



cityofsantacruz.com/recovery

Quarterly Report: November 2020-March 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 first reporting period, City staff made progress toward the goals of the plan. Key accomplishments include:

- Launch of the Grow Santa Cruz County Revolving Loan Program to provide expanded lending options to support our local businesses.
- Creation of the City Arts Recovery Design (CARD) Pilot Grant Program to harness the creative spirit of Santa Cruz artists to promote recovery.
- Updated the Inclusionary Ordinance to provide developers with more ways to roll out affordable housing as a part of housing projects.
- Kick-off of a grant writing pilot to support a more robust and integrated strategy for securing new funds for projects across the City.
- Revised fee structures in Parks and Recreation and Planning and Community Development to ensure true cost recovery for City services and programs.
- Began work on the development of a Citywide workforce development initiative.
- Initiated construction on the Newell Creek Inlet/Outlet replacement project and completed construction on the Coast Pump Station raw water pipeline replacement project.

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. In January 2021, staff worked on researching the possible scope of the downtown expansion based on the budget and timing of the project and narrowed in on three potential expansion options south of Laurel Street. On March 23, 2021, staff presented a recommended preliminary boundary map to be included in the project Request for Proposals (RFP) for consultant scoping purposes. Staff received direction from Council to proceed with the RFP and present this information on the RFP to Planning Commission to receive further input. A final draft of the RFP is now under review by staff and will be issued in mid-April.

Economic Recovery and Resiliency

Grow Santa Cruz County Revolving Loan Fund

The Grow Santa Cruz County Revolving Loan Fund is a countywide, federally-funded business loan program that will provide additional capital for local small businesses' recovery from the COVID-19 pandemic. This program is a partnership of the National Development Council, to which the U.S. Economic Development Administration awarded the \$2.75 million fund, the Santa Cruz Small Business Development Center, and all jurisdictions in the County. Jurisdictions will leverage program funding to provide up to \$16 million in additional local lending ability. The program is loosely based on the City's existing Grow Santa Cruz revolving loan program and provides flexible lending options for our local businesses. This is a first of its kind partnership in the County to create a program that will provide more flexible business lending options, with no additional costs, to the jurisdictions responding to local business needs in the recovery period. The program will help build business resilience in the long run and provide the City with a tool to fill equity gaps for businesses that may seem too risky for traditional lenders.

Temporary Outdoor Expansion Program

The Temporary COVID-19 Outdoor Expansion Program provides a no-cost permit program for businesses to expand operations outdoors and ensure compliance with public health space requirements during the pandemic. The program began in June 2020 and has enabled more than 90 businesses to operate outdoors on public and private property, including through the activation of some of our alleys and temporary street closures downtown. It has also created an opportunity for the community to enjoy our local businesses in new forms, including outdoor gyms, parklets and expanded sidewalk cafes. This program has demonstrated our City team's ability to be collaborative problem-solvers and nimble and responsive partners for local businesses by providing a streamlined and efficient permitting process to ensure continued operations. It has also allowed us to experiment using our public spaces and learn as we develop permanent options and longer-term policy and program changes.

CARD Pilot Grant Program

The City Arts Recovery Design (CARD) Pilot Grant Program will harness the arts in tackling the challenges of economic recovery, restorative justice, and health and safety while highlighting the resilient and vibrant character of Santa Cruz as a cultural center. Inspired by the Works Progress Administration's Federal Art Project and modeled on a recently launched program by the City of Santa Monica, this initiative

will harness artists' creative energy and provide them with resources to implement projects that promote recovery. A collaboration with Arts Council Santa Cruz County, the program will also engage the community as proposal reviewers, creating a cross-sector, community-informed process for City Arts programming. A call to artists for letters of intent was issued in March, with a deadline for submission in April. In June, artists with successful letters of intent will receive funding to develop a complete proposal for full grant funding. City staff will forge partnerships between artists and business/property owners while matching projects with locations in commercial areas, parks, and neighborhoods. The projects will then be implemented based on funding availability and alignment with City priorities.

Increase Affordable and Market-Rate Housing

Inclusionary Ordinance Updates

The Inclusionary Ordinance outlines the requirements for new residential developments to include 20 percent of the project as affordable to Low- and Moderate-income households in the City of Santa Cruz. Housing and Community Development staff recently completed a multi-year, City Council-directed update to the Inclusionary Ordinance. The updates include two new alternative methods through which developers can comply.

The first approved alternative allows a developer to provide 15 percent of their project for rent at the standard Area Median Income (AMI) level for low-income households and opt to rent the remaining required 5 percent of their project to tenant-based subsidy holders, commonly known as the Housing Choice Voucher (Section 8) program. If a tenant-based subsidy holder is not available to rent the unit, the developer may rent the unit to Moderate AMI households. When the unit becomes available again, it must be offered to a tenant-based subsidy voucher holder.

The second alternative allows for employer-sponsored housing, meaning an employer can opt to develop rental housing for its employees as long as most of the employees served qualify at the Low and Moderate income levels. Additionally, a subcategory of employer-sponsored housing is available only to school districts, aligning with the federal Teacher Housing Act of 2016 and California's AB 3308 (2019). These alternatives will encourage more affordable housing opportunities, helping to meet health, sustainability and equity goals for the community.

Front Street Project

A project was submitted to Planning proposing to construct a seven-story mixed-use building with 175 residential condos and 11,498 square feet of ground-floor commercial space. Fifteen of the units will be affordable to incomes at 50 percent Area Median Income (AMI) and five units at 80 percent AMI. The City Council approved this project on Jan. 12, 2021, and an appeal was denied by the CCC on Mar. 12, 2021. The project must now obtain approval of a Section 408 Permit from the Army Corps of Engineers and then can proceed to the building permit stage.

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 as a result, need to be updated. To that end, Planning received grant funding of \$310,000 to create objective development standards for multi-family residential projects. To date, the department has presented a community outreach plan and the results of a consultant's efforts to test existing development sites in relation to the City's development standards and the housing market to better understand development feasibility to both the Planning Commission and the City Council. Two project kick-off meetings with the

community were held digitally in March: an English language event on March 11 and a Spanish language event on March 24. The staff is now starting the next phase of the project: garnering feedback on community preferences to help inform draft development standards.

Fiscal Sustainability

Efficient Service Delivery

Digital Intake and Plan Review – Building

The Building & Safety Division is converting the previous paper-only submittal process and upgrading the existing digital plan review process for building permits. A temporary web-based intake system using the City's current one-stop payment portal, MyCityofSantaCruz, is expected to allow the department to begin accepting digital files in July 2021. In preparation for moving to digital services and upgrading their existing land management system, Trakit, the Building & Safety Division, has completed an initial review of its major processes. Reviewing existing procedures for consistency and efficiency is the first step toward developing digital intake procedures and incorporating changes in an updated land management system.

Online Rental Inspection Scheduling

Software systems updates are needed to allow customers to schedule their rental inspections online. Rental Services is reviewing all existing procedures in preparation for the upcoming land management system upgrade. This work will better prepare the division to develop an automated inspection model that will save staff time.

New and Improved Funding Sources

Grant Writing Managed Service

The City is evaluating working with an expert grants consulting firm to help take a citywide, integrated view of grant opportunities. This will support the City to secure grants for key operational and recovery areas, quickly determine the top grants to pursue, coordinate the application, and improve our success rate. The cost of these services would be recovered through grant award dollars.

During the reporting period, staff summarized research from other agencies taking similar approaches and completed a market scan of potential service providers. The team engaged all City departments, which all supported this more organized, integrated citywide approach. We are now ready to launch a request for information with service providers and pursue a pilot with the successful firm.

Cannabis Ordinance Amendments

A team consisting of staff from Planning and Community Development, Police, 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 next step of this project is to finalize the details of this new program and draft an illegal cannabis activity enforcement ordinance amendment this summer.

DeLaveaga Disc Golf Fees

Parks & Recreation, in partnership with the Santa Cruz Disc Golf Club, will explore a pay-to-play structure at the DeLaveaga disc golf course. Currently, there is a minimal parking fee but no fee to play.

Actions during this period included evaluating needed infrastructure for the site – electricity, internet service, and a small facility. During the next period, staff will begin considering the option to issue an RFP for potential operators so they can propose a conceptual framework to City Council.

Recreation Programming Plan and Revenue Policy

The Recreation Programming Plan and Revenue Policy are separate but related items that will define and prioritize core services within Parks & Recreation and develop a framework upon which revenue targets and fee structures will be set. The Recreation Programming Plan is complete and will be used as a tool for annual program planning and prioritization. The Revenue Policy is 90 percent complete, except for a new Booking Agent Agreement. The BAA will allow the Department to contract with outside service providers to offer full-service offerings, such as weddings and other events.

Parks and Recreation Contract Partner Agreements

The Department will be updating all contracts and agreements with partners to adjust fees and update liability and risk information. During the reporting period, the Harvey West Pool rates were evaluated to ensure full cost recovery for pool operations, including utilities and staff time. For example, the past fees charged to Cruz Swimming, assuming full cost recovery, was less than \$3,000 per month. However, those fees did not cover utilities or staff time. Staff calculated that the total cost to host Cruz Swimming at the pool is \$4,600 a month. Cruz Swimming and other partners agreed to the updated fees, and the new rates were applied to current agreements. Under this structure, the pool is now able to “break even.”

The lens through which the department will evaluate whether to seek full cost recovery is public versus private “good.” In the case of youth swim lessons, there is an inherent “public good,” which is water safety and youth education. As such, the department would charge a lower rate to subsidize the public good that is youth swim lessons.

Impact Fee Development

Staff is working to complete Child Care and Public Safety Impact Fee studies to determine the fee amount for consideration of adopting three new development fees. The nexus study and supporting documentation to adopt a Public Safety and Childcare Impact Fee were finalized and are expected to be presented to Council in April 2021.

Fee Studies – Building, Code, Misc. Fees

The current fee structure fees related to building, code enforcement, and associated administrative costs are based on 1997 Administrative Building Codes, and staff is seeking to update them. RFP research was completed to prepare for the development of the City’s RFP. RFP development is expected to begin once the Chief Building Official is hired.

Revision to Code Compliance Division Fee Schedule

Staff is updating the Code Compliance Division Fee Schedule from actual costs to flat rates. Supporting documentation to present the proposed schedule was completed and is expected to be adopted by Council in April 2021.

Infrastructure

Green Economy and Workforce

Workforce Development Initiatives

Workforce development initiatives are a key component of the Re-Envision Santa Cruz plan. During the reporting period, departments from across the City have begun collaborative efforts and their own initiatives to contribute to this vital aspect of recovery.

Cross-Department Collaboration

During the reporting period, an internal city working team, including representatives from HR, Water, Public Works, Economic Development, and Climate Action/Sustainability, came together to talk about workforce development issues for skilled trades and green economy work. This team began planning the initial steps of outreach and established a routine monthly meeting for this group.

To facilitate the work, the team applied and was granted the opportunity to hire a 2021-2022 CivicSpark Fellow to work with city staff and other interests on partnerships and other workforce development initiatives. Additionally, this group briefed Senator Laird and his local and Sacramento staff on the workforce development initiative.

Library

The SCPL Library continued to provide digital access throughout the pandemic via 24-hour-a-day, free wireless access at library sites across the County, along with open computer labs (when possible), curbside wifi printing pick-up, and one-to-one virtual and in-person technology help appointments. SCPL also provides digital literacy training and offers a free Career OnLineHigh School program for adults wishing to complete their diploma. The Library received a grant from the County to provide laptop and wifi hotspot checkout to patrons and nonprofit organizations. SCPL also has submitted a federal grant application for expanding the workforce development program offerings.

Public Works

In April, Laboratory & Environmental Compliance Manager Akin Babatola served as a guest lecturer on Environmental Science for Cabrillo College. Through his instruction, students were introduced to analytical methods and instruments used for monitoring microbiology and biochemistry of wastewater; trace compounds of public health consequences in water and wastewater and recreational water; wastewater and recreational (rivers and ocean water) sampling and analyses. They were also given a primer on wastewater surveillance for COVID-19 (and other pathogens) and how this helps the City and regional public health management.

Resilient Coast Santa Cruz and Other Pending Grant Projects

The West Cliff Drive Adaptation and Management Plan was recommended for adoption by the Transportation and Public Works Commission in March 2021 and will be on the April 27, 2021, City Council Agenda for consideration. Based on two years of extensive and inclusive engagement and technical work, the plan includes nearly \$20 million in specific near-term coastal maintenance and improvement projects to bolster coastal resilience. It also documents options for future coastal adaptations. Staff members are implementing the plan by developing a funding strategy, aligning for stimulus funding, and collaborating with the University of California Santa Cruz's Coastal Science and Policy graduate program to plan a coastal change monitoring network. The staff intends to bring the complementary Local Coastal Program amendment to include sea-level rise policies to the City Council

in the fall. It will report back on three next-step coastal resilience proposals awaiting project grant funding decisions.

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

The City selected a consultant team to assist in developing a Climate and Energy Action Plan 2030 (CAP 2030) to determine the most equitable pathway to carbon neutrality by 2045 or earlier. The project was soft-launched with the community through a community engagement preferences survey (see [results](#) at project [website](#)). Representatives from the consultant team, the internal Sustainability Team, and the community Climate Action Task Force participated in the project kick-off in late March 2021. They engaged in an equity readiness check exercise and reviewed the detailed scope of work and deliverables. The planning team is developing the Climate Action Plan 2020 final report, along with conducting community visioning engagement and inviting priority groups to join the equity working group in compensated roles. During summer 2021, consultants and a Doris Duke Conservation Scholar hosted by UCSC will conduct the Green Economy Analysis, which builds upon an initial Green Jobs in Santa Cruz study conducted by a Monterey Bay Economic Partnership Ambassador Program intern.

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 a first phase of the East Promenade and to public space improvements at the end of the Wharf, including 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 working to invest 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

Urban Water Management Plan Update

Every five years, the Water Department must update its Urban Water Management Plan and submit it to the state. The department completed a new long-range water demand forecast during the reporting period and presented it to the Water Commission on Feb. 1, 2021. The department also completed work on the drought risk assessment and supply reliability assessment, presented to the Water Commission on Apr. 5, 2021, and all of its required pre-plan development coordination with other regional water utilities and city and county planning organizations, including Santa Cruz County, City of Capitola, and City of Santa Cruz, and Association of Monterey Bay Area Governments.

Santa Cruz Water Capital Improvement Program

This project represents an approximately \$600 million reinvestment in the water system's backbone infrastructure: raw water storage, transmission, and water treatment facilities, as well as funding for the water supply projects selected as a result of the water supply augmentation strategy. During the reporting period, the Water Department initiated construction on the Newell Creek Inlet/Outlet replacement project and completed construction on the Coast Pump Station raw water pipeline replacement project. The department also completed the initial selection of qualified firms to participate in the competitive selection process for a design-build contract for the Graham Hill Water Treatment Plant. It issued the request for proposals to qualified firms, which are due back in early April. The department also awarded the contract for the Graham Hill Water Treatment Plant Concrete Tanks Replacement Project, with construction anticipated to begin in April or early May.

Update of Water Shortage Contingency Plan

The Water Shortage Contingency plan governs water restriction in the event they are required during the water demand season. The Water Department completed an updated plan presented to the City Council on Feb. 23, 2021. From there, the department turned to processing municipal code changes to align with the new plan. It will bring a recommendation to Council at its April 13, 2021 meeting to declare a Stage 1 Water Shortage Warning, which will result in implementing the updated plan.