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## Quarterly Report: July-September 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 third reporting period, City staff made progress toward the goals of the plan. Key accomplishments include:

- Completed updating the Water Department's Long Range Financial Plan, which lays out a \$271 million water rate-supported investment and reinvestment.
- Extended the Temporary Outdoor Dining Program until Dec. 31, 2022.
- Selected the Affordable Housing Developer and the Master Architect for the Library Mixed Use project.
- Completed the Westside Pump Track renovation.
- Added functionality to MyCityofSantaCruz to allow community members pay for and complete building and planning permits online, giving community members the choice of online service vs. visiting the City's Building/Planning counter, and saving staff time.
- Expanded workforce development programs, including enhancing trainee programs for hard-to-fill City and County positions, engaging with Cabrillo College's technical workforce training programs, and supporting the County Office of Education's Pre-Apprenticeship program launching in winter 2022.
- Awarded \$100,000 from the California Coastal Conservancy for the Fire Department to conduct vegetation management projects in the Arroyo Seco and DeLaveaga open spaces.
- Standardized how beach fees are charged across general reservations, sports and event permits, resulting in a 43% increase in beach revenues for the quarter compared to 2019.

## **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. The primary goal of the project is to increase 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. The City executed the contract with Kimley-Horn and Associates in July of 2021. The existing conditions analysis immediately commenced, followed by a project kick-off meeting with City staff and the consultant in August. The project team is now preparing for an initial community meeting in fall 2021.

### **Economic Recovery and Resiliency**

#### **Permanent Outdoor Expansion**

The Council approved extending the temporary outdoor dining program until Dec. 31, 2022. Staff is reviewing the municipal code to take the necessary steps to allow expanded outdoor dining permanently once the temporary program expires. The outdoor dining program has been a lifeline for the 97 participating businesses during the pandemic.

#### **Arts In Recovery Grant Program Launch**

The City Arts Recovery Design (CARD) Pilot Grant Program, a collaborative program with the Santa Cruz Arts Council disbursed stipends of \$1,500 to 20 artists. Economic Development staff held a virtual workshop with this group to review the fundamentals of grant writing and answer specific questions related to the submission of CARD grant applications. Staff has engaged actively with 10 of the grantees to advise on the further development of their project ideas in a way that aligns them with economic recovery priorities, fosters collaborative relationships, and identifies potential project locations. One grant application has been completed and received for funding consideration. Economic Development staff will work closely with the artists during the next quarter, as the deadline for grant applications is in early December.

### **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 unique and not often found elsewhere. There is a changing landscape of small unit development requirements and a lot of recent State legislation on housing. Staff has drafted ordinance amendment language and intends to present the item to the Planning Commission in October 2021 for possible recommendation to the City Council.

#### **Housing Element Update**

The Housing Element Update is a required document used to show the State how the City intends to meet specified housing goals for a given eight-year time period. The City's next Housing Element eight-year cycle is from 2024 through 2031, so this Housing Element update must be completed by December 2023. Work on the Housing Element Update will commence in the winter of 2021-2022 by issuing a request for proposals for a qualified consultant to assist in the Housing Element Update project. Once the City receives final Regional Housing Needs Allocation numbers from the Association of Monterey Bay Area Governments in the first half of 2022, formal work on the Housing Element Update will begin.

## **Objective Standards**

The State of California now requires cities only to use objective standards when reviewing residential development proposals. The City has existing objective standards in place, but there are also standards that are not fully objective and need to be updated. Following a kick-off meeting and citywide survey, staff and the consultant team organized focus group outreach events in July so that additional community voices could be included in the first draft of development standards for multi-family residential projects. The first draft of the new objective standards is expected to be completed in October 2021. These draft standards will soon after be presented to the Planning Commission and to the community for further comment.

## **Pacific Station North and South**

For Pacific Station South, a mixed-use 70 unit affordable housing project, the team submitted a 9% affordable housing tax credit application, pending final decision at the October TCAC meeting. For Pacific Station North, a mixed-use 100+ unit affordable housing project, the team submitted an Affordable Housing Sustainable Communities State funding application pending review. The team also submitted a Local Housing Trust Fund State funding application, which is also awaiting review. On behalf of both projects, the team submitted an Infill Infrastructure State funding application, pending review, and the HUD Consolidated Annual Performance and Evaluation Report report due annually.

## **Mixed-Use Library Project**

Progress on the Mixed-Use Library Project continued at a steady pace. During the quarter, the City selected the Affordable Housing Developer and the Master Architect. We are excited that the project will now include over 100 units of very-low income, affordable housing and a new 35,000+ square foot home for the downtown library.

## **Fiscal Sustainability**

### **Efficient Service Delivery**

#### **MyCityofSantaCruz Phase 2**

MyCityofSantaCruz, the City's online payment portal, now allows for the community to pay for and complete building and planning permits online. Adding this payment type improves customer service and builds on the City's efforts to provide efficient service delivery. Offering these new processes to be completed online gives the community the choice to avoid visits to the City's Building/Planning counter, and saves staff time.

## **New and Improved Funding Sources**

### **Cannabis Ordinance Amendments**

A team of staff from the Planning and Community Development Department, the Police Department, and the City Attorney's Office convened in the spring of 2021 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 to work with the County to finalize project details and draft an illegal cannabis activity enforcement ordinance amendment in winter 2021-22.

### **Cannabis Equity Grant**

The Economic Development Department worked with Humboldt State University's California Center for Rural Policy (CCRP), a research evaluation center partnered with the Humboldt Institute for

Interdisciplinary Marijuana Research, to conduct the Cannabis Equity Assessment to inform the development of the City's Local Equity Program. The report was completed in September and will be presented to City Council in October for adoption.

## **Infrastructure**

### **Green Economy and Workforce**

#### **Workforce Development Initiative**

This quarter, a citywide team continued to expand its efforts to connect with local partner agencies. Current participants in the monthly working group meetings include City and County of Santa Cruz, County Office of Education, Cabrillo College, and a volunteer who is a recently retired training and development manager of the San Francisco Public Utilities Commission. Areas of progress in this time frame have included:

- Developing new and enhancement of existing trainee programs for selected city and county positions where finding trained workers is difficult. Examples include Utility Maintenance Technicians, Water and Wastewater Treatment Operators, Water Distribution and Wastewater Collection workers and skilled workers for positions at County Public Works and City facilities, such as the Wharf.
- Engaging with Cabrillo College's technical workforce training programs, including instructors teaching building trades, civil engineering, engineering technicians (computer-assisted design), welding, energy management, and horticulture-related courses.
- Supporting the County Office of Education's Pre-Apprenticeship program, which will be sponsoring its first class in winter 2022. Working group participants are developing and providing enrichment and hands-on training opportunities to accompany the Office of Education's program, such as facility tours, job shadowing, and volunteer opportunities with entities such as Habitat for Humanity.

#### **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 are in consultation with local Commission staff on the plan and its accompanying Resilient Coast work product, the Local Coastal Program (LCP) Amendment with sea-level rise policies. They aim for City Council adoption of the LCP amendment at the end of the year and formal submission of both work products to the Coastal Commission in the first quarter of 2022. Staff also initiated working with partners to develop the coastal change monitoring system with a community science pilot and the funding strategy to implement the projects in the West Cliff Drive plan.

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

Through the Climate and Energy Action Plan 2030 (CAP 2030) development process, Resilient Together, the community will identify the City's most equitable pathway to carbon neutrality. Staff is currently working with advisory groups and the community at large on developing the goals for CAP 2030. Staff also launched a Climate Education Resource page at the project website to give community members accessible information for informed feedback during the CAP 2030 development process. Staff also supported the second Mayor's Roundtable on Green Jobs in the Built Environment in August, co-hosted by Monterey bay economic Partnership and Santa Cruz Works and anticipates the results of the Green Economy analysis portion of the CAP 2030 to be complete in October 2021. Recommendations for the carbon neutrality target and a resolution supporting the green economy elements of the plan will come to City Council for consideration in December.

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

The Existing Building Decarbonization Retrofit Study will determine the most equitable strategy for rapid electrification of existing buildings. Staff and consultants completed the project's first phase, analyzing building stock characteristics and potential cost impacts to electrify them. That work feeds into the Climate and Energy Action Plan 2030 process, Resilient Together. Staff from relevant departments are participating in a grant-funded, nine-month home electrification technical assistance program. Staff is also seeking additional funding from the City's Carbon Fund to complete future phases of this project. All work and recommendations are to be complete by June 30, 2022 and staff will present this body of work and recommendations to City Council at the conclusion of the project.

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

#### **Pogonip Vegetation Management Program**

The Fire Department, in partnership with Parks and Recreation, completed a vegetation management project off of the lower Emma McCrary Trail. This project treated 3.5 acres of natural vegetation by thinning thick shrubs and trees and removing dead or dying vegetation in the area. This reduced fire risk in this wildland urban interface (WUI) area and increased access for Fire and Park crews. The reduced fire risk was evident when a vegetation fire was intentionally started in the treated area in late July. Responders kept the fire spread to less than a ¼ of an acre due to fewer available fuels to ignite and contribute to fire spread. Additionally, the recently treated area provided clear access to firefighting equipment which helped responders quickly located the fire and extinguished it.

#### **Wildland Urban Interface (WUI) 5 Year Vegetation Management Plan**

As the Fire Department continues to develop work plans and maps for a vegetation management plan for the City's open spaces, grant funding is identified and secured. In July 2021, the Fire Department was awarded \$100,000 from the California Coastal Conservancy to conduct vegetation management projects in the Arroyo Seco and DeLaveaga open spaces. This will allow the Fire Department and the Parks and Recreation Department to create shaded fuel breaks and reduce fire fuel loading in more than 40 acres of wildland urban interface (WUI). Completing these projects will reduce fire risk to the surrounding communities and reduce the potential for negative environmental and climate change impacts. It also will aid the Fire Department in completing another step in defining the five-year plan, which includes identifying creative funding sources for the future.

#### **Recreation Programming Plan/Revenue Policy**

In July, the Parks and Recreation Department completed work to standardize how beach fees are charged across general reservations, sports and event permits. In the past, permit fees were assigned based on group/event size rather than the amount of beach space reserved. With this correction, beach revenues are up 43% this quarter (Jul 1-Sep 30) compared to the same time in 2019. The Department also finalized its internal Revenue Policy, a guiding framework that will be used to promote utilization of and access to affordable programs, services and facilities for City residents while also maximizing revenues where most appropriate.

#### **Contract Partner Agreements**

With FY 2022 budgetary reductions to the Special Events program, the Parks and Recreation team worked with the Pu Pu O'Hawaii Outrigger Club to restructure the Aloha Outrigger Event's memorandum of understanding (MOU). The changes made to the MOU allowed the event to operate at full cost recovery for the first time. The Department will use this work as a model for restructuring future event MOUs. Staff has also completed a full inventory of partnerships and associated agreements

to classify partner agreements and create standard processes for review and renewal. These efforts will build greater value into partnerships and communicate that value more clearly to the City Council and community.

### **Westside Pump Track**

The Westside Pump Track renovation, a project to convert the prior earthen ramps to asphalt, is complete and open to the public. The partnership between City of Santa Cruz Parks and Recreation, Santa Cruz Mountain Trail Stewardship (SCMTS), Ow Properties, and numerous community and business supporters raised the \$150,000 needed for the improvements. The grand opening was held on August 8, 2021. The new pump track is open sunrise to sunset, seven days per week and is located at 100 Western Drive.

### **Monterey Bay Sanctuary Scenic Trail (MBSST) Rail Trail Segments 8 & 9**

The EIR scoping meeting for Rail Trail Segments 8 and 9 is slated for Oct. 6. The design consultant recently submitted the Draft Schematic Package for initial review. Over the coming months, the team will revise the plans and present a Refined Schematic Package in an Open House event for the public and to advisory commissions. Approval bodies, City Council and County and RTC Boards, will see the Final Schematic Package (30% plans) in spring 2022.

## **Resiliency and Improvements**

### **San Lorenzo River Flood Control Project – FEMA Certification**

On July 7, 2020, the City received from the US Army Corps of Engineers a Notice of Completion of the San Lorenzo River flood control project and an accompanying Operation, Maintenance, Repair, Replacement and Rehabilitation Manual (OMRR&R). The City is currently working with consultants to prepare documentation required for FEMA certification of the San Lorenzo River flood control project, which is due by July 7, 2023 to maintain the National Flood Insurance Program discount for those properties within the A-99 zone. City staff are working with MBK Engineers to complete necessary studies on geotechnical conditions, hydrology and hydraulics, erosion and vegetation encroachments and will prepare a supplemental OMRR&R Manual as part of the certification package to FEMA.

### **Pure Water Soquel**

The environmental groundwater replenishment and seawater intrusion prevention program, known as Pure Water Soquel, is a regional partnership between the Soquel Creek Water District and the City of Santa Cruz. The project aims to protect against seawater intrusion in the critically over-drafted Santa Cruz Mid-County Groundwater Basin and promote beneficial reuse by reducing the discharge of treated wastewater into the Monterey Bay National Sanctuary.

On October 5, the Soquel Creek Water District Board of Directors will consider the adoption of an addendum to the previously certified EIR approving clarified treatment process and facility layout modifications. A further resolution under consideration executes an amended and restated design-build agreement for the treatment facilities project with Black and Veatch Construction Inc., including a guaranteed lump sum price for construction, start-up, commissioning, and warranty services.

Should the Board adopt these resolutions, construction of the treatment facilities at the Santa Cruz Wastewater Treatment Facility and Chanticleer Advanced Water Treatment Facility will commence in October.

### **Water Augmentation Strategy**

At the Water Commission's August 2, 2021 meeting, Water Commissioners received a major update on ongoing work to improve the reliability of Santa Cruz's water supply. The update included reports on the Santa Cruz Mid-County Groundwater Basin work to develop aquifer storage and recovery. This project leverages the availability of existing infrastructure to deliver treated drinking water to the well field for injection during the winter when excess surface water is often available. This water is then stored in the aquifer through the winter or even over several years and withdrawn for use during the peak season when drought conditions limit supplies available from other sources. In addition, Commissioners received an update on the ongoing work to develop a new water system modeling tool that will support future operational planning and water system vulnerability analysis. This tool will give us the ability to "stress test" the system using thousands of weather scenarios representing a broad range of future temperatures and precipitation scenarios.

### **Long Range Financial Plan**

The Water Department completed updating its Long Range Financial Plan and brought it to Council for approval at its September 21, 2021 meeting. This plan, and the accompanying water rate development and capital planning work, lays out a \$271 million water rate supported investment and reinvestment in the Santa Cruz water system for the five-year period of FY 2023 through FY 2027. Major projects included in the plan are:

- Completion of two projects currently in construction, the Newell Creek Dam Inlet/Outlet Replacement Pipeline
- The Graham Hill Water Treatment Plant Concrete Tanks Replacement Project
- Completion of planning, environmental review and initiation of construction on the Newell Creek Pipeline Replacement for the Felton to Graham Hill Water Treatment Plant segment
- The implementation of a progressive design-build project for the Graham Hill Water Treatment Plant Facility Improvement Project