

SUMMARY OF PROGRESS FOR MID-TERM REVIEW OF 2005-2009 IMPLEMENTATION PLAN

Agency Revenue

Historically, property in Santa Cruz has generally sold for a higher price than the previous owner paid and thus resulted in higher assessed values and increased property tax payments. A portion of this increased property tax is the revenue which is used to fund the activities of the City's Redevelopment Agency and this revenue is called tax increment revenues.

In the three years since the Agency adopted the 2005-2009 Implementation Plan assessed valuations in the Merged Project Area have risen 25% based on property sales and new construction. In the last six months real estate prices have leveled and most recently on a County-wide basis residential property values have declined 8.8%. While this does not mean property values have declined similarly in the Agency's two project areas, it does point to a changed real estate market. This change coupled with the slow down in property sales within the city limits of Santa Cruz means that past increases in tax increment revenues of the previous magnitude are unlikely in the next few years.

It is also important to realize that if real estates values do fall appreciably property owners who purchased real estate in the last five to six years would be eligible to apply for reductions in their property assessments and tax payments. If a significant number of property owners are awarded reduced assessments and resultant property tax payments it will negatively impact Agency tax increment revenues.

Aside from the changed real estate market several other changes will have a significant impact on Agency revenues. These changes are the result of legislative and court requirements which require increased Agency revenue sharing with local schools and other governmental agencies. The Santa Ana Unified School District vs. Orange County case requires increased payments to local schools. The projected payments during the 2007-2012 timeframe are shown below and assume an annual Proposition 13 two percent increase in property valuations.

Fiscal Year	Merged Project School Payments	Eastside Project School Payments
2007	\$478,190	\$22,490
2008	\$580,930	\$27,270
2009	\$685,730	\$32,140
2010	\$790,280	\$36,930
2011	\$908,910	\$42,010
2012	\$1,020,484	\$47,194

It should be noted that these funds are not available for operating costs of the educational institutions and can only be used for capital expenditures. In fact, the institutions can rely on the funds to pledge for bonded indebtedness.

A second change is the requirements of SB 211. The Agency utilized the provisions of the SB 211 to allow it to receive tax increment revenues for ten years following termination of the Merged and Eastside Projects; however SB 211 requires the Agency to share 20% of these future revenues with other local governmental agencies.

The North Mall portion of the Merged Project has now begun to pass through a portion of its tax increment revenues. The remaining project areas will start sharing 20% of their new additional revenue with the local school districts as shown on the following schedule. In the case of the Eastside Project, this will have a minimal effect since there is already in place a pass through agreement with Santa Cruz City Schools. Existing pass-through agreements such as those with the Santa Cruz City Schools and the County of Santa Cruz negate the need for any additional pass-throughs to these agencies.

Project Areas	SB 211 Base Year	First Payment Year	Reduction of Growth
North Mall	FY 2005	FY 2006	20% of growth above FY 2005
San Lorenzo 1986	FY 2007	FY 2008	20% of growth above FY 2007
San Lorenzo 1989	FY 2009	FY 2010	20% of growth above FY 2009
San Lorenzo 1990	FY 2011	FY 2012	20% of growth above FY 2011
North Mall 1990	FY 2011	FY 2012	20% of growth above FY 2011
Eastside	FY 2011	FY 2012	20% of growth above FY 2011

While SB 211 ensures that the Agency will receive future income, it does reduce the potential for revenue growth. For instance, if a project area's revenue grows 4% after its SB 211 Base Year, the Agency would realize 1.6% of that revenue growth. This diminution of future growth is caused by the combination of the existing pass through of funds to the County, SB 211 and the Santa Ana pass through to local school districts.

Therefore, revenue projections for the next several years are fairly conservative. If new building accelerates or other factors occur, these assumptions may prove to be overly conservative. At this point, however, staff recommends a status quo until local real estate trends are more discernable.

Plan Review

The Implementation Plan as adopted by the Agency contains goals and policies for both economic development and affordable housing. Material presented in this report is similarly organized. This is a time for the Agency to conduct a mid-term evaluation on the progress being made by the Agency. Staff proposes to set forth in this report the progress which has been realized to date as compared to the programs and projects identified in the Plan and to advise the Agency on what progress will be realized in the remaining timeframe.

Attached to this report is Section I of the Implementation Plan: ***Economic Development Five-Year Goals and Objectives***. For easy reference, staff has indicated in the left hand margin the status of each ***Agency Objective***. The Agency may advise staff whether there is a change in direction desired. Several categories have been established to describe the status of the each goal:

Continuing – The goal and implementing program or project is part of the current work program of the Agency.

In Progress – Some activity is occurring with respect to this goal and implementing program and project.

Completed – The project or program has been completed.

Implemented – A program or project has been initiated in the last three years to achieve the goal.

Dropped – The goal or implementing program or project has been discontinued at this time.

On Hold – The project or program is not in the Agency's current work program.

Economic Development, Section II of the Plan identified Agency programs to address project conditions and meet the goals and objectives.

Merged Redevelopment Project Area

The programs/projects which have been accomplished during the past three years for the Merged Project Area are discussed below:

Tannery Arts Center - This project involves the conversion of the former Salz Tannery property to low and very low income housing for artists live/work rental housing, affordable studio space for the range of art from digital media to printmaking, performance space and retail/commercial space.

Each year the Agency has taken literally dozens of actions to insure the success of the Tannery Arts Center; this is just a glimpse of the actions since adoption of the FY 2005-2009 Implementation Plan.

- The Agency purchased the 8.3 acre former Tannery site parcel from Salz Leathers Inc.
- The environmental impact report on the proposed project was completed and circulated for comments and was certified by the Agency.
- The City Council granted the project the necessary project land use and zoning permits.
- The City Council approved the tentative subdivision map for the Tannery Property, which will enable the leasing of the site to Artspace Projects and the other entities who will develop the site's various buildings.
- Salz Leathers Inc. demolished the Tannery's non-historic buildings prior to close of escrow.
- The Agency retained Pacific States Environmental Contractors to remove foundations and other concrete remaining following demolition of Finishing Building and prepare the site for future construction work.
- Devcon Construction continued completed the architectural and engineering plans for the affordable live/work housing units at the Arts Center Project.

- Artspace Projects was awarded a \$7.5 million loan by the California Department of Housing and Community Development's Multi-Housing Program to help finance the Tannery Arts Center affordable live/work housing units.
- The Affordable Housing Program awarded the affordable live/work housing units at the Arts Center Project a \$1 million grant.
- Artspace Projects Inc., the Agency and the City took of a number of actions to secure financing for the Artists Lofts Affordable Housing component of the Tannery Arts Center. These included facilitated issuance of tax exempt financing, Agency payment of traffic and park impact fees and City assistance through its Affordable Housing Trust Fund.
- The California Cultural Heritage Endowment awarded the Agency a grant of \$240,000 to design the rehabilitation and conversion of the Tannery's historic buildings into artist's studios.
- The Agency utilized a \$240,000 grant from the California Cultural Heritage Endowment planning grant to retain Mark Cavagnero Associates to prepare preliminary architectural drawings for the conversion of the Tannery's historic buildings into artist's studios.
- Salz Leathers Inc. received a site clearance letter from the California Department of Toxics Substances Control.
- The Agency purchased environmental insurance to provide future coverage if additional soils remediation activities are deemed necessary.
- The Agency received an allocation of \$1.9 million dollar capital grant from the California Cultural Heritage Endowment for the rehabilitation and conversion of the Tannery's historic buildings into artist's studios.

The final series of actions on the live-work housing were taken by the Agency in late June of 2007 which included approval of the ground lease, Covenants, Conditions and Restrictions and other associated pre-construction legal actions. Construction commenced on the live-work housing units in September of 2007.

Bolton Hill Development - In November 2004 the Redevelopment Agency entered into a Disposition and Development Agreement with Bolton Hill Company, a local developer, for the development at 1547-1549 Pacific Avenue of a new mixed-use project, with an estimated 60 for-sale residential units, ground floor commercial space (restaurant or retail), and two levels of parking to serve the residential units.

The project will occupy three parcels between Pacific Avenue and Cedar Street, one of which is owned by the Redevelopment Agency, one by the City and the third by a private party. The developer will receive no financial support from either the City or the Agency and purchased the two parcels from the Agency and the City at their fair market value. The Agency assisted the developer in assembling the parcels necessary for the project and any expenses incurred by the Agency will be reimbursed by the developer. Construction is planned to start in the Spring of 2008.

The portion of the property fronting on Pacific Avenue has been vacant since 1989 when the buildings collapsed during the Loma Prieta earthquake. The original basement excavations remain, creating a large hole in the Pacific Avenue streetscape. When completed, the project will continue the revitalization of downtown Santa Cruz and will provide much needed housing.

Monterey Bay Marine Sanctuary Visitor Center - The National Marine Sanctuary Program (NMSP), an agency of the National Oceanic and Atmospheric Administration (NOAA), and the City are partnering to design and construct the Monterey Bay National Marine Sanctuary Visitor Center. The Agency staff has been designated as the City's project manager acting in cooperation with NOAA. <http://www.mbnms.nos.noaa.gov/visitorcenter/welcome.html>

The Visitor Center will function as the Monterey Bay Sanctuary's premier visitor center. The site was chosen in 2003 after the NMSP studied 23 locations along California's Central Coast, settling on the City's ¾-acre "Fun Spot" property in the Santa Cruz Beach Area. Located just steps from the Pacific Ocean in Santa Cruz's historic Beach and Boardwalk area, the Visitor Center will:

- Provide the Marine Sanctuary Program and the State of California with high profile marine education facility just steps from the Pacific Ocean.
- Provide 150,000 people per year with a unique hands-on introduction to the diverse ecosystems of California's Central Coast.
- Provide greatly needed educational facilities for Sanctuary users, visitors, educators, and - minority and low income populations.
- Further the mission of the Marine Sanctuary Program by encouraging stewardship of the sea and shoreline.

The timeframe for the project is dependent upon Federal funding appropriations and fundraising efforts and if funding is provided construction could begin as soon as the Summer of 2008. The preliminary design concept for the new Visitor Center includes the following components:

- An architecturally distinct building overlooking the Monterey Bay National Marine Sanctuary and the Santa Cruz Municipal Wharf.
- Dynamic interactive exhibitry highlighting the Monterey Bay Sanctuary's natural resources and stressing ocean stewardship and conservation.
- Multimedia displays including real-time video of the deepwater ocean environments.
- A potential rail stop, bicycle facilities and pedestrian connections to Depot Park.
- Educational classroom and lab facilities.
- Administrative offices.

San Lorenzo River Project - Agency staff has been extensively involved in the San Lorenzo River levee project activities and funding for over 23 years. The activities involving the project which have occurred during the past year are discussed below. Agency staff has had project management responsibility for the Army Corps of Engineers ("Corps") Project and, in past years, the Agency funded a number of the feasibility studies as well as bridge design work. Construction on the project began in 1999 and in 2004 Contract 3 was constructed. This project involved the stabilization of the riverbank adjacent to Laurel Street Extension and Third Streets which are highly eroded and threaten the continued use of these streets. The cost of this project was \$6.1 million and a large portion of the local match was funded by a \$1.9 million grant from the California Resources Agency's River Parkways Program. The Corps initiated construction on Contract 3 in April 2004 and completed it in November 2004.

The Contract 3 project was awarded the American Public Works Association's Project of the Year by its Monterey Bay Chapter. The award cited the project's unique engineering challenges, environmental enhancements and public access improvements. Work on completing the entire San

Lorenzo River project awaits future Federal funding and legislation clarifying the project's cost allocation for past City bridge work.

Highway Projects – A significant amount of Agency staff effort has been devoted to four major State Highway Improvement Projects.

Highway 1/9 - The Agency continued funding and facilitating the design and engineering for a series of traffic improvements to the intersection of Highway 1/9. The proposed improvements at the Highway 1/9 Intersection would involve constructing an additional left turn lane on southbound Highway 1, and an additional north bound lane on Highway 9 (River Street) between Highway 1 and Encinal Street and an additional left turn lane on the southbound Highway 9 (River Street). Rather than wait an indefinite period for Caltrans (California Department of Transportation) to initiate the design and planning for these improvements the Agency funded the initial engineering costs. It is hoped that this initial planning investment will create a higher Caltrans priority to fund the needed improvements.

San Lorenzo River Highway 1 Bridge - The four lane Highway 1 Bridge over the San Lorenzo River is now a bottleneck for westbound traffic entering and eastbound traffic leaving the Highway 1/9 Intersection. To initiate this process Agency staff prepared a draft Preliminary Survey Report (PSR) for a seven lane replacement bridge. The PSR has been reviewed by Caltrans and is undergoing further revisions. When accepted by Caltrans PSR will allow for the future programming for a new bridge.

Mission Street Utility Undergrounding Project – Although the design and construction of the Mission Street Utility Undergrounding Project is managed by the Public Works Department, Agency staff time has been committed to this project over the past several years in terms of securing easements, financing a portion of the local share of cost and providing the needed public information and assistance during the construction phases. Driving along Mission Street the visual improvement made by the undergrounding program is now readily apparent as one passes through the intersection of Mission and Bay Streets.

Highway 1/17 Merge Lanes Project - In 1998 the Santa Cruz County Regional Transportation Commission (SCCRTC) approved the design for the Highway 1/17 Merge Lanes Project that adds merge lanes for safer merging movements between the Morrissey/La Fonda area and Route 17. The improvements to the state highway, which include the construction of bridges, retaining structures, roadway widening, concrete median barriers and sound walls, are within the jurisdictional limits of the City of Santa Cruz. Caltrans and SCCRTC have requested the City's Redevelopment Department to assume a lead role in the Public Awareness Campaign for this project. The Agency's role is very similar to its work with Caltrans on the Mission Street Widening Project public information and outreach, conducting community meetings and being a point of contact for affected residents.

Other Projects in Merged Project Area:

- Initiation of a design and economic feasibility study on the redevelopment of the downtown Metro Center through an MOU with the Santa Cruz Metropolitan Transit District.
- Continuation of the Downtown Mural Program.
- Continuation of the Downtown Outreach mental health program.
- Administration of the Cooperative Retail Management (CRM) District and funding of a full time community services officer.
- Completion of the Hospitality Industry Enhancement Study.
- The success of the Downtown Façade Improvement Program became more evident in the area during this reporting period. The program is now in its eighth year and has provided assistance to 72 downtown businesses. An additional six businesses are now in various design and pre-contract phases.
- A \$1,200,000 grant was received from the U.S. Environmental Protection Agency to assist in toxics soils remediation in the City. This grant was one of 13 awarded nationally from over 100 applications.
- The Ocean/Barson Façade Improvement Program was completed, but the program continues in the Seabright/Murray area and River Street areas. Twenty-three businesses have been assisted in these areas.
- When the work over the last 12 years is totaled for both the Merged and Eastside Project Areas, 252 businesses have been assisted in the Agency's various Façade Improvement areas.

A final project undertaken by the Agency was a proposal for a Conference Center on the property of the Coast Hotel, 170 West Cliff Drive. The owner of the Coast Hotel (formerly the Dream Inn) at 175 West Cliff Drive proposed to demolish the existing 163-room hotel and construct a new LEED Certified ("Green") hotel of approximately 250 rooms, or approximately 168,350 square feet, and a restaurant on the site of the current hotel (on the beach side of West Cliff Drive) and a conference center and parking structure on the current parking lot across the street (on the inland side of West Cliff Drive). A pedestrian bridge would connect the two.

Through lease agreements with the Coast Hotel, the City and Agency would have owned the conference center and the parking structure, and the hotel owner would operate these two facilities.

The proposed conference facility proposed approximately 23,000 square feet in size, with a ballroom seating 1,200 people and smaller banquet or meeting rooms. The building would also house the hotel's "back of house" facilities, including kitchen, housekeeping, laundry, administrative offices, and employee parking. Total square footage of the building would be approximately 67,000 square feet and the building would be approximately 48 feet high, approximately the height of the condominiums across the street.

The City Council and Redevelopment Agency approved the development of the Coast Hotel Santa Cruz project on January 18, 2005. Opponents of the project immediately began a signature gathering effort and gathered enough signatures to require the City to hold a referendum on the

project. As a result, owners of the Coast Hotel dropped the project. No further efforts for development of a conference facility are currently being taken by the Agency. While this project was not ultimately successful, it did require a major commitment of staff time.

Affordable Housing

At the time of the adoption of the 2005-2009 Implementation Plan, the Agency established as one of its major priorities the construction of new affordable housing units in the City. Given this direction, staff has worked on a number of major affordable housing projects:

111 Barson Street - The Agency provided funding for a 13-unit moderate rehabilitation housing project at 111 Barson Street in a cooperative financing agreement with the County pursuant to funding received by the County in 2000 for its Continuum of Care program. The U.S. Department of Housing and Urban Development (HUD) approved funding for a Single Room Occupancy (SRO) Rehabilitation Program Project (“Project”) which provides rental assistance for formerly homeless persons in connection with moderate rehabilitation of the units. The project is now completed and occupied. The Agency has provided \$1,160,000 in both pre-development and construction loan funds to assist in the rehabilitation of this property.

Grace Commons - In late 2000, the former Grace United Methodist Church located on the corner of Soquel and Cayuga experienced a significant fire necessitating the demolition of the Church. The Church has merged with other Methodist Churches in the area, and their property was sold to CFSC, the property management/development affiliate of the Santa Cruz Community Counseling Center (SCCC). The SCCC constructed Grace Commons, a 15-unit housing project on a portion of the former church site to serve homeless individuals with mental health disabilities. The Agency provided a \$125,000 loan to the project to assist in its construction which will be forgiven if the project is retained as affordable housing for 55 years.

Tannery Artists Lofts – In the fall of 2007 construction began on 100 units of affordable housing which will be provided for artists and their families with low and very low incomes. This housing is an integral part of the Tannery Arts Center Project. Completion is expected in early 2009.

Agency Assisted Affordable Housing Developments

Location	Number of Market Rate Units	Number of Affordable Units	Total Units	Type of Development	Status
111 Barson Street	0	13	13	SRO	Completed
Grace Commons	0	15	15	Apartments	Completed
Tannery Artists Lofts	1	99	100	Apartments	Under Construction
Total	1	127	128		

The Agency continues to administer two other housing programs to assist City residents.

- **The Emergency Rental/Mortgage Assistance Rental Program**, administrated by the Santa Cruz County Community Action Board, provides emergency rental or mortgage payments to families to prevent eviction or mortgage foreclosures.

- **The Tenant Based Assistance/Security Deposit Program**, administered by the Santa Cruz County Housing Authority, provides funds to households who do not have sufficient funds to pay the initial security deposit for a housing unit.

Both programs require City residency. Over 2,100 persons have benefited from these programs during their term of operation.

Eastside Redevelopment Project Area

The Eastside Project Area has very limited resources available to accomplish the goals and objectives for the Eastside Project Area. The programs which have been accomplished during the past two years are discussed below.

Eastside Facade Improvement Program – During the thirteen years the program has been implemented, assistance has been provided to 74 storefront projects at a total cost of approximately \$300,000. All these businesses were small locally owned enterprises. Recent projects include Bay Photo, Music Now, Barrios Unidos, Shoppers Corner, and Lillian’s Italian Kitchen among others. In addition the Agency expanded the Eastside Facade Improvement Program to include an additional portion of Water Street between Ocean Street and Branciforte Avenue. This area has a number of small businesses which have expressed interest in participating in the program.

Soquel Avenue Improvements - Agency funds were used to fund a portion of the land acquisition costs associated with the Soquel Avenue Bike Lane Project. In addition, funds were budgeted for construction of improvements at the Soquel/Water/Morrissey Intersection, design of improvements to the Soquel/Hagemann and Parkway intersections, a storm drain on Soquel Avenue between Benito Avenue and Branciforte Avenue, and on Pine Street between Soquel and Broadway Avenues.

Economic Development Initiatives

During the early 2000’s, the Santa Cruz economy experienced one of its greatest economic booms but is now experiencing the post-boom economic decline. The technology boom of the late ‘90’s resulted in a great deal of new building and now has led to an increasing commercial office vacancy rate throughout the City. Over 1,457 jobs were lost during the period 2001 to 2003. In response to this the Agency has initiated various programs to develop and retain new employment opportunities. A summary of these initiatives follows:

Technology Transfer Center - Texas Instruments closed its semi-conductor manufacturing facility at 2300 Delaware Avenue in 2001 and laid off the plant’s 350 employees. From 2001 to 2004 this 232,000 sq. ft. manufacturing facility sat vacant while Texas Instruments attempted to sell the facility.

Following issuance of the clearance by the County’s Environmental Health Department, the facility was purchased by UCSC for administrative and research purposes. As part of planning for the reuse of 2300 Delaware Avenue, the City and UCSC identified the potential to develop a portion of the building as a center where UCSC research activities could be transferred into new technology firms. The center would provide appropriate support network to allow the emerging firms to focus on what they do best, the development of their products and technologies.

To fund the planning for this project the Agency received a \$325,150 grant from the U.S. Economic Development Administration (EDA). A nine-member Technical Advisory Group was appointed by the Mayor to set policy and plan for the Project. The Group is composed of City and UCSC officials and private sector representatives. UCSC has reserved space in the 2300 Delaware building for the proposed Technology Transfer Center and BAE has completed a study identifying not only the potential for emerging technologies for which the Center may provide an important launching point but also identified existing business clusters within the community which could benefit from this space and support. It is unclear at this point whether the Technology Transfer Center will be located at the 2300 Delaware site or another close by location.

Technology Development Initiatives -

Santa Cruz Technology Park - This concept seeks to refocus the existing Westside Santa Cruz industrial area into a more technology compatible area and to make changes in the IG Zone and permitting process to make the area more tech business friendly. The area has close proximity to UCSC and the Marine Sciences campus and as such is an ideal area for spin off tech developments. Changes envisioned in the existing industrial area include allowing a greater mix of uses, refocusing on smaller scale development, improved internet access, development of a common identifier for the area, shuttle bus service to UCSC and other changes to make the area more tech friendly. A Technical Advisory Group continues to work to develop the concept and, as a first step, the City Council in May 2007 approved an industrial zoning overlay district to accommodate designed specifically to promote the Technology Park.

Santa Cruz Incubation Cluster – The initial focus of this concept is the development of the cluster in the 2300 Delaware Avenue building discussed previously in this report or other vacant, previously manufacturing buildings.

Santa Cruz Design Innovation Center – A Design Center Technical Advisory Group has been working with the staff to develop a vision and program for a design center to be located in Santa Cruz and serve as a communication center and catalyst to focus creative design talents in various Santa Cruz industries on new product development. The TAG members have more specifically focused now on how a center would be organized, staffed, what its focus would be and what educational opportunities would be associated with the Center. Possible areas of emphasis would be on creative designs, especially lifestyle, ergonomic and green aspects of design: architecture, industrial, electronics, software, media, packaging, interior, services, biotech, sports, and transportation. As a design focal point the center could hold meetings, fairs, seminars, workshops, and contests to help cross the many barriers to trans-industry development. A kick off event for the Center is now planned in for January 18, 2008.

As part of these activities a new business web site has been developed and can be seen at: www.ci.santa-cruz.ca.us/ra/BusGateway/index.html

Reflective of these initiatives the City Council redesignated the Redevelopment Department as the Economic and Redevelopment Department to provide a more visible leader for the City's various economic development activities. Along with this change a new position of Economic Development Manager was approved to provide the necessary staffing and coordination of these new initiatives.

Job Training and Development - The Executive Director also serves on the County-wide Workforce Investment Board which receives Federal and State funds for training and preparing the County's workforce.

Business Assistance - Agency staff continued to work with local business owners on an individual basis as requests or inquiries were received. In addition, Agency staff served on the Chamber's Economic Development Council, the County's Comprehensive Economic Development Strategy Board, Goodwill Industries, United Way, Chamber of Commerce, the advisory board to the Small Business Development Center and other non-profit cultural and business organizations. This enables Agency staff to share its knowledge and expertise with these organizations in making them visible in the community.

The Business Gateway website, as well as existing marketing collateral, has proven to be useful tools in this effort. Agency staff also continues to be active in the Silicon Valley Economic Development Alliance (SVEDA)—which focuses primarily on high tech—as well as the Central Coast Marketing Team (CCMT)—which focuses primarily on tourism and agriculture.

Public Information - Each year the Agency provides a wide variety of information on its activities through mailings, presentations to community groups and media releases. To compliment ongoing public information and Agency activities, Agency staff continues to maintain an updated web page which includes zoom-in maps of its project areas, the most recent reports developed for the Agency, program information, staff bios, a quick links feature and other Agency information. The web page has been helpful in answering public and business inquires. It has proved very useful to persons throughout the United States and the world. The Agency's web page can be accessed on the internet at www.ci.santa-cruz.ca.us/ra.

Planning Framework for Implementation Plan

The Implementation Plan is based on existing planning documents and policy guidance from the Redevelopment Agency/City Council. The Implementation Plan is dynamic in nature and, as time passes, adjustments can be made to reflect changing project conditions or other factors, which affect the five-year goals and objectives.

A variety of existing documents were used in the development of the Implementation Plan. These include the City's Housing Element and its Consolidated Plan adopted as a part of the Department of Housing and Urban Development Regulations. Documents currently used as a basis for Implementation Plan goals and objectives include:

General Plan -The General Plan was adopted in 1992 and establishes a broad range of economic development, housing and land use policies, which are relevant to both the Eastside Business Improvement Project and Merged Earthquake Redevelopment Project. Where appropriate, General Plan goals have been included in the Implementation Plan.

Downtown Recovery Plan - The Downtown Recovery Plan, adopted on September 10, 1991, and amended in 1999, was prepared through the Vision Santa Cruz process and provides a framework for public and private actions related to the rebuilding of downtown Santa Cruz after the 1989 Loma Prieta Earthquake. As a specific plan, the Downtown Recovery Plan is limited to various policies and programs relating to the central commercial core of Santa Cruz. The Downtown Recovery Plan has been extensively used by the Redevelopment Agency to assist it in guiding the activities of the Merged Earthquake Recovery and Reconstruction Project as it relates to downtown Santa Cruz.

Eastside Business Area Improvement Plan - The Eastside Business Area Improvement Plan was adopted by the City Council on January 23, 1996. A citizen's committee composed of the Eastside business and property owners and adjacent neighborhood residents prepared the document. The Plan establishes a series of goals and programs to ensure the continued vitality of the Eastside business area. The Plan was developed specifically to provide the policy basis for the Eastside business area redevelopment project and, as such, has been extensively relied upon in preparation of the Implementation Plan as it relates to the Eastside business area.

Beach Area Specific Plan - The Beach Area specific plan was adopted as part of the City's General Plan in 1980. This Plan was amended on October 23, 1998. Both plans set forth a number of goals, policies and programs to bring about the economic and social improvement of the beach area. Since adoption of the 1980 Beach Area Specific Plan, the City has implemented a large number of the recommended programs of the Beach Area Plan.

The Beach and South of Laurel Comprehensive Area Plan was approved by the City Council on October 23, 1998. The Redevelopment Agency certified a Program Level Environmental Impact Report on October 23, 1998 in connection with the adoption of the Comprehensive Area Plan. There were two key recommendations in the Beach and South of Laurel Comprehensive Area Plan - the development of a conference hotel and new housing. Discussion on the need for a conference hotel has continued since adoption of the Plan. However, no consensus has been reached to date on a site or financing of such a project. The Neuva Vista housing project previously mentioned in this report is a major step forward in the elimination of substandard housing in the beach area.

ECONOMIC DEVELOPMENT

I. INTRODUCTION

This is the Economic Development Section of the Implementation Plan for the Merged Earthquake Recovery and Reconstruction and Eastside Business Improvement Project Areas. As required in California Redevelopment Law, Health and Safety Code Section 33940(a), the Implementation Plan contains specific goals and objectives and specific projects and expenditures for each project area. A description is also presented of how the goals, objectives, projects and expenditures will eliminate blight within each project area.

II. ECONOMIC DEVELOPMENT FIVE-YEAR GOALS AND OBJECTIVES

Section 33490(a) (1) of California Community Redevelopment Law states that the Implementation Plan shall contain specific goals and objectives for each of the Agency's project areas. The following section sets forth the goals and objectives for the Merged Earthquake Recovery and

Reconstruction Project and Eastside Business Improvement Project. Goals and objectives have been derived from the previously mentioned planning documents as well as through the review and hearing process, which took place in preparation for this document. Table EP-I provides a matrix linking each of these goals and objectives to the project blight conditions they will assist in alleviating. The goals and objectives for the Low- and Moderate-Income Housing Program are set forth in Section C of this Implementation Plan.

A. Economic Development Goals - General Plan/Merged Earthquake Recovery and Reconstruction Project

1. Foster economic development programs that provide diverse opportunities for stable, meaningful work at livable pay, meets retail and service needs of residents and visitors, creates a strong municipal tax base, preserves environmental quality, and enhances the character and quality of community life.

Continuing *Agency Objective:* Continue selected recruitment and retention activities of manufacturing and high tech firms, which provide livable wage employment.

Continuing *Agency Objective:* Continue to work with developing software firms and develop a program for assisting the growth of firms through technical and/or financial assistance.

Continuing *Agency Objective:* Continue business information and assistance program.

Continuing *Agency Objective:* Establish light manufacturing incubator space.

On Hold *Agency Objective:* Develop an Agency revolving loan fund for small business start up and expansion.

Continuing *Agency Objective:* Continue advocacy role on public policies, which impact existing businesses and employment in the City.

Continuing *Agency Objective:* Network with Silicon Valley organizations and with local high-tech companies to determine current need and other issues of a public/private concern.

Continuing *Agency Objective:* Encourage the development and expansion of minority-owned and minority-served businesses.

2. Enhance Santa Cruz's role as specialty retail and service center within the region and retain and expand the existing retail and service base.

Continuing *Agency Objective:* Identify retailers which will complement the existing retail base and develop projects/programs to assist in their location within the City of Santa Cruz.

Continuing *Agency Objective:* Assist existing retailers with expansion, advisory services and other activities, which generate additional retail opportunities and employment.

3. Encourage the development of a diverse industrial base that is socially beneficial, non-polluting, and non-depletive of natural ecosystems and provides jobs for Santa Cruz workers.

Continuing *Agency Objective:* Continue to provide information and assistance for industries, which provide livable wages and wish to locate in Santa Cruz.

Continuing *Agency Objective:* Continue to work with manufacturing groups to identify specific areas where public and private cooperation can assist existing manufacturers to

meet new requirements or other activities which lead to new employment opportunities and the retention of existing businesses.

Continuing *Agency Objective:* Identify specific activities of government which can meet needs of industries.

Continuing *Agency Objective:* Identify specific industries which may be attracted to Santa Cruz because of the assets that UCSC brings to the community together with the quality of life assets and provide assistance to such identified industries to locate in Santa Cruz.

Continuing *Agency Objective:* Identify and assist research and manufacturing opportunities, which arise as a result of the Monterey Bay National Marine Sanctuary designation.

Continuing *Agency Objective:* Assist in public infrastructure, installation, construction and reconstruction.

4. Encourage the growth of off-season and off-peak tourism by enhancing the City's potential to attract tourists through urban design improvements, promotion, and development of visitor attractions and provision of a variety of overnight accommodations.

Continuing *Agency Objective:* Increase promotion of Santa Cruz Wharf as a year round visitor recreational location.

On Hold *Agency Objective:* Assist in the development of a conference hotel facility.

In Progress *Agency Objective:* Continue to explore opportunities to develop an additional full service hotel in the beach area.

In Progress *Agency Objective:* Construct habitat, pedestrian and bicycle improvements associated with San Lorenzo River Design Plan to enhance access from downtown to the beach area.

Continuing *Agency Objective:* Continue infrastructure, transportation and street projects which link downtown and the beach area to increase off-season tourism for both areas.

Continuing *Agency Objective:* Identify and assist establishment of specialty retail businesses which serve community and tourist needs.

5. Promote revitalization of the Downtown Central Business District as the City's center for commerce, office, culture, entertainment and dining, and mixed-use residential.

Continuing *Agency Objective:* Implement recommendations of the Downtown Recovery Plan.

Continuing *Agency Objective:* Continue activities designed to recruit new retail and assist expansion of existing retailers in the downtown area.

In Progress *Agency Objective:* Continue to implement San Lorenzo River Design Plan to ensure the flood safety of downtown Santa Cruz, improve the river habitat and eliminate flood insurance requirements.

B. Economic Development Goals — Economic Development Strategy

1. A Welcoming City - Tourism

On Hold *Agency Objective:* Actively pursue and support a Beach Area conference hotel.

Continuing *Agency Objective:* Work with developers and the lodging industry to diversity local accommodations with upscale boutique facilities, all-suite or extended stay, and a larger conference center/meeting facility.

In Progress *Agency Objective:* Create a hotel façade improvement program. Explore potential funding sources such as Redevelopment grants or loans, CDBG funds or Planning Department fee incentives.

Continuing *Agency Objective:* Promote and support Santa Cruz as an ecotourism and cultural tourism destination.

2. A Place of Innovation – Technology and Manufacturing

Continuing *Agency Objective:* Work with UCSC in order to encourage the development and retention of new technology in Santa Cruz through the development of technology incubator facilities and other support ventures.

Continuing *Agency Objective:* Identify partnerships and funding sources for Green and Eco development proposals.

3. A Creative Community – Arts, Culture and Entertainment Strategies

On Hold *Agency Objective:* Develop financial incentives for new or expanding arts, culture, and entertainment businesses and ventures to assist with start up and expansion costs.

Continuing *Agency Objective:* Continue to promote the location and start-up of retail and working galleries in its key economic centers, specifically the Central Business District (Downtown), the Eastside, Mission Street, and the Tannery Arts Center as well as other areas.

Continuing *Agency Objective:* Encourage the involvement of the Santa Cruz arts community in the support of arts related economic development.

4. A Unique Shopping Experience – Retail Strategies

Implemented *Agency Objective:* Expand its focus on business recruitment, retention and marketing with the retention of an Economic Development Coordinator.

Continuing *Agency Objective:* Establish a Business Recognition Program that acknowledges businesses that contribute significantly to the local economy and community.

Implemented *Agency Objective:* Develop a signage program to provide better links between geographical retail areas and to connect visitors with transportation options and parking structures.

C. Merged Earthquake Recovery and Reconstruction Project Goals — Downtown Recovery Plan

1. Preserve and enhance the distinctive scale and character of downtown Santa Cruz.

Continuing *Agency Objective:* Facilitate development which adheres to the design parameters of the Downtown Recovery Plan.

2. Improve Pacific Avenue as the downtown's major public gathering place, and as a viable retailing street.

Continuing *Agency Objective:* Continue to promote cultural events in downtown.

Continuing *Agency Objective:* Continue to recruit unique and complementary businesses for kiosks.

Continuing *Agency Objective:* Continue downtown hospitality guide program and undertake other programs to improve public safety in the downtown commercial and adjacent residential areas.

Dropped *Agency Objective:* Continue to seek development of performing arts center in downtown.

3. Introduce streetscape improvements on other downtown streets to improve one's sense of arrival and the cohesiveness of the district.

Continuing *Agency Objective:* Continue to implement downtown alley plan and its alley improvements, sidewalk and lighting improvements, consolidated trash enclosure, undergrounding of public utilities and other amenities where feasible.

Continuing *Agency Objective:* Extend streetscape improvements to North Pacific Avenue, North River Street and Pacific Avenue side streets.

Continuing *Agency Objective:* Improve landscaping and layout of downtown public parking lots.

Dropped *Agency Objective:* Improve maintenance of vacant, privately owned lots along Pacific Avenue. (Properties are now in various stages of development)

4. Concentrate and intensify office development within the downtown.

Continuing *Agency Objective:* Continue to implement a variety of financial assistance programs to encourage development of office space to offset downtown locational cost disadvantages.

In Progress *Agency Objective:* Develop programs to encourage out-bound city and county commuters to work in downtown.

5. Improve vehicular circulation patterns in a way that conveys a feeling of convenience and orientation, and that reinforces the pedestrian character of the downtown.

Continuing *Agency Objective:* Continue extension of Streetscape Improvements to Pacific Avenue side streets.

6. Provide convenient and accessible parking in the downtown.

In Progress *Agency Objective:* Develop increased public off-street parking for the south of Cathcart Street area.

Dropped
Works *Agency Objective:* Develop a Church Street parking structure. (Public Works)

Department has recommended an alternate site at the corner of Cathcart and Cedar Streets)

Continuing *Agency Objective:* Assist in enhancement and landscaping of existing off street parking lot.

7. Maintain and enhance the existing system of bike routes within the downtown.

8. Provide for the efficient operation of transit in the downtown to reduce the impacts of the automobile and reinforce the pedestrian environment.

Continuing *Agency Objective:* Ensure continuation of co-location of Greyhound and transit district terminals.

In Progress *Agency Objective:* Require membership in Santa Cruz Transportation Management Agency as a condition of agency assistance.

9. Strengthen pedestrian and bicycle access to, and movement within, the downtown.

Continuing *Agency Objective:* Provide friendly and easy-access bicycle, pedestrian and shuttle linkages between beach/tourism areas, downtown and the Tannery site.

10. Coordinate with existing property owners to resolve problems of exposed garbage areas through centralized garbage facilities.

Continuing *Agency Objective:* Continue development of joint trash collection facilities and management agreements in downtown.

D. Merged Earthquake Recovery and Reconstruction Project Goals - Beach/South of Laurel

1. Implement public/private projects which demonstrate public/private commitments to economic development and infrastructure improvements in Beach and South of Laurel Area.

On Hold *Agency Objective:* Develop and implement public/private partnership to assist in development of a full service hotel.

In Progress *Agency Objective:* Provide incentives to existing motels/businesses in the Beach and South of Laurel area to upgrade their properties.

2. Develop plans and projects which redirect beach oriented parking through expanded public parking sites and improve pedestrian and bicycle accessibility, safety and circulation in the Beach Area.

Dropped *Agency Objective:* Explore feasibility of a summer beach trolley system utilizing existing Santa Cruz Big Tree Railway rights-of-way or other rights-of-way. (A wheeled trolley bus has been selected as the preferred provider of this service)

In Progress *Agency Objective:* Improve pedestrian access, safety and lighting of pedestrian crossing on Southern Pacific San Lorenzo River Bridge.

3. Improve existing and develop new programs which deter crime and improve public safety.

In Progress *Agency Objective:* Seek additional funding to increase effectiveness of existing youth employment programs to ensure proper outreach to beach area youths.

4. Improve marketing activities which promote Santa Cruz Beach Area as a "complete" tourist destination.

Continuing *Agency Objective:* Assist in increasing management and promotion activities of Santa Cruz Municipal Wharf.

Continuing *Agency Objective:* Assist in sponsorship of cultural, recreational and educational activities which promote the Santa Cruz Beach Area as a complete recreational destination.

Continuing *Agency Objective:* Provide project management and other assistance in the development of the Monterey Bay Marine Sanctuary Exploration Center.

Continuing *Agency Objective:* Develop activities/facilities which make linkage between the Santa Cruz Beach Area and Monterey Bay Marine Sanctuary.

5. Undertake selected infrastructure improvements with improved access to and within Beach/South of Laurel Area.

Continuing *Agency Objective:* Continue project management of Corps of Engineers San Lorenzo River Flood Control and Restoration Project.

Completed *Agency Objective:* Ensure construction of Laurel Street Extension to include extension of River Levee Beach and Pedestrian Path connection to Riverside Avenue Bridge.

On Hold *Agency Objective:* Undertake analysis of public improvements necessary in the greater beach area and Beach Flats including alley improvements, sidewalk and lighting improvements, consolidated trash enclosure, undergrounding of public utilities and other neighborhood amenities and install where feasible.

In Progress *Agency Objective:* Explore feasibility of the Small Business Administration funding and other financial sources to initiate upgrading of selected beach area visitor lodging and retail serving facilities.

6. Undertake projects to improve the gateways to the project area.

Continuing *Agency Objective:* Improve the Mission Street entrance to the project area.

**E. Merged Earthquake Recovery and Reconstruction Project Goals
Mission Street Corridor Design Plan**

1. Participate in the preparation of a Mission Street Corridor Plan.

Continuing *Agency Objective:* Assist in the implementation of the various projects and programs adopted as part of the Corridor Design Plan for Mission Street.

2. Assist in the Mission Street Improvement Project.

Completed *Agency Objective:* Coordinate the public information and outreach programs to minimize the neighborhood and business area impact of the Mission Street Improvement Project.

3. Commercial Area Improvement Projects.

Continuing *Agency Objective:* Continue Mission Street Façade Improvement Project.

**F. Merged Earthquake Recovery and Reconstruction Project Goals -
Redevelopment Plan**

1. To strengthen the economic base of the Merged Project Area through various programs to promote the reconstruction and reestablishment of businesses dislocated or destroyed by the October 17, 1989 Loma Prieta earthquake, to otherwise improve existing businesses and to attract new businesses.

2. To assemble land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Merged Project Area.

3. To provide opportunities for participation by owners and tenants in the revitalization of their properties.

**G. Eastside Business Improvement Project Goals - Eastside Business Area Improvement
Plan**

1. Develop a design program, which provides common facade and building design themes for improving visual aesthetics, while retaining the individual character of the area.

Continuing *Agency Objective:* Continue Storefront Improvement Program.

2. Establish a coordinated strategy for circulation, parking, and streetscape improvements.

Continuing *Agency Objective:* Implement plans adopted for the improvements of Soquel/Morrissey/Water Streets and Benito/Doyle intersections.

Continuing *Agency Objective:* Maintain three lane street options for Soquel Avenue Corridor between Branciforte and Seabright Avenue, described as option 3A in Eastside Business Improvement Plan.

On Hold *Agency Objective:* Initiate development of streetscape plan for section of Soquel Avenue from North Branciforte Avenue to Seabright Avenue if three lane street options are maintained after one year test.

On Hold *Agency Objective:* Acquire and develop additional public off street parking.

On Hold *Agency Objective:* Initiate design of utilities undergrounding overhead utilities for the Water Street and Soquel Avenues.

3. Develop a strategy for improving physical and design linkages between the east and west portions of the project area.

Continuing *Agency Objective:* Utilize retail sales information to identify additional retail uses to serve the Eastside Area.

4. Assist in the recruitment and retention of retail business for Eastside Area.

Continuing *Agency Objective:* Provide assistance to business to insure their retention or establishment.

Continuing *Agency Objective:* Continue activities to address social problems before they become intrusive on a daily basis for business, residents and property owners.

H. Eastside Business Improvement Project Goals - Redevelopment Plan

1. To strengthen the economic base of the Project Area and existing businesses through promotion activities, market studies, and other activities which are deemed necessary to accomplish the purposes of this Plan and to stimulate employment and economic growth.

2. To assemble land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area.

3. To provide opportunities for participation by owners and tenants in the revitalization of their properties.

4. To improve the aesthetics of the streetscape through the installation of street trees, facade improvements, undergrounding of utilities and other coordinated beautification activities.

III. AGENCY PROGRAMS TO ADDRESS PROJECT CONDITIONS

To meet the goals and objectives set forth in this plan, the Agency has developed and will develop a number of programs and projects. These programs are categorized below. Table I shows the linkages between each of these programs and the project conditions which they address and Table II shows the estimated 2005-2009 expenditures on these programs.

A. Downtown Recovery and Reconstruction

The Redevelopment Agency has undertaken a comprehensive set of programs to bring about the post Loma Prieta Earthquake reconstruction and recovery of the City's downtown area. Components of these programs and activities include:

Programs Designed to Eliminate Structural Blight

<u>Continuing</u>	Facade and Mural Programs
<u>Continuing</u>	Cooperative Trash Collection Project
<u>Continuing</u>	Parking Deficiency Fee Assistance Program

Programs Designed to Eliminate Non-Structural Blight

<u>Continuing</u>	Alley Reconstruction Program
<u>Continuing</u>	Infrastructure Improvements (sewer, water, storm drain)
<u>Continuing</u>	Pacific Avenue, Front Street and Side Streets Streetscape
<u>Continuing</u>	Planter Strip Program
<u>Continuing</u>	San Lorenzo River Levee Improvement and Beautification
<u>Continuing</u>	Retail Advisory Services for Recruitment and Retention Program
<u>Completed</u>	River Street Improvement Project
<u>On Hold</u>	Mission Hill Stairs

Programs Designed To Improve Socio Economic Conditions

<u>Continuing</u>	Downtown Outreach Program
<u>Continuing</u>	Cooperative Retail Management
<u>Continuing</u>	Space Available Flyer
<u>Completed</u>	Cinemaplex Projects
<u>Continuing</u>	Software Recruitment Assistance Program
<u>Continuing</u>	Anchor Tenant Recruitment Assistance Program

Additional programs and projects include the following,

Programs Designed to Eliminate Structural Blight

<u>In Progress</u>	Utility System Undergrounding
<u>Completed</u>	Seabright/Murray Façade Improvement Program
<u>On Hold</u>	Historic Walls and Stairways
<u>Continuing</u>	Mission Street Façade Improvement Program
<u>Continuing</u>	Tannery Arts Center Project

Programs Designed to Eliminate Non-Structural Blight

<u>Continuing</u>	South of Cathcart Public Parking Program
<u>In Progress</u>	Bicycle Parking Improvement Programs
<u>Completed</u>	North River Street Streetscape Improvements
<u>Continuing</u>	Pacific Avenue, Front, Cedar and Center Streets and Side Streets Streetscape Improvements
<u>In Progress</u>	River Access Improvements
<u>Continuing</u>	Mission Street Undergrounding Assistance
<u>In Progress</u>	Mission Street Parking and Circulation Improvements
<u>Completed</u>	Parking Lot 12 Reconstruction (Metro Center)
<u>Completed</u>	Front Street Parking Lot
<u>Completed</u>	Streetscape Plan for Front Street
<u>In Progress</u>	Performing arts venue
<u>Continuing</u>	Loan to Parking District for Soquel Garage Commerical Space Improvements

On Hold Improvements for public parking in the Town Clock area

Programs Designed to Improve Socio-Economic Conditions

In Progress Land Assemblage Assistance Program
In Progress Mission Street Business Retention Program
Continuing Graffiti Removal Program
Continuing Mural Program

B. Eastside Improvement Programs

Several programs have been implemented to assist in the improvement and revitalization of the Eastside business area. These programs include the Storefront Improvement Program, Promotion Program, and Eastside Parking Program. Additionally, a number of infrastructure improvement programs will be undertaken utilizing Redevelopment Agency, state and federal funding to bring about necessary street and intersection changes.

Programs Designed to Eliminate Structural Blight

On Hold Soquel Avenue Utility Undergrounding Program
Continuing Storefront Improvement Program

Programs Designed to Eliminate Non-Structural Blight

On Hold Acquire and develop additional off street public parking
Completed Restriping of Soquel Avenue between Branciforte and Seabright Avenue –three traffic lanes and two bicycle lanes
Continuing Planning and construction of intersection improvements at the Soquel/Benito/Doyle and Soquel/Water/Morrissey intersections
On Hold Soquel Avenue Streetscape Plan (Ocean Street to Morrissey Blvd.)
Completed Preliminary Engineering Analysis Soquel/Water/Morrissey Blvd. Intersection Improvement

Programs Designed to Improve Socio Economic Conditions

Completed Retail Promotion Program
Completed Facilitation of Auto Dealership Development
In Progress Land Assemblage Assistance Program
On Hold Initiate a streetscape plan and improvement project
Continuing Graffiti Removal Program
Continuing Mural Program

C. Beach and South of Laurel Programs

Programs designed to improve the economic and residential condition in the beach area range from small incremental projects to development and planning for major economic improvement. The timeframe for many of the proposed projects extends well beyond that of the Implementation Plan. However, the following projects are feasible within the five-year time frame and will be undertaken by the Agency as part of its beach-related activities. Funding for these projects will be from multiple sources and not limited to tax increment financing.

Programs Designed to Eliminate Structural Blight

<u>In Progress</u>	Motel Reconstruction/Rehabilitation Project
<u>In Progress</u>	Motel Facade Improvement Program

Programs Designed to Eliminate Non-Structural Blight

<u>In Progress</u>	Development of additional public parking
<u>On Hold</u>	Beach Area Parking/Commercial Structure
<u>On Hold</u>	Conference Center Project
<u>Continuing</u>	Extension of Beach Street promenade improvements to Third Street
<u>On Hold</u>	Establishment of off-street parking district
<u>On Hold</u>	Beach Area Streetscape Projects

Programs Designed to Improve Socio Economic Conditions

<u>In Process</u>	Youth Employment and Recreation Programs
<u>Continuing</u>	Retail Promotion Program
<u>In Process</u>	Hotel Development Project
<u>On Hold</u>	Beach Flats public improvements projects

D. Industrial Development and Technology Information Design and Development Programs

The Agency's efforts to enhance the City's industrial base consist of programs ranging from infrastructure improvements to assisting in industrial development bond financing. The Agency in past years undertook a telework center feasibility analysis and determined it was not feasible. However, Agency staff continues to actively work to attract and work with existing technology businesses to grow within the City. In recent years, Santa Cruz has become an attractive location to startup businesses in the area of design and development of technology information systems. The Agency will assist these emerging businesses over the next five years. The Agency will also look for opportunities to assist its businesses in the same manner as it assisted Harmony Foods in 1997 providing financial assistance for new equipment to facilitate retention in the community.

The Agency will explore Agency-assisted programs and other activities necessary to encourage cottage and incubator business. One possible program in this area will be a joint venture with UCSC to determine the feasibility of establishing a business incubator in the former Texas Instruments building which was recently purchased by UCSC. If feasible the Agency will provide the leadership in implementing the program.

The Agency will also utilize the City's Industrial Development Authority which has the ability to issue industrial development tax-exempt bond assistance in the financing of local businesses.

Wilson Plumbing and Bonny Doon Winery have in past years been assisted with tax exempt financing for the facilities for these businesses. As other opportunities arise, the Agency will assist additional local firms. One of the important priorities for the Agency working, in cooperation with the City, is to insure the retention of the existing industrial zoned land for future development opportunities.

E. Economic Development Program

A significant commitment of staff time was made by the Agency to business recruitment and retention activities. Firms assisted range from local corporations as Harmony Foods to small businesses such as Compass Rose and a number of office tenants who are being assisted in remaining/locating in the downtown area through parking deficiency fee assistance. It is hard to quantify in dollars the impact of these efforts but, to date, Agency assistance has resulted in the creation of several hundred jobs. The majority of these are at a livable wage. New programs now under consideration include a wide variety of efforts as follows:

Programs Designed to Eliminate Structural Blight

Continuing Development of live/work space

Programs Designed to Improve Socio Economic Conditions

Continuing Wharf promotion program

In Progress First-time homebuyer programs to assist in retention of local businesses impacted by the high cost of housing

Completed Improved business sales data analysis

Continuing Small business development and retail counseling and financial assistance

Continuing Business Retention Program

Continuing Business Incubator Project

Continuing Programs to utilize and retain industrial zoned land

F. Infrastructure Improvement Projects

The Agency has taken the lead in the management of a number of major infrastructure improvement projects in the City. These include the San Lorenzo River Project and the Mission Street Improvement Project. The Agency will continue to provide assistance in this program primarily through developing financing sources and in specific cases providing gap financing or other financial assistance. An Agency objective is to seek the undergrounding of utility lines as part of future projects wherever feasible. Programs under consideration include:

Programs Designed to Eliminate Non-Structural Blight

Continuing Arterial intersection improvements throughout project areas

Continuing Utility undergrounding throughout project areas

On Hold Street and public stairway lights

In Progress Sidewalk Reconstruction

In Progress Infrastructure Improvements (sewer, water, stormdrain)

In Progress Wharf Signage Program

Continuing Downtown Parking Lot Landscaping and Alley Improvement

Projects
Continuing Mission Street Underground District

Summary

As a final point of review the following chart indicates how the Agency's programs assist in the alleviation of project conditions (blight) in the Merged Earthquake Recovery and Reconstruction Project and the Eastside Business Improvement Project.