Plan is the largest single increase in City zoning in the last 30 years, since the Loma Prieta earthquake.

Endorsement of a “Trail Only” Preferred Use and Vision for Rail Corridor

SCCBC members voted overwhelmingly in August to support a “trail only” scenario as our preferred vision and use for the rail corridor in Santa Cruz County. The decision, which was put to a member wide vote over the month of July, came after 4 months of internal deliberation. The Business Council Board of Directors heard from representatives of Friends of the Rail Trail and Santa Cruz County Greenway, as well as previously from the staff of the Regional Transportation Commission, before making their decision. In August the vote was certified 50 in favor, 3 against, with 5 abstentions.



This vote is important because the Regional Transportation Commission is currently working on the Unified Corridors Study, which is supposed to identify the best use for the rail corridor. The outcomes currently being considered vary from “rail and trail” with a daily commuter train, to only freight service with a trail, to the “trail only” scenario, which would feature a 24 foot wide bike and pedestrian path with special fast lanes for electric bikes, and would require removal of the tracks.

Our Board unanimously voted for, and our general membership agreed with the “trail only” scenario, citing the lack of political will for an additional tax measure that would be required to fund commuter train service, excessive cost, and the limited efficacy of the potential ridership of a commuter train as reasons to support the already funded “trail only” scenario.



County Affordable Housing Amendments

In October County staff approached the Board of Supervisors with 8 recommendations to amend their Affordable Housing Program. These recommendations came as a result of the two year “review” period ending, during which the County allowed developers to decide whether to build on-site affordable units, or pay an in lieu fee that could be leveraged to build income restricted projects elsewhere. Some of these new recommendations were as well founded as their intentions, others were not.

In 2015 the Business Council and other community leaders had worked hard to get this “developer option” adopted because we felt that a new approach might produce better outcomes. We were surprised that at the end of the two year review period County staff decided, seemingly abruptly, to recommend ending that option.

In response we formed an even larger coalition of both affordable and market rate housing developers, housing advocates, and other community leaders to push for a better and more nuanced policy approach as a replacement. Our goal is to amend the program to offer more latitude to developers, while also greatly incentivizing the outcomes we all desire: the development of more affordable and market rate units.

We were successful in delaying the reversion back to the old policy approach, while also successfully advocating for changes to the other 7 recommendations that made their impact on the process easier to bear. Our work continues through 2018 in pushing for an enhanced density bonus program, in place of the mandatory and inflexible policy that has been on the books for over 30 years.

State Housing Packages - SB2, SB3, SB35

2017 was a landmark year for housing legislation at the State with the passage of 3 key bills (among many others) that were all signed into law by Governor Brown. SB2, SB3, and SB35 formed the backbone of this housing package, providing for a faster permitting process and additional funding for both the State and local jurisdictions.

SB2 Creates a permanent source of funding for housing that is shared between the State and local jurisdictions by placing a \$75 recording fee on all non-transactional real estate documents. This bill was championed by State Senator Toni Atkins (D-San Diego), who helped broker the deal with the California Association of Realtors. The Business Council sent in official correspondence in favor of the bill, and placed multiple phone calls to our local State elected officials to encourage them to pass the bill.

SB3 Places a onetime \$3 Billion general obligation bond on the Statewide ballot that will be used by local jurisdictions for planning and initial capital to help fund new affordable housing projects, housing for those experiencing homelessness, and farm worker housing. The Council also voted to endorse SB3.

SB35 Creates a streamlined permitting process for projects that conform to local zoning and local affordability requirements, as well as those using prevailing wages. While it is a step away from local control, it means that individual jurisdictions must rely on objective standards to define what projects can go where, instead of simply denying a project when the political winds change. SB35, championed by State Senator Scott Weiner (D-San Francisco), was the cornerstone of the housing bills package because it provides the purse strings and regulatory teeth for accepting the new funding streams.

Recreational Cannabis Regulations and Licensing

2017 brought with it the beginnings of an entire new(ish) industry fresh from the black market—recreational cannabis—and all of the land use, distribution, and tax questions that come with it. Not only did every jurisdiction adopt their own ordinance for retail sales and delivery, but many local governments took different stances on where and how cannabis can be grown.



All of this, in a blitz to get something on the books before 2018, when the State would be deferring to local licenses in order to issue their own. Some brief highlights are listed below:

- The City of Santa Cruz increased the number of dispensaries allowed within the City limits from 2 to 5. They also dropped any distinction between medical and recreational, and allowed for indoor grows up to 5000 square feet. They also increased their tax rate on cannabis products.
- Watsonville allows for commercial scale growing within industrial zoned areas of the City, creating a rush to buy property.
- The County of Santa Cruz continued to allow for retail sales, but never completed their ordinance for commercial cultivation. Instead they performed an EIR, but elected not to certify it in early 2018. Their draft ordinance has since entered into the public comment arena, hopefully to be complete by late spring.
- Scotts Valley reaffirmed their desire to not have any local cannabis industry presence whatsoever.

Overall, while the Business Council was not aggressive in seeking specific outcomes in any of these jurisdictions, our staff regularly attended the public hearings throughout the County, offering limited input where appropriate. We did host the then acting Cannabis Licensing Manager, Loretta Moreno, at one of our Board meetings in the fall (along with SCCBC Member KindPeoples Collective), and we covered the following policy updates in our normal member correspondence. We also relied on our member and trade association partner GreenTrade, who gave us multiple briefings on the legalization process as it unfolded.

SB1 Transportation Funding

The two biggest issues identified amongst our membership, and not coincidentally the State legislature, were housing and transportation. This is why the Business Council was happy to endorse Senate Bill 1, which calls for a marginal increase in the gas tax, tax on diesel fuel, and vehicle registration fee to pay for local transportation improvements. Specifically, the bill raises close to \$200 Million annually to fund road maintenance and repair throughout the state, but prioritizes counties that have passed sales tax measures to create local pools of money, like Measure D (a half sales tax to fund various transportation projects).

OUR GUEST SPEAKERS



Santa Cruz City Manager Martin Bernal

City Manager Martin Bernal visited with the Business Council in March to talk about the City's plan for a potential joint new library and downtown parking structure project. The project, which is still being considered by the City, will come back to Council in late 2018 or early 2019.



Congressman Jimmy Panetta

Congressman Panetta paid the Business Council Board of Directors a special visit in September to give us a legislative briefing about what he was working on in Washington. The key issues facing Congress at the time were how to protect our "Dreamers", and how to respond to the since defeated healthcare bill.



Co-Chair of the MB Economic Partnership Bud Colligan

SCCBC Member Bud Colligan came and spoke with our Board in January to discuss his vision for the preferred use of the rail corridor. The study he presented, which was completed by Nelson Nygard, assessed the potential for a 24 feet wide Trail Only option for the rail corridor. In August SCCBC members voted overwhelmingly to support in concept a trail only option.



Assemblymember Mark Stone

Assemblymember Mark Stone visited with the Council in spring and provided us with an overview of the various state initiatives he was working on. Key to the agenda last year was securing a permanent source of funding for housing projects at the State level, which came about as SB2.



Past-President of the Farm Bureau Tom Broz

2017 Farm Bureau President Tom Broz was one of the featured speakers during our Annual Meeting in March. Tom gave an overview of the state of the local agricultural industry, while also talking about what he expects to see in the future.

OUR GUEST SPEAKERS



Homeless Services Coordinator Rayne Marr

County Homeless Services Coordinator Rayne Marr was the first guest speaker for the SCCBC in 2017, attending our Government Affairs Committee meeting in January. She provided us with an overview of how the County was going to work with other stakeholders in streamlining our community's collective response to homelessness.



Santa Cruz County Chief John Presleigh

Santa Cruz County Public Works Director John Presleigh visited with the Business Council in February to give us some less than good news. Despite the passage of Measure D the previous year, the County had suffered a cataclysmic loss in infrastructure as a result of the heavy rains and storms that year.



Library Director Susan Demitz

Susan Demitz was recently hired as the Santa Cruz Public Libraries Director shortly before speaking with us in March. She talked about her unique understanding of what libraries of the future should look like, and how their role in the community has shifted in the digital era.



Palo Alto Medical Foundation Dr. Larry DeGhetaldi

Dr. Larry Ghetaldi led a discussion about the potential for ACA repeal with the Business Council Board of Directors in April of last year. He gave an overview of what the County has been doing previously to treat those without insurance, and specifically talked about how that might change if an ACA repeal were to pass.



KindPeoples CEO Khalil Moutawakkil

SCCBC Khalil Moutawakkil of KindPeoples came and spoke with our Board last fall about the progress that local jurisdictions are making in their effort to bring the cannabis market into legal compliance. He also gave us a state of the industry update, with a specific focus on how recreational access might spur local economic development.

OUR GUEST SPEAKERS



Bike Santa Cruz Executive Director Jennifer Strause

Janneke had recently been promoted as the Executive Director of Bike Santa Cruz County, a nonprofit education and advocacy organization that promotes bicycling and bike infrastructure throughout the County. She talked about her new role and the programs that BSCC provides, and how the business community might become more involved in promoting active transportation.



President of New Way Homes Sibley Verbek Simon

Representing New Way Homes, Sibley Simon spoke with our Board last spring about a new financing model for affordable housing. He also spoke generally about the development process, and how things might change for the better with a better process in place.



UCSC Director of Government and Community Relations Melissa Whatley

SCCBC Board Member UC Santa Cruz came and spoke at our Government Affairs Committee over the summer. Melissa Whatley, now their Director of Government and Community Relations, joined Vice Chancellor Howard Heevner in talking with the Council about the Long Range Development Plan.



UCSC Assistant Vice Chancellor Howard Heevner

Howard joined Melissa Whatley in speaking with the Council about the university's expected and potential growth, and how they are planning to address it, as well as what they have already done. Citing a series of lesser known facts, Howard was able to put in perspective how much the university is already doing.



City of Santa Cruz Finance Director Marcus Pimentel

City of Santa Cruz Finance Director Marcus Pimental spoke with the SCCBC Board in June about the state of the City's finances. The City is currently projecting deficit years starting in 2020, mainly as a result of growing healthcare and pension costs.

OUR GUEST SPEAKERS



PG&E Dane Lobb

Dane Lobb gave our Board of Directors a special presentation about safety when we met at PG&E's 7th avenue location over the Summer. Specifically, he talked about what to do when a power line goes down on the road while you are driving. Hint: stay put, the electricity could affect the surrounding area and your tires are made of rubber.



City of Santa Cruz Planning Director Lee Butler

Mr. Butler was hired as the new City of Santa Cruz Planning Director last September and shortly thereafter introduced himself to the Council. Lee shared his optimism in being able to work with the business community in the future, and for being able to 'yes' to more housing.



Friends of the Rail Trail Board Member Bruce Sawhill

Friends of the Rail Trail Board Member and UCSC Professor Bruce Sawhill spoke with the Business Council Board of Directors in April to present FORT's vision for a rail and trail use of the rail corridor. Bruce, and FORT, believe that even though a train is expensive, we could match our local dollars with state and federal support to bring it to fruition, and that it is worth the expense to potentially reduce traffic on Highway 1.



Santa Cruz Police Chief Andrew Mills

Andrew Mills was hired as the new police chief for the City of Santa Cruz in September, and in October he visited with the Council to talk with us about his strategy for addressing homelessness. He outlined his main strategy of using resources to define specific and more appropriate spaces for those experiencing homelessness, while also weighing the efficacy of enforcing the camping ban.



Santa Cruz County's Interim Cannabis Licensing Manager Loretta Moreno

Loretta spoke with our Board at the same time as Khalil, when she was serving as the active Cannabis Licensing Manager for the County. She gave us a overview of how the County was approaching the regulation of cultivation, and how challenging that process was in the face of so many stakeholders.

OUR GUEST SPEAKERS



Former Speaker of the California Assembly Fred Keeley

Former Speaker Pro Tem of the California Assembly Fred Keeley was one of the featured panelists at the Business Council co-sponsored event “Affordable Housing 101” back in October. The event was held at the Museum of Art and History, and Mr. Keeley spoke about the potential for an affordable housing bond measure on the 2018 ballot.



Founder of Montalvo Home and Estates Derek Timm

SCCBC Member Derek Timm of Montalvo Homes was the Business Council’s selection to serve on the Affordable Housing 101 event panel. Derek talked about the importance of creating a more streamlined permitting process and reducing fees in order to help stimulate the development of both more affordable and market rate housing.



Monterey Bay Economic Partnership Housing Manager Matt Huerta

Matthew Huerta is the Housing Program Manager for the Monterey Bay Economic Partnership, and he was also the moderator and emcee for the Affordable Housing 101 event that was co-sponsored by the SCCBC last fall. Matt was the primary organizer for the event, and he also manages the Monterey Bay Housing Trust Fund.



Mountain Bikers of SC Executive Director Matthew De Young

Matthew De Young is the Executive Director of the newly formed nonprofit Mountain Bikers of Santa Cruz County, which advocates for increased recreational use of many of the open spaces in Santa Cruz County, and in particular mountain biking. When visiting with the SCCBC in November, he provided his perspective on the land use trends and concerns that are facing his organization and the community generally, including a discussion of Nisene Marks and UCSC’s upper campus.



Visit Santa Cruz CEO Maggie Ivy

Visit Santa Cruz CEO Maggie Ivy served opposite of Tom Broz as a panelist during our 2017 Annual Meeting. She gave us an overview of the state of the local tourism economy, as well as talking about what she expects to see in the future. Tourism is doing very well, and she was very optimistic.

OUR GUEST SPEAKERS



Downtown Streets Team Project Manager Greg Pensinger

Greg Pensinger is the program manager of our local chapter of the Downtown Streets Team. He is also one of the founders of the organization, which provides non-financial assistance to those experiencing homelessness in exchange for community cleaning and beautification. A core concept of this program's unique approach is providing a sense of dignity through service. They are also hoping to work with local employees to provide employment to those who graduate from the program.



County Supervisor's Analyst Virginia "Gine" Johnson

Gine Johnson came and spoke with the Business Council in the fall about the formation of Monterey Bay Community Power, and the new agency's relationship with PG&E. Specifically, she talked about how PG&E will be compensated for use of their infrastructure, and the previously executed energy contracts.



Santa Cruz Metro Manager Barrow Emerson

After the passage of Measure D, which included substantial funding for Metro, the Council was very interested to get a financial update from Manager Barrow Emerson. He talked about how the new funds were going to be used, but also how Metro still needs some help to stay in the black. Businesses can and should be customers of Metro whenever possible.

Transportation Manager James Burr

James Burr visited with the Council back in the early spring along with City Manager Martin Bernal and Library Director Susan Demitz to talk about the potential joint parking garage and library project. James was able to speak more to the need for more parking in the face of losing surface lot spaces, while also discussing what the City was doing to reduce total car trips downtown

SPECIAL EVENTS



Legislative Briefing with Congressman Panetta

In September the Business Council invited Representative Panetta to speak with us during a private breakfast briefing, in lieu of our September Board meeting. Jimmy spoke for close to half an hour and then took questions from the audience. The topics discussed included healthcare, taxes, the President and his antics, agriculture, and most specifically immigration and protecting DACA “Dreamers”. While Mr. Panetta is a Democrat in a Congress controlled in both houses by Republicans, he does serve on two very important committees to the Monterey Bay Region: Agriculture and Veterans Affairs; and his experience and perspective were both insightful and entertaining.

Mr. Panetta also told us a couple of stories that provide a bit more context into how demanding being a member of Congress is. Living between the district and the Capital city, 3,000 miles away from the nation’s capital, creates its own set of challenges. Who would have thought that members of Congress are roommates when in D.C.?

Housing 101: Santa Cruz Looks Forward

In October the Business Council joined with lead sponsor the Monterey Bay Economic Partnership, and co-sponsor Affordable Housing Now to host an event called “Housing 101: Santa Cruz Looks Forward”. The event was a panel discussion led by MBEP’s Matt Huerta, and featured former Speaker Pro Tem of the California Assembly Fred Keeley, SCCBC Member Derek Timm of Montalvo Homes, and Jan Lindenthal, Vice President of Real Estate Development with MidPen Housing.

Hosted at the Museum of Art and History in Downtown, the event was featured as part of Affordable Housing Week, and was meant to help bridge the divide between those who want to see all types of housing developed and those who traditionally oppose market rate housing.

Local Industry Panel: Tourism and Agriculture

As part of our annual all member meeting the Business Council Hosted Tom Broz, President of the Santa Cruz County Farm Bureau, and Maggie Ivy, CEO of Visit Santa Cruz came talk with us and provide an overview of how both of their respective industries were doing. The event was held at the Back Nine Bar and Grill at Pasatiempo Golf Course, and was well attended. Former SCCBC Executive Director Casey Beyer moderated the panel.

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 members, including Lawlor Land Use and Envision Housing, all serve on the Monterey Bay Economic Partnership’s Committee on Housing. This 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.

County Committee on Homelessness

Business Council Board Chair Michael Termini of Triad Electric serves on the County Homelessness Action Committee, which helps oversee the County’s coordination with the Cities, and their own Health and Human Services Department, to most effectively address the issue of homelessness. The committee is relatively new, and is staffed by Rayne Marr, the County’s Homelessness Coordinator.

Coalition for Equitable Energy Use

In November the Business Council voted to join the Coalition for Equitable Energy Use (CEEU), which is an advocacy coalition that was formed to provide oversight of the California Public Utilities Commission as they monitor the shift away from Investor Owned Utilities (IOUs) as the primary energy providers in State. Instead, many local jurisdictions are adopting Community Choice Energy models that allow for newly created public agencies, like Monterey Bay Community Power, to compete with IOUs in directly providing energy to residents. IOUs will still maintain and operate the distribution infrastructure, and the CEEU will help ensure they are fairly compensated during this transition process.

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.

New Website and Logo

The Business Council adopted a new logo and moved to a brand new website as part of our general rebranding to become more inclusive and more focused on community stewardship as part of our advocacy approach. The website is more up to date and easier to use than our older one, and should serve as a reservoir for useful information and content for our members and the public at large.

Our new logo was designed to encompass our broad advocacy mission, with symbols relating to housing, transportation, water, and environmental protection, all nestled behind our natural County border of Loma Prieta. Our graphic designer for the new logo was Michael Bertoni, but a special thanks is deserving for Nikki Bailey, our former Marketing and Administrative Coordinator who was the driving force behind our new brand. Thanks Nikki! We miss you!



BECOME A MEMBER TODAY!

Areas of Focus



Government Affairs & Economic Development

Be future-minded in all committee-related activities, promote opportunities; avoid negativity.



Infrastructure & Transportation

To provide issue-specific education for the private-sector, and by the private-sector, related to infrastructure projects and policy.



Membership & Programs

To ensure that each SCCBC member feels that they are receiving a positive return on their investment in the organization.

STAY INVOLVED

As always, feel free to reach out to staff if you have an issue we should look into, or even just want to become more engaged. We welcome members to serve on one or more of our committees so please don't hesitate to ask. You can also stay updated by visiting our website <http://sccbbusinesscouncil.com/>, or by following us on social media.

You can send general inquiries to staff by emailing us at:

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AUTHOR'S NOTE



2017 was another landmark year for the Business Council. Yes we had our fair share of changes, including leadership, but we persevered nonetheless and provided a stellar program to our members. Our advocacy was front and center across all of our core issues—housing, transportation, public safety, economic development and beyond—spanning across our local cities, our County, and the State.

At the core of the SCCBC community is the concept of stewardship. It is engagement beyond one's own personal interests, or the interests of one organization, but engagement in the context of our entire community. Our members participate because they care, not just about what happens to them, but what happens to their employees, their families, our friends, our partners, leaders; all of who are stakeholders in our mission to promote community vitality.

In my own experience in working at all levels of our democracy, there is no greater example of active civic engagement than that which can be experienced at a Business Council committee meeting. The discussions are informed, well intentioned, and unlike almost every other form of contemporary public debate, there is a level of deference and empathy that pervades the entirety of the process.

I am so tremendously proud to continue into my 5th year at the Business Council, precisely because the experience has been so rich and our members so motivated. It has been a fantastic working environment. Yet what truly defines our work, and the work to come, is our ability to deliver on outcomes and shape the world around us. Thank you for the opportunity to continue working with you all, and I look forward to the challenges ahead.



Sincerely,
Robert Singleton,
Executive Director

2017 Board of Directors

