

ECONOMIC DEVELOPMENT ELEMENT

A. INTRODUCTION

Business activity is part of the City's fabric, providing a source of jobs and livelihood, and also providing for the wants and needs of residents and visitors. It is crucial that economic development be balanced with adequate housing for City resident workers and that it contribute to the character and quality of life in Santa Cruz. The City's economic health affects its quality of life as well as its ability to achieve the wide range of goals identified in the General Plan.

Historically, Santa Cruz has worked to enhance its economic vitality while preserving its small city character, charm and unique historic, natural and cultural resources. Revitalization of the Beach, Downtown, South-of-Laurel, North River Street, Mission Street and Eastside Business Areas will be the major focus of economic development through 2005. Promotion of off-season and off-peak tourism will be another focus. Redevelopment and public and private partnerships will be an important means of stimulating these activities. The Economic Development Element establishes the City's intent and policy with regard to economic activity and fiscal health. It is divided into five subsections: **Economic Principles, Retail Trade and Commercial Services, Industry, Downtown Revitalization and Tourism.** The following goals outline the direction of this element:

Economic Development Goals

- GOAL ED 1:** Foster economic development programs that provides 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.
- GOAL ED 2:** Enhance Santa Cruz's role as a retail and service center within the region and expand the existing retail and service base.
- GOAL ED 3:** Encourage the development of a diverse industrial base that is socially beneficial, non-polluting, non-depletive of natural ecosystems and provides jobs for Santa Cruz workers.
- GOAL ED 4:** Promote revitalization of the Downtown Central Business District as the City's center for commerce, office, culture, entertainment restaurant activity, and mixed use residential.
- GOAL ED 5:** Encourage the growth of off-season and off-peak tourism by enhancing the City's potential to attract tourists through urban design improvements, promotion, development of visitor attractions and provision of a variety of overnight accommodations.

B. ECONOMIC PRINCIPLES

The largest non-governmental industries in the City in terms of employment are retail trade, services and manufacturing. The tourism industry overlaps both retail and service industries. The governmental (including educational) sector is one of the largest employers in the City and includes UCSC, the County Government Center and the City. The City is characterized by a number of locally owned and operated businesses. These businesses are crucial to the City's economic diversity and vitality by expanding job opportunities, providing resilience during economic downturns, and seeking local sources of materials and reinvesting locally.

As the City grows, economic development activities will encourage the character of employment uses to shift to environmentally sensitive and, where appropriate, higher density uses to promote environmental and economic sustainability and to diminish the proportion of space used by low-density, high-transportation-dependent uses like warehousing and strip commercial development. The City will also be working to encourage and retain locally-owned and operated businesses that relate to resident work force needs through incubator programs, loan programs and by periodically examining the supply of land for employment to ensure that necessary job growth will not be impeded by shortages in developable or redevelopable sites.

ECONOMIC PRINCIPLES GOALS, POLICIES AND PROGRAMS



GOAL ED 1: Foster economic development programs that provides 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.

Policies and Programs:

- 1.1 Use redevelopment and other mechanisms to create a positive working relationship between the public and private sectors, foster economic development in the community and improve the City's commercial and industrial areas. (See policies under ED 1.7)
 - 1.1.1 Prepare and implement plans and design guidelines for the commercial corridors along Mission Street, Ocean Street, Soquel Avenue and Water Street, to provide for commercial development consistent with adjacent residential areas and attractive to uses and customers. (See policies under CD 5.2, and L 2.2.9)
 - 1.1.2 Identify market segments and locations where opportunities for change can occur and develop incentives to enhance and revitalize these areas to their full potential. (See policy ED 2.1, ED 2.2, CF 8.2.8)

- 1.1.2.1 Land in the vicinity of Highway 1 and 9 represents an opportunity for regional commercial development that requires access or benefit from freeway access. Consequently, the City will entertain General Plan and zoning changes for this area for a commercial project that demonstrates a public benefit.
- 1.1.3 Maintain up-to-date information useful to private business and pertinent to the Santa Cruz economy, such as demographics, local employment and market statistics, future plans and population growth, and develop an economic base study by 1996 to help evaluate business opportunities in the City and surrounding region. (See policy CF 1.3)
- 1.1.4 Ensure that commercial and industrial intensification and redevelopment retains characteristics special to Santa Cruz, including the availability and mix of cultural, service, retail, office and visitor-serving uses.
- 1.2 Promote local economic strength by attracting and retaining investment by responsible business interests and providing a predictable business environment through consistent application of policy and regulatory process.
 - 1.2.1 Build an image of Santa Cruz as a community that actively supports the development and expansion of businesses that make a balanced contribution to the cultural, environmental and economic health of the City.
- 1.3 Support and prioritize the development of locally-owned, small and cooperative businesses recognizing the special character and recirculation of capital they bring to the community. (See policy CF 5.2.6.3)
 - 1.3.1 Provide assistance to small businesses in processing City permit applications and evaluate the effects of City regulations in terms of time and financial feasibility.
 - 1.3.1.1 Expedite occupancy and project review in small-scale start-up uses where no significant impacts are identified.
 - 1.3.2 Develop programs to facilitate and foster entrepreneurial business efforts by UCSC graduates and others by means of a loan program, mentor program, incubator space, technical assistance and other tools available to the City.

- 1.3.2.1 Work to establish business "incubator" facilities to help business associations and small start-up enterprises by providing office space, secretarial, accounting and other services.
- 1.3.2.2 Analyze the feasibility of developing a City small business loan program and also continue marketing existing financial assistance programs such as Revolving Loan Fund, CDBG funds, or Small Business Administration (SBA) loans.
- 1.3.3 Amend the Zoning Ordinance to encourage home occupations and home-based work while ensuring neighborhood quality. (See policy L 5.3.1)
- 1.4 Encourage innovative commercial and industrial facility and site designs to meet the needs of a variety of business types.
- 1.5 Facilitate the development of employment opportunities for residents that work to achieve parity between jobs and resident workers and assist the unemployed or under-employed in obtaining liveable wage employment and economic independence. (See policy L 1.1.1, PR 3.5)
 - 1.5.1 Encourage coordination among employers, developers, educational and training institutions to improve the match between emerging job opportunities and training programs and also provide training programs that will enable the unemployed or underemployed labor force to meet the needs of business and industry.
 - 1.5.2 Work with County Economic Development staff to market Private Industry Council (PIC) employment training services, Cabrillo College and other local educational agencies' vocational programs to the business community.
 - 1.5.3 Foster a diversified economic base to smooth out seasonal fluctuations in the unemployment rate.
 - 1.5.4 Encourage the expansion and selective attraction of commercial businesses and industries that create stable, year-round, liveable wage paying jobs with maximum health benefits. (See policy CF 3.6)
 - 1.5.5 Provide particular support for businesses owned and operated by historically excluded groups within the community and give priority to the development of businesses with strong minority outreach and hiring programs.
 - 1.5.6 Encourage the broader distribution of employment opportunities by methods such as split shifts, job sharing, reduced work week.

- 1.6 Work to build community economic sustainability by fostering an economic atmosphere that creates local jobs, keeps money flowing within the local economy, and respects the natural limitations of the Santa Cruz environment by utilizing, to the greatest degree possible, renewable (rather than non-renewable) resources. (See policy ED 3.1)
- 1.6.1 Continue ongoing public education programs and media campaigns showing the benefits of choosing to buy locally-produced, recycled and environmentally-sound products and packaging.
- 1.6.2 Develop a program to identify business inputs (goods and services) purchased outside the County and match businesses that are not buying locally with those businesses that can provide those goods/services locally.
- 1.6.3 Require City purchasing policy to support local and environmentally sound vendors whenever feasible. (See policy EQ 5.1.1, EQ 5.1.2, CF 8.2.7)
- 1.6.4 Work to develop resources to provide for easy consumer identification of locally-produced and environmentally sound goods.
-  1.6.5 Promote protection of significant agricultural lands and sustainable agriculture programs throughout the City and County. (See policies L 3.1.3 and L 3.1.4)
-  1.6.6 Protect the Monterey Bay National Marine Sanctuary, recognizing that it is integral to the economic health of the County's tourism, recreation, fishing and aquaculture industries. (See policies under EQ 4.1 and L 3.7)
- 1.6.7 Promote and support local historic and cultural enterprises. (See policies under ED 5.5, goal PR 3 and CR 2.4.)
- 1.6.8 Encourage recirculation of capital in the community through more extensive coordination of local marketing, such as an interstore credit system, expanded barter and employment trading systems, and cooperative purchasing agreements with other agencies. (See policies under ED 2.4 and policy ED 4.9)
- 1.7 Undertake economic development projects consistent with the City's desired quality and character that would increase local government revenues in order to provide expanded public services to the community.

- 1.7.1 Develop an Economic Development and Investment Strategy to seek economic development projects for Santa Cruz and recommend incentives and methods for realizing those projects.
- 1.8 Involve the Chamber of Commerce, the Santa Cruz Conference and Visitors Council (CVC) and other organizations in evaluations and recommendations regarding the City's progress and effectiveness in economic development.
- 1.9 Use environmental review to mitigate the impacts of new commercial, office and industrial development and also ensure that new developments pay their fair share of infrastructure costs necessary to meet City standards. (See also policies under L 1.4 and L 4.2)
- 1.10 When considering infrastructural expansion, emphasize demand reduction first, analyze relative costs of demand management versus capacity expansion, and provide economic incentives for reduction of consumption and infrastructural and service demands on the public sector. (See policy L 4.1, L 4.2)

C. RETAIL TRADE AND COMMERCIAL SERVICES

Table ED-1

Santa Cruz historically has had a strong retail and service base serving local residents, visitors and the region with a wide variety of goods and services. The major retail and service areas are the Eastside, Downtown, Mission Street, Ocean Street and the Beach and Wharf Area. Between 1980 and 1990, specialty retail was a growth area, while more traditional retail goods (general merchandise, home furnishings) lost market share. During the same time period the service sector, including tourist-related facilities and services such as hotels and restaurants, entertainment, business services, personal and financial services, insurance and real estate, and government services, was the fastest growing component of the economy. (See Table ED-1.)

| Job Growth by Industry 1980-1990 | | | | |
|---|-----------------------|---------------|------------------|-----------------------|
| Santa Cruz County | | | | |
| Industry | Number of Jobs | | Aggregate | 1980-90 |
| | 1980 | 1990 | Change | Percent Change |
| Agriculture & Mining | 5,900 | 9,500 | 3,600 | 61.0% |
| Manufacturing & Wholesale | 11,700 | 17,000 | 5,300 | 45.3% |
| Retail | 14,000 | 19,500 | 5,500 | 39.3% |
| Services | 12,700 | 21,300 | 8,600 | 67.7% |
| Other ¹ | <u>20,100</u> | <u>26,400</u> | <u>6,300</u> | <u>31.3%</u> |
| Total | 64,400 | 93,700 | 29,300 | 45.5% |

¹Includes construction; F.I.R.E. (finance, insurance and real estate); transportation and public utilities; and government.

Source: Employment Development Department, Annual Planning Information, and AMBAG

Despite severe earthquake damage to the Downtown in 1989, retail and services remain the two mainstays of the City's economy and will continue to play a major role in the long-term evolution of the economy, given the City's role as the County seat, a tourist destination, and location near technology centers and the University. (See Table ED-2) Not only will services remain a major employment generator, they will also support other economic activity since office space in commercial areas such as the Downtown will bring employees who also shop and use services.

Table ED-2

Additionally, if County population continues to shift southward, and major regional retail continues to locate in mid-county, Santa Cruz will increasingly feature a variety of specialty goods and services to attract people.

While there is limited land available for the expansion of retail trade and commercial services, with the exception of the Downtown and South of Laurel areas, redevelopment of Mission Street and the Eastside business commercial areas should foster a much more competitive retail trade and commercial services atmosphere.

| Job Growth by Industry 1990-2005 | | | | |
|---|-----------------------|----------------|-------------------------|---------------------------------|
| Santa Cruz County | | | | |
| Industry | Number of Jobs | | Aggregate Change | 1990-2005 Percent Change |
| | 1990 | 2005 | | |
| Agriculture & Mining | 9,500 | 14,300 | 4,800 | 50.5% |
| Manufacturing & Wholesale | 17,000 | 22,000 | 5,000 | 29.4% |
| Retail | 19,500 | 26,900 | 7,400 | 37.9% |
| Services | 21,300 | 31,600 | 10,300 | 48.4% |
| Other ¹ | <u>26,400</u> | <u>35,900</u> | <u>9,500</u> | <u>36.0%</u> |
| Total | 93,700 | 130,700 | 37,000 | 39.5% |

¹Includes construction; F.I.R.E. (finance, insurance and real estate); transportation and public utilities; and government.

Source: Employment Development Department, Annual Planning Information, and AMBAG

There are many favorable factors to draw on in enhancing the Santa Cruz retail and service base including: convenient location, unique shopping environments, cultural activities, historic character, nearby residential neighborhoods, well established and locally-owned businesses, a growing student market with its accompanying University faculty and staff population, increased tourism and special events, active business associations and a strong commitment to public/private cooperation. The ability of retail and service providers and the City to recognize and incorporate these factors in economic development programs will affect the long-term success of Santa Cruz as a retail and service center.




RETAIL TRADE AND COMMERCIAL SERVICES GOALS, POLICIES AND PROGRAMS

GOAL ED 2: Enhance Santa Cruz's role as a retail and service center within the region and expand the existing retail and service base.

Policies and Programs:

- 2.1 Identify unmet retail and service needs of City residents and encourage the development of these services in a manner that is balanced with specialty retail needs. (See policy ED 1.1.2)
- 2.2 Identify market niches appropriate and unique to Santa Cruz (such as specialty items and services, and services and items related to tourists and UCSC, and holistic health services), and encourage uses that enhance and build upon them. (See policy ED 1.1.2)
- 2.3 Concentrate and intensify uses in existing retail and service areas to better utilize limited land resources and reduce strip commercial development and the need for automobile trips. (See policies under L 2.2.9, ED 2.4.6)
 - 2.3.1 Inventory vacant commercially-zoned or potentially redevelopable

parcels fronting on major arterial roads and identify areas where commercial nodes would be appropriate.

- 2.3.2 Develop design guidelines for clustered, nodal commercial development that would include providing incentives for second floor housing; locating nodes along transit routes and centered at traffic light intersections to allow for safe pedestrian/bicycle access to both sides of the street; requiring nodes to be generally no more than one block in any direction; developing design criteria that demarks each node individually and promoting a village atmosphere. (See policy L 2.2.9.1)
- 2.4 Attract visitors and shoppers to retail areas by using retail recruitment programs, design, planning and promotional activities that recognize and protect environmental, historic and neighborhood quality and emphasize the area as an enjoyable place to shop and visit. (See policy ED 1.6.8)
 - 2.4.1 Implement transportation, parking and alternative transportation improvements that will maintain Santa Cruz' retail competitiveness and are also consistent with circulation planning and environmental protection measures. (See policy C 6.4.2)
 - 2.4.2 Promote and develop clean, visually inviting and safe shopping environments, recognizing the importance of a positive social environment in enhancing retail trade.
 -  2.4.3 Develop and implement a promotion and management plan for the Municipal Wharf aimed at attracting local residents and enhancing recreational and economic opportunities while protecting the Monterey Bay. (See policy L 2.2.1, PR 1.7.12)
 - 2.4.4 Implement a retail recruitment and management program for the City's central business district to maintain a competitive downtown and to retain existing and attract new businesses. (See policy ED 4.9 and the Downtown Recovery Plan)
 -  2.4.5 Create a promotion district and water front management zone in cooperation with Beach Area businesses and residences to coordinate visitor services throughout the Beach Area. (See policy L 2.2.1, PR 1.7.12)
 -  2.4.6 Provide for the development of supporting land uses adjacent to retail shopping areas (e.g., motels/hotels around visitor-shopping areas, and residences and offices around resident-serving shopping areas), while assuring protection of existing residential neighborhoods. (See policies under L 2.9, ED 2.3, ED 5.2)
- 2.5 Work with other groups to encourage the growth of local performing arts, visual arts

retail, artistic co-ops, and historic and cultural events. (See policy ED 1.6.7 and policies under goal CR 4)

- 2.6 Encourage and support locally generated programs and services developed in the community including cooperative conflict resolution and holistic health programs.

D. INDUSTRY

The Santa Cruz industrial land base is at key junctures of major highways and rail lines, primarily in two areas: Harvey West Industrial Park and the Natural Bridges Industrial Park. Together these areas total around 250 acres and their uses have evolved with regional economic trends. Past availability of sites has made Santa Cruz an entrepreneurial "incubator" locale, where start-up companies have had a chance to get established. Additionally, several established companies have also been attracted to the City and became highly stable employers over a long period of time, benefitting from the City's comparatively stable and well-educated local labor force. Companies located in Santa Cruz include major manufacturing plants such as Lipton, Wrigley's, and Salz Tannery, high technology companies ranging from small start-up companies to larger enterprises such as Plantronics, Santa Cruz Operations and Silicon Systems, and a variety of small industrial and related services such as electrical contractors, linen supply, and machine shops.




The proximity of Santa Cruz to Silicon Valley has been instrumental in the location of high-technology companies to the area. The strong computer science program at UCSC has also influenced this trend. Santa Cruz has experienced some of the volatility of the high-technology industry and a few companies have come and gone in rapid fashion while others have grown from insignificant start-ups to industry leaders. The high-technology industry is a stabilizing force in the jobs/housing balance and the local economy, with firms providing well-paid jobs (commensurate with living expenses) and employing local residents with a broad spectrum of skills. County residents compose 80% of the local high-technology work force, with 60% living within the City.

Future industrial growth is likely to result from research and development start-ups and spin-offs from UCSC research ventures, expansions of existing local companies, or local service providers and entrepreneurs that have traditionally located in Santa Cruz industrial areas (for example, contractors and small service providers that outgrow home occupations). As industry has evolved, newer uses tend to resemble office facilities where firms develop products such as computer software and, as a result, haven't required heavy segregation from other uses. However, there is still a need to retain some locations suitable to more traditional industrial uses and to ensure protection of other land-use types from industrial noises, odors, heavy traffic and any other undesirable characteristics. As industries grow, the City will work to promote the expansion of well-paying and environmentally-sensitive industries by maintaining adequate land for small users, existing businesses that might expand, industrial start-ups and other uses that would positively contribute to the City's economic vitality and character and quality of life.

INDUSTRY GOALS, POLICIES AND PROGRAMS

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

Policies and Programs:

-  3.1 Encourage the expansion and selective attraction of industrial uses that do not pollute or use excessive resources, such as water and energy, and are appropriate for Santa Cruz' character and discourage inappropriate uses from considering a Santa Cruz location. (See policy EQ 5.5, and policies under L 2.8.1, ED 1.6, CF 6.1.11, CF 6.1.12)
-  3.1.1 Encourage the development of appropriate coastal-dependent uses supporting marine research and other activities related to the Monterey Bay National Marine Sanctuary. (See policies under L 2.2.4 and L 3.7)
- 3.1.2 Promote industries using reclaimed resources from the County and City Materials Recovery Facilities for producing products to be used locally (glassphalt, paving, cellulose insulation, etc.) (See policy CF 8.2.8.3)
- 3.2 Encourage the development of industrial lands for economic activities that contribute to local employment and income and diversify the City's economic base. (See policies under L 2.8)
- 3.2.1 Evaluate development of remaining industrial land in light of its impact on the jobs/housing balance and do not reduce industrial zoned land without a careful evaluation of the regional and local jobs/housing situation.
- 3.2.2 Consider large industrial parcels (in excess of 5 acres) as opportunity sites for industrial as well as retail, housing and/or other non-industrial uses which require such large sites and which offer a particular public benefit to the City.
- 3.3 Allow for support businesses and services in or near industrial areas to make available child care, food, and other needs of industrial park tenants and also reduce automobile trips.
- 3.4 Identify industries and/or businesses perceived to be at risk and, where feasible, develop mitigation actions for their retention or conversion to more economically viable activities.
- 3.4.1 Develop a business expansion and retention program on an industry-by-industry basis to open lines of communication between business and local government, market public and private employment training programs, and business assistance services, gather data and identify market gaps that can be filled by new or existing local businesses.
-  3.5 Develop and implement design guidelines for industrial areas that encourage shared and public outdoor landscape and recreation spaces and also promote alternative transportation and reduced dependency upon the automobile. (See policy PR 1.2.9, PR 1.2.15)
- 3.5.1 Re-evaluate the industrial area landscaping requirement to allow credit for

employee recreation, children's spaces and other outdoor service spaces and also evaluate reduction of lot coverage of 85% to 90%.

3.5.2 Actively encourage the development of employee showers, bike facilities and other trip reduction strategies at worksites. (See policies under C 6.1.)

3.6 Provide for increased employment density in Santa Cruz industrial areas by increasing the allowable density of new industrial development where appropriate. (See Policy L 2.8.2.)

E. DOWNTOWN REVITALIZATION

Downtown Santa Cruz is vital to the City's long-term economic and social well-being. As such, revitalization must be concerned with enhancing not only the economic development of the Downtown but also its perceived identity and image as the heart of the City. Following the destruction and damage brought about by the Loma Prieta earthquake of 1989, the City embarked upon a revitalization and rebuilding process for Downtown. While the earthquake destroyed many buildings in the Downtown, it also broke a developed pattern of relatively low-intensity land uses by creating significant amounts of vacant land. The Downtown Recovery Plan emphasizes the development of mixed residential, commercial and office uses in the downtown in a manner that established the Downtown as the City's center for commerce, culture, jobs and living. For a complete listing of policies and programs related to Downtown Revitalization, see the Downtown Recovery Plan summary in the Area and Specific Plan Summaries Chapter.

DOWNTOWN REVITALIZATION GOALS, POLICIES AND PROGRAMS

GOAL ED 4: Promote revitalization of the Downtown Central Business District as the City's center for commerce, office, culture, entertainment restaurant activity, and mixed use residential.

Policies and Programs:

4.1 Intensify downtown Santa Cruz as the principal retail, cultural, restaurant, and commercial district of the City and region. (See policies under CR 4.2.)



4.1.1 Require continuity of active ground-level uses (retail, restaurant, cultural, etc.) along Pacific Avenue.

4.1.2 Create a distinctive and active pedestrian environment that supports the downtown retail district as a unique destination.

4.1.3 Maximize opportunities for outdoor eating to reinforce the downtown as a food and entertainment destination.

4.1.4 Maintain and encourage local-serving support retail uses along Cedar and Front Streets.

4.2 Create significant new housing opportunities within the Downtown Central

- Business District. (See the Downtown Recovery Plan and policies under L 2.6.3 and H 1.3.1)
- 4.3 Concentrate and intensify office development within the Downtown. (See policies under L 2.7)
- 4.3.1 Encourage office use as a principal upper-level use, except in the designated areas where residential is desired.
- 4.3.2 Allow additional height and intensity north of Cathcart along Pacific Avenue to attract office development.
- 4.3.3 Discourage major speculative office development in other parts of the City that would most appropriately locate in Downtown.
- 4.3.4 Coordinate with office developers for the provision of office parking that reinforces the overall objective of the Parking District. (See policies under 6.4.2)
- 4.4 Preserve and enhance the distinctive scale and character of Downtown Santa Cruz. (See Downtown Recovery Plan, CD 3.2.1 and policies under CD 3.6)
- 4.5 Improve vehicular circulation patterns in a way that conveys a feeling of convenience and orientation, and that reinforces the pedestrian character of downtown. (See Downtown Recovery Plan, policy C 2.2.4)
- 4.6 Maintain the parking District as the principal method of providing convenient and accessible parking in the Downtown (south of Water Street). (See policies under C 6.4.2)
- 4.7 Provide for the efficient operation of transit in the Downtown and maintain and enhance the existing system of bike routes and strengthen pedestrian access to and movement within the downtown to reduce the impacts of the automobile and reinforce the pedestrian environment. (See Downtown Recovery Plan, C 2.2.4)
- 4.8 Improve Pacific Avenue as the Downtown's major public gathering place, and as a viable retailing street. (See Downtown Recovery Plan and policies PR 1.4, PR 3.7 and PR 3.7.1.)
- 4.8.1 Allow for the extension of cafe and retail uses within the public right-of-way, subject to design standards and management guidelines.
- 4.8.2 Create additional open space opportunities in the Downtown that have meaning and significance. (See Downtown Recovery Plan and policies under PR 1.4.1, PR 1.4.3, PR 1.4.4, CR 4.3)
- 4.8.3 Introduce streetscape improvements on other downtown streets to improve one's sense of arrival and the cohesiveness of the district. (See Downtown Recovery Plan and policies under goal CD 6, PR 1.4.1)

- 4.9 Annually review the City's promotion tax and information programs to ensure the adequacy of promotion for the Downtown. (See policy ED 1.6.8 and ED 2.4.4)
- 4.10 Review the Downtown Recovery Plan every two years to evaluate the advancement of its goals and maintain it as an up-to-date guide for Downtown development.

F. TOURISM

Santa Cruz County is an important vacation and recreation area because it has a spectacular coastline, accessible beaches, and forested mountains all in proximity to several Northern California metropolitan areas. Tourists are attracted to Santa Cruz for many of the same reasons residents are: quality of the natural and built environment, historic character, attractive shopping and recreation opportunities, cultural events and entertainment, and local ambience.









A study conducted in 1986 estimated that slightly over 80% of all Santa Cruz visitors were derived from 15 counties, mostly in the Bay Area and Central Valley. There is intense seasonality in the Santa Cruz visitor market, and over half of all trips are made during the summer time. County-wide, spending by all visitors is estimated at over \$200 million per year. The largest portion of this spending is due to day visitors and the second largest portion of spending is due to hotel/motel guests. Tourism plays a major role in the City and regional economy, generating direct revenue in the form of transient occupancy tax (TOT), admissions tax and parking fees, and indirect revenue from the purchase of goods and services. It also provides employment opportunities for many workers. The City's major strategy for tourism involves working with the Santa Cruz Conference and Visitors' Council (CVC), private businesses and other groups to tap visitor potential in ways that preserve the special qualities of Santa Cruz, expand off-peak and off-season tourism, and improve aspects of visitor-serving amenities and visitor destinations.

Of the three market segments of Santa Cruz' visitor-serving industry, day visitors, leisure overnight visitors, and conference visitors, the leisure overnight and daily traveler market is the primary focus of existing tourist facilities. The City's aim is to expand the City's conference visitor market through the development or expansion of conference facilities, additional high quality and high amenity hotel facilities and other promotional programs. These facilities would complement leisure-serving facilities and most likely would not worsen peak day tourism because the business and conference market mostly consists of off-peak (Sunday through Thursday) and off-season (November to March) visitors. The conference market niche that the City serves is for small to mid-sized groups seeking unique locations, not major cities. Also, these conference visitors generally stay longer and spend more money locally than the typical leisure overnight visitor, and generate fewer traffic or other negative impacts.

TOURISM GOALS, POLICIES AND PROGRAMS

GOAL ED 5: Encourage the growth of off-season and off-peak tourism by enhancing the City's potential to attract tourists through urban design improvements, promotion, development of visitor attractions and provision of a variety of overnight accommodations.

Policies and Programs:

- 5.1 Define the City's visitor target market and work to develop a comprehensive tourism management and promotion program, while monitoring the negative effects of tourism and making necessary improvements to ensure City-wide benefit and maintain the quality of life.
-  5.2 Encourage upgrades of existing hotel facilities and attract quality hotel and conference facilities in locations and scale appropriate to the City's character to enhance the quality of visitor-serving areas and promote development of the conference tourism market. (See policy ED 2.4.6)
-  5.2.1 Encourage the development of facilities that would help accommodate conference users in conjunction with existing hotels or new hotel development.
-  5.2.2 Investigate the attraction of a top-end, full-service hotel to expand and improve the year-round conference segment of the tourism market.
-  5.2.3 Assess the impacts of an over-supply of inferior hotel/motel rooms and develop incentives to encourage owners to upgrade existing hotel/motel facilities while also ensuring the retention of moderately-priced accommodations.
-  5.2.4 Possible conversion of overnight visitor accommodations to non-visitor servicing uses shall be monitored to assure a no net loss of visitor accommodations in the City.
- 5.2.5 Assess and balance the costs and benefits in the requirements for housing replacement relative to hotel development feasibility and modify replacement requirements as necessary.
-  5.2.6 Evaluate the contribution a conference center or assembly space would make in attracting visitors and also consider the opportunity of linking this facility to a performing arts facility. (See policies under CR 4.2)
- 5.2.7 Analyze the desirability of requiring hotel development to be concentrated in certain areas of the City rather than being dispersed throughout.
-  5.3 Provide careful evaluation and require appropriate design of visitor-serving facilities and services to reduce traffic and also ensure protection of neighborhood, important views and the natural environment. (See policy CD 2.2 and policies under L 5.3.5)
-  5.3.1 Ensure that development maintains important public views from Beach Hill, especially the view towards Monterey Bay. (See policy CD 3.5.4,

CR 2.2.2)

5.4 Maintain efficient pedestrian, bicycle, public transit, shuttle and auto access to and between the Downtown, South-of-Laurel, Wharf and Beach areas. (See policies C 4.4, C 5.6 and Maps C-2 and C-5.)



5.5 Work with the CVC and other groups to increase off-peak and off-season tourism by enhancing and promoting off-peak events, improve existing visitor attractions, expand the diversity of visitor attractions, and also emphasize the special features such as natural environment, historic character, cultural and recreational opportunities and visual and performing arts that draw visitors to the City. (See policy ED 1.6.7, PR 3.6 and CR 2.4)



5.5.1 Encourage, sponsor and increase the number and quality of special events and recreational programs that are attractive both for visitors and residents. (See policies under goal PR 3 and policy CR 2.4.1)



5.5.1.1 Coordinate scheduling, promotion, and administration of special events at City facilities among City departments (e.g., Parks and Police), the CVC, hotel and business associations, and other appropriate groups.



5.5.2 Promote the development of ecotourism programs associated with the National Marine Sanctuary, Long Marine Lab, whale watching, the UCSC Farm and Arboretum, and other environmental resources to promote visits by environmentally-minded people and researchers. (See policies under L 3.7)



5.5.3 Identify ways to enhance and promote the identity of existing and potential visitor areas in the City such as Downtown, Beach Area, San Lorenzo River, Yacht Harbor, UCSC, West Cliff and East Cliff Drives, and the Wharf. (See policies under CD 3.2 and the Area Plan and Specific Plan Summary chapter for area plans developed for these areas)

5.6 Utilize design, signs, alternative transportation such as bikes and shuttles, and programs such as information at major regional airports to better orient visitors throughout the City and reduce congestion along visitor corridors. (See policy C 1.3.4, C 5.6, C 6.2, and policies under C 4.4)

5.6.1 Consider the use of low-power AM radio broadcasts along the City's principal entry roads to orient visitors to beach shuttle services, parking areas, and retail business areas.

5.6.2 Consider the development of regular tourism programming on local cable television providing information about cultural activities and other events for both tourists and residents. (See policy CF 1.1.3)



5.6.3 Develop a comprehensive signing program to improve access to tourist designations including routes between conference serving visitor

destinations and lodging facilities to encourage the participation of smaller lodging facilities in serving the conference and other markets. (See policies under CD 5.3).



- 5.6.4 Improve visual appearance of visitor routes and entrances to the City. (See policies under CD 5.2, CD 5.4, CD 5.5 and policy C 1.3.4)
- 5.6.5 Work to develop tour oriented bus trips to local attractions throughout Santa Cruz County such as the Boardwalk. (See also C 4.4.5)
- 5.6.6 Encourage Santa Cruz and Big Trees Railroad and other operators using historic rail cars to provide tours of Santa Cruz.
- 5.7 Support efforts by the County and CVC to increase film production activities within the County.