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## Quarterly Report: April 2021-June 2021

### Summary

The Re-Envision Santa Cruz recovery plan squarely focuses the City on our community's collective recovery and ongoing resilience. Over the next 12-18 months, we will execute a bold vision centered on sustainability, equity, community engagement and essential service delivery. We will explore ways to inject our local economy with new jobs, green businesses, affordable housing and resilient green infrastructure. We will bolster what makes Santa Cruz special by supporting our businesses, advocating for new and improved funding sources, and reinvesting in the Downtown and infrastructure from roads and water to parks, facilities and open spaces.

During the second reporting period, City staff made progress toward the goals of the plan. Key accomplishments include:

- Hired the consultant for the grant-funded Downtown Plan Expansion project, and the work will commence in August.
- Received 15 applications for the Downtown Pops! Program and is working with successful applicants to initiate leases from August through October.
- Developed four new online building applications for roofing permits, electrical panel upgrades, water heater replacements, and revisions, decreasing processing time by one to two weeks.
- Began collecting impact fees for FY22, with nearly \$7,000 collected the last three days of FY21.
- With the County Office of Education, began planning a Pre-Apprenticeship program for the fall.
- Held the first Mayor's Roundtable on Green Jobs in the Natural Environment in May, with the second Mayor's Roundtable on Green Jobs in the Built Environment, co-sponsored by Monterey Bay Economic Partnership and Santa Cruz Works, to occur in August.
- Submitted a Letter of Interest to the federal EPA's Water Infrastructure Finance and Innovation Act (WIFIA) funding program for nearly \$300 million for four projects.
- And unrelated to a specific project on our list, received an Army Corps of Engineers permit for the approved 530 Front Street multi-use project to fill the space between the proposed building and the levee path -- the first ever to be issued to the City.

## **Downtown and Business Revitalization**

### **Downtown Reinvestment**

#### **Downtown Plan Expansion**

On Oct. 13, 2020, City Council approved applying for the State's Regional Early Action Planning grant to expand the downtown plan boundary with the primary goal of increasing housing opportunities. The project will also allow the City to plan around a permanent new Santa Cruz Warriors arena in the expansion area. The City was awarded the maximum grant amount of \$300,000 in December. A Request for Proposals (RFP) was released in April 2021 to select a consultant to provide planning and design services for the project. In May, a consultant was chosen by staff, and City Council approved the consultant contract and the scope of work at the June 22, 2021 meeting. The consultant contract will be executed in July, and the project will formally begin.

### **Economic Recovery and Resiliency**

#### **Downtown Recovery Plan**

The Economic Development Department's Downtown Recovery Plan involves a number of programs that facilitate positive growth towards recovery. These include the temporary and permanent outdoor dining programs, business attraction and retention efforts, and financial tools to support businesses. On April 27, 2021, City Council approved a new pilot program, Downtown Pops!, to conduct targeted business recruitment to fill many vacancies on Pacific Avenue and some key side streets. With this approval, Economic Development worked to develop the program guidelines. We issued a request for proposals for prospective businesses, prioritizing women and people of color in the application process. We received 15 applications, which the department and key partners reviewed and narrowed down to a priority list for pairing with available spaces. The demographics of the applicant pool included 10 respondents identifying female, one non-binary, and four males. Five applicants identified as people of color, and the other 10 identified as white or declined to state. The Department is currently working to secure available spaces to initiate leases in August, September, and October.

#### **Grow Santa Cruz County Revolving Loan Fund**

The City of Santa Cruz, National Development Council (NDC), the Small Business Development Center and all jurisdictions in the County joined together to formalize a Memorandum of Understanding for the administration of the County's new Economic Development Administration-funded Revolving Loan Fund. NDC manages two federally-certified Community Development Financial Institutions (CDFI) that provide financial services in low-income communities and people who lack access to financing to empower them to enter the financial mainstream. CDFI lending activity must benefit at least 60% of businesses in low-income census tracts or 60% of minority-owned businesses. The majority of the Grow Santa Cruz County RLF will be directed to low-income census areas and businesses but can still assist businesses elsewhere in the County. The Grow Santa Cruz County program will utilize the trained staff at the Small Business Development Center (SBDC) to assist businesses pre- and post-loan funding.

#### **CARD Pilot Grant Program**

The City Arts Recovery Design (CARD) Pilot Grant Program was created to support arts-based initiatives that contribute to our City's recovery efforts. The application period closed in April. We received 60 Letters of Intent (LOIs) with astoundingly creative ideas to advance economic recovery, restorative justice, and health and safety while also highlighting the resilient and vibrant character of Santa Cruz. During the second phase of the program, City staff are actively working with the artists and the Downtown Association to establish collaborative relationships and match project ideas with priority sites. With the "shovel ready" CARD projects, staff plan to apply for grants to leverage City Arts funding.

Staff is compiling a digital presentation to showcase the portfolio of all 60 submissions and recognize all the artists who stepped forward to support the City in 2021.

## **Increase Affordable and Market-Rate Housing**

### **SRO/SOU Ordinance Amendments**

Single Room Occupancy (SRO) and Small Ownership Unit (SOU) are housing developments that focus on smaller units. While SROs are a common unit type, SOUs are distinctive and not often found. The landscape of small unit development requirements is changing, and the staff sees a lot of recent State legislation on housing. The Council's adoption of the Housing Blueprint Subcommittee recommendations directed staff to review the SRO and SOU ordinances to determine if improvements can be made to support housing production and increase the diversity of housing options in Santa Cruz. In May 2021, the Advance Planning Division started case study research focused on small unit residential codes of other cities. Staff also began coordination with the Current Planning Division and the Housing Division on possible ways to improve/amend these regulations. Should ordinance amendments be recommended, staff will complete the draft amendment by the winter of 2021/2022.

### **Objective Standards**

The State of California now requires cities only to use objective standards when reviewing residential development proposals. Current City standards are not fully objective and need to be updated. The Advance Planning Division applied for and received a \$310,000 grant to create objective development standards for multi-family residential projects. In the past quarter, staff developed a survey to learn about development outcomes desired by the community. The survey was then released citywide, prompting more than 600 responses. In July, the staff and consultant team began organizing additional focus group outreach events to incorporate additional community voices in the first draft of development standards for multi-family residential projects. Further outreach and public meetings will take place after the first draft of the development standards are complete.

### **5 Year HUD Consolidated Action Plan – CARES Act**

The 5 Year HUD Consolidated Plan outlines the Council-approved use of HUD funds, which must be submitted to HUD for approval and release of funding. With the CARES Act, the City received over \$900,000 of additional CDBG-CV funding to distribute in response to the COVID-19 Pandemic. The Housing Team within Economic Development executed more than twice the typical number of contracts in the past year. They distributed funds to programs such as food banks, meal delivery, senior programming, community clinics and dental services, expanded services for disabled adults, extra benefits for SNAP cardholders at farmers' markets, and homeless pandemic response. With the utilization of HOME waivers, the City was also able to fund and create an Emergency Eviction Prevention Program, administered in partnership with Community Action Board. The program provided rental assistance to 72 households representing 217 individuals: 13 seniors, 84 children and 120 adults. HUD approved the use of the plan, and staff continues to complete the additional financial monitoring and compliance reporting required by the CDBG-CV funding.

### **Pacific Station North (City-sponsored 100% affordable housing development):**

The Pacific Station North project is a 100% affordable housing development that includes demolition of the existing structures and the construction of a new downtown Santa Cruz Pacific Station Metro Station, composed of 22 bus bays, a seven-story mixed-use building with 94 affordable residences, ground floor commercial, and second-floor office space. The project has gone through the following approval processes:

1. Local Coastal Program Amendment approved 4/15/2021.

2. Final entitlements approval and environmental clearance approved 6/2/21.
3. Submitted Affordable Housing Sustainable Communities State funding application on 6/8/2021. The entitlement approval is a threshold requirement to apply for this funding.

## **Fiscal Sustainability**

### **Efficient Service Delivery**

#### **Digital Intake and Plan Review – Building**

The Building & Safety Division developed four new online building applications that bring more efficiency for customers and staff for roofing permits, electrical panel upgrades, water heater replacements, and revisions. These new online forms have removed one to two weeks of processing time for the listed building permit types. The Division expects to add more throughout the year, pending the update to the new land use management system at the end of FY22.

### **New and Improved Funding Sources**

#### **Grant Writing Managed Service**

The City hired B&A Associates to lead an effort to develop a grants strategic plan to identify needs, align priorities, and ultimately provide a proposal for future grant applications and administration. As of early August, B&A is in the discovery phase with City departments and aims to deliver a grants strategic plan around late August. Meanwhile, the consultant is actively tracking grant opportunities and sharing those with City departments for consideration for application. Once B&A finalizes the grants strategic plan, department heads and the City Manager's office will assess the cost-benefit analysis and decide if or how to move forward with a contract with the grant consultant for a longer term for grant monitoring, application, and administration services.

#### **Cannabis Ordinance Amendments**

A team consisting of staff from the Planning and Community Development Department, the Police Department, and the City Attorney's Office has convened to work through potential changes to the enforcement of illegal cannabis activity to better support legal cannabis operators in the city of Santa Cruz. This team is now successfully coordinating with the County of Santa Cruz to institute a similar enforcement program used by County. The team continues working with the County to finalize project details and draft an illegal cannabis activity enforcement ordinance amendment this fall.

#### **Impact Fee Development**

Revised fees were adopted by Council in April 2021 and effective June 28, 2021. Fees are being collected for FY22, and nearly \$7,000 was collected the last three days of FY21.

#### **Revision to Code Compliance Division Fee Schedule**

Revised Fees were adopted in April and became effective in June 2021. The department has developed updated billing procedures and will initiate testing procedures in August 2021.

## **Infrastructure**

### **Green Economy and Workforce**

#### **Workforce Development Initiatives**

The cross-departmental City Workforce Development Team has continued seeking opportunities and creating partnerships with other agencies and interests to advance workforce development opportunities for construction and green economy jobs. City staff has interacted with the Santa Cruz

County Workforce Development Board, the County Office of Education, the Monterey Bay Economic Partnership, and the Bay Area Community College Consortium through team meetings.

With the County Office of Education taking the lead, this group is planning a local Pre-Apprenticeship program to be presented in Santa Cruz in the fall. City departments could provide enrichment opportunities to participants, such as facility tours or job shadowing opportunities that could help participants understand the nature of the careers available in the construction and green economy sectors. In addition, City staff has connected the County Office of Education with the new head of the local Habitat for Humanity group to explore hands-on learning opportunities for Pre-Apprenticeship program participants that would further prepare them for various apprenticeship programs.

#### **Resilient Coast Santa Cruz and Other Pending Grant Projects**

The West Cliff Drive Adaptation and Management Plan was adopted by City Council on April 27, 2021 and is in local level informal review at the California Coastal Commission. Staff members are in consultation with local Commission staff on the plan and its accompanying Resilient Coast work product, the Local Coastal Program Amendment with sea-level rise policies, and aim for an end of year formal submission of both. Staff also initiated working with partners to develop the coastal change monitoring system (grant pending) and the funding strategy to implement the projects in the plan.

#### **Climate and Energy Action Plan, including Green Economy / Green Recovery Analysis**

The Climate and Energy Action Plan 2030 development process, Resilient Together, will identify the City's most equitable pathway to carbon neutrality. At the Climate Action Plan 2020 Progress Report made to City Council in June, staff launched the first of 4 phases of community engagement to craft the vision of the plan, supported by local equity advisors. Staff supported the first Mayor's Roundtable on Green Jobs in the Natural Environment Study Session in May and is planning the second Mayor's Economy Roundtable on Green Jobs in the Built Environment Webinar, co-sponsored by Monterey Bay Economic Partnership and Santa Cruz Works, in August.

#### **Existing Building Decarbonization Retrofit Study**

The Existing Building Decarbonization Retrofit Study will determine the most equitable strategy for rapid electrification of existing buildings. Staff initiated the project's first phase, analyzing building stock characteristics and potential cost impacts to electrify them. That work will feed into the Climate and Energy Action Plan 2030 process, Resilient Together. Staff also were notified that a grant partnership would enable the assessing building performance standards in a future phase. Staff will be seeking additional funding sources to complete other future phases of this project.

### **Parks, Recreation and Open Spaces**

#### **Wharf Master Plan**

The Santa Cruz Wharf Master Plan (WMP) is a 20-30 year plan for revitalizing the Santa Cruz Municipal Wharf. It includes expanding public space, guidelines for new development, and sustainability strategies to make the Wharf more resilient and environmentally friendly. On Nov. 24, 2020, the City Council adopted the WMP and certified the associated Environmental Impact Report. Staff is currently securing consultant estimates to move forward with state and federal permitting of certain proposed Wharf Master Plan improvements, including relocation of entrance gates and the East Promenade. In March 2021, staff submitted two grant applications to the California Statewide Parks Program totaling more than \$14.1 million for the first phase of the East Promenade and public space improvements at the end of the Wharf. The

grants would support the development of a stepped overlook, educational play space, and stability improvements widening parts of the end of the Wharf. Staff is monitoring several other potential funding sources and anticipates returning to City Council for consideration of additional grant applications as those opportunities approach.

#### **Wharf “Public Works” Plan**

The California Coastal Commission (CCC) requested a Public Works plan for the Wharf to grant an annual or multi-year coastal development permit (CDP) for all Wharf-related construction activities. The plan would be similar to the Beach Management Plan, serving as a blanket permit for various activities and maintenance needs during a specific period. Staff met during this reporting period to discuss goals and needs and will develop a maintenance plan in the immediate term to address concerns and requirements from CCC.

#### **Westside Pump Track**

In partnership with Mountain Bikers of Santa Cruz County (MBOSC) and Ow Properties, the City is investing in the Westside Pump Track by converting the existing earthen ramps to asphalt. We have raised approximately \$100,000 of the \$150,000 needed for the improvements and are on track to reach the fundraising goal this spring. Improvements are targeted for implementation in Fall 2021.

### **Resiliency and Improvements**

#### **Water Capital Improvement Program**

Construction work continues on the major project to replace the inlet/outlet structure at the Water Department’s Newell Creek Dam. It has been initiated at the Laguna Diversion and for replacing concrete tanks at the Graham Hill Water Treatment Plant (GHWTP). Each of these projects improves the water system’s reliability and supports improving the City’s ability to adapt to changing climate. In addition, on July 23 the Water Department submitted a Letter of Interest to the federal EPA’s Water Infrastructure Finance and Innovation Act (WIFIA) funding program. The funds would provide nearly \$300 million covering four projects, the GHWTP Facility Improvement Project, the replacement of the Felton to GHWTP segment of the Newell Creek Pipeline, the replacement of University Tank 4 storage tank, and the implementation of Aquifer Storage and Recovery Project in 2 proposed phases. The WIFIA project funds up to 49% of projects with low-interest loans and allows for combined funding remaining project costs through low-interest State Revolving Loan Funds.

#### **Monterey Bay Sanctuary Scenic Trail (MBSST) Rail Trail**

The City received a construction grant for Monterey Bay Sanctuary Scenic Rail Trail Segment 7 Phase 2. The acquisition of easements is nearing completion, which will allow the project to receive a construction allocation by the California Transportation Commission. Public Works expects the project to commence in 2022. The Rail Trail segment 8 & 9 design and environmental review is now underway. A significant multi-million dollar construction grant is included in the Governor’s budget.

#### **Pure Water Soquel Creek Water District**

The Pure Water Soquel Reuse Transmission Project is under construction on California and Laurel Streets.