Kay Archer Bowden
Charlene Atack
Nancy Austin
Martin Bernal
Erin Billingby
Carrie Birkhofer
Donna Blitzer
Gary Bloom
David Britton
Jess Brown
Hilary Bryant
Ted Burke
Fred Caiocca
Charles Canfield
Ceil Cirillo
Steve Clark
Ryan Coonerty
Larry deGhetaldi
Mark Dettle
George Dondero
Charles Eadie
Kristin Fabos
Duf Fischer

Craig French
Nita Gizdich
Jamie Goldstein
Mary Gourlay
Dominique Hansen
Tom Honig
Raymond Kaupp
Brian King
Bill Kocher
Teresa Landers
Don Lane
Lance Linares
Bonnie Lipscomb
Katie Mahan
Chris Mann
Cynthia Mathiesen
Michael Meara
Gary Merrill
Nanette Mickiewicz
Drew Miller
Kathy Miller
Marshall Miller
Samantha Murphy

Chris O'Connell
Alan Pagano
Carlos Palacios
Suni Patel
Tonee Picard
Kathy Previsich
Juliana Rebagliati
Norbert Relecker
Lynn Robinson
Theresa Rouse
Alan Smith
Brian Spector
John Swift
David Terrazas
Teresa Thomae
Michael Turpin
Bill Tysseling
Sharolynn Ullestad
James Weisenstein
Bryan Williams
Glenn Zimmermann

CELEBRATING 123 YEARS — 1889

Chamber Mission:

The Santa Cruz Area Chamber of Commerce is a local, non-profit member organization dedicated to promoting economic vitality and prosperity in Santa Cruz County, to ensure a high quality of life, fairness and efficiency in community decision making, and efficient and sustainable business practices.

Santa Cruz Area Chamber of Commerce is a 501(c)6 nonprofit organization

Chamber Staff

William Tysseling
Executive Director
bill.tysseling@santacruzchamber.org
(831) 457-3713 x108

Annette McGarity
Project Director
annettem@santacruzchamber.org
(831) 457-3713 x102

Erin Billingsby
Member Services Manager
erin@santacruzchamber.org
(831) 457-3713 x104

SANTA CRUZ CHAMBER OF COMMERCE

Promoting economic vitality and prosperity in Santa Cruz since 1889

Santa Cruz Area Chamber of Commerce
725 Front Street, Suite 108
Santa Cruz, CA 95060
Phone: (831) 457-3713
Fax: (831) 423-1847
Email: info@santacruzchamber.org
http://SantaCruzChamber.org

SANTA CRUZ CHAMBER OF COMMERCE

Promoting economic vitality and prosperity in Santa Cruz County since 1889

COMMUNITY LEADERSHIP VISIT   MAY 2012

Report of Findings, Observations, and Conclusions

The Community Leadership Visit (CLV) on May 20-21 took more than five dozen Santa Cruz leaders to San Luis Obispo for an immersion into the public-private partnership strategies the SLO community has used to address retail, education, economic development, and entrepreneurship issues. The two regions have many similar problems and opportunities. Many of the SLO strategies and successes were encouraging grist for rich conversations among the CLV participants.

Our populations are nearly the same size; we share a mix of agriculture, tourism, education, and manufacturing; we have intriguingly comparable K–14 education in both population and performance. SLO has experienced much of the same environmentallydriven resistance to growth that has defined development in Santa Cruz County over the past three decades.

But the CLV travelers found new ideas for the support of economic infrastructure and community development, encouraging initiatives in the administration of education; and some successful strategies for supporting innovation and encouraging entrepreneurship.

This report describes some of those observations and ideas.

RETAIL

A community's downtown is not only its commercial hub but also the most visible aspect of its identity. Creating a shared vision and adapting efficiently to changes in the retail and social environment are crucial to creating a vibrant downtown for residents and visitors.

KEY CLV LESSONS:

- **Creating and sustaining a shared vision.** The starting point for change is the development of an attractive vision that widely shared by principals and the community. This vision must join the public sector, property owners, retailers, other commercial interests and residents in a feasible plan that inspires and motivates its implementation. Creating and sustaining a shared vision is a complex and arduous process. To make sure that goals are aligned and needs are met the vision must ask and answered the questions: "Who are we? What do we want to become? What does our community need?"

- **Developing a smart implementation strategy.** To successfully implementing the vision, the community must develop a well-informed strategy with specific, creative solutions to specific problems. It is not necessary to have the "perfect" strategy to succeed. It is necessary that the strategy reinforces those things the community loves about its downtown and still achieves the community's vision for the future. The strategy must be both ambitious and practical. It must complement the core elements of the community.

  » SLO Downtown Strategic Plan – SLO DTA and SLO City http://www.downtownslo.com/documents/strategic_plan_2007_update.pdf
  » SLO City/Chamber Business Recruitment WebsiteTask force http://www.openforbusinessinslo.com/
  » SLO Chamber of Commerce Vision of SLO's Economic Future http://slochamber.org/cm/Govt_Affairs/Economic%20Vision%20Document.html

- **Adaptable Strategies.** The vision and strategy must be adaptable, focused on outcomes, not process, and responsive to change conditions and requirements. The environment in which the vision must operate is constantly changing. Those who can recognize, reorganize, reevaluate and still continue to see the big picture will thrive.

Santa Cruz business and government executives, owners, and principals traveled to San Luis Obispo to learn how the city, with whom we have many similarities has successfully solved many problems that face Santa Cruz. The Community Leadership Visit took place over two days in May 2012.

- **Downtown development mind-set.** Every successful downtown development project has a unique story of discovery and adaptation. Each project is the product of a property owner's or developer's vision. To be successful that must vision must also reflect the vision of the City and the capacities of the market. Downtown development requires compromise, commitment to a successful outcomes, and political courage to meld the overall vision and the vision of those responsible for individual projects. The most successful projects are the result of mutual flexibility, open-mindedness, and pragmatism.

- **Economic development as a by-product.** While the economic elements of every downtown are critical to every successful vision and strategy, the public focus must also include creating an experience and a culture. By optimizing the use of available resources and creating engaging new elements it is possible create new community vibrancy and pride in downtown. Stimulate improved economic outcomes are less important to most people in the electorate.

- **Emphasize "the Twins"- economic vitality and environmental protection.** Community economic development is all about improving a community's quality of life. This suggests a natural alliance between

capital investment, creation of jobs, protection of the environment, and responsible land use. SLO "partnered" their economic development manager and their natural resources manager to find creative solutions and appropriate balances among these objectives. These two City staff people became known as "the twins" and worked together to implement a retail development plan designed to meet the community's expectations.

  » SLO City Economic Development Website http://www.slocity.org/economicdevelopment/index.asp
  » SLO City Natural Resources Website http://www.slocity.org/naturalresources/index.asp

- **Addressing bad behavior rather than transient status.** Addressing the impacts of homeless/transient populations on retail areas is not just a law enforcement issue. It requires effective ordinances and pro-active merchants and community members, as well as effective policing. Each community must identify locality-specific issues and trends and then develop the legal and social tools necessary to respond effectively. Law enforcement must maintain a low tolerance for bad behavior to sustain a successful retail environment.

  » SLO Chamber articles on transient concerns in SLO http://www.slo-business.com/chamber-helps-address-transient-concerns.html http://www.slo-business.com/e-insider/transient-related-calls-climbing-in-slo.html
  » SLO Strategy to end homelessness http://homelessnothopeless.net/enumeration-findings/10_year_plan_to_end_chronic.pdf

- **SLO catalyst of change: the seismic retrofit.** SLO struggled for decades with a number of smaller downtown properties whose owners were unwilling and, sometimes, unable, to maintain and upgrade their buildings. About 2004 a change in city policy regarding seismic retrofitting of buildings was the unexpected catalyst to a general upgrade of many of these buildings and their tenants. The city adopted a voluntary seismic retrofit program after the 1989 Loma Prieta Earthquake which was largely ignored by property owners. About 15 years later, following an earthquake December, 2003 near Paso Robles and the Parkfield earthquake

Innovation

The successful commercialization of local innovation and intellectual property developed within the university or by the private sector will generate new businesses, jobs, and capital investment. Aligning university and community resources to these goals will multiply the effectiveness of our support systems and attract researchers and entrepreneurs. Initiatives should include promoting Santa Cruz County quality of life and creativity, developing support processes for matching inventors with entrepreneurs and entrepreneurial resources, and facilitating the founding and growth of new businesses.

- Opening the innovation faucet. Santa Cruz and UCSC are creative environments that have a well-deserved reputation for working at the leading edge of scientific and social evolution. Our area of greatest opportunity is to improve our capacity and efficiency in converting this passion and these innovations into products and companies.

- **Nexus between UCSC and the Santa Cruz private sector.** For many university innovations the opportunity to connect to local businesses, capital, resources, beta-testers, knowledge and markets are the catalyst to commercialization. For many local technologists and entrepreneurs the

missing resource to product launch is graduate-level researchers, laboratory resources, or academic verification of product elements. Facilitating these links and mechanisms can pay economic dividend within the community.

  » Cal Poly Current Partners http://sbdc.calpoly.edu/content/partners

- **Enterprise Incubation.** Business incubators, both physical facilities that include business support services and virtual incubation that support the development of strong business-development resources can provide the support and stewardship necessary to help new enterprises reach maturity.

  » Cal Poly Incubator http://www.youtube.com/watch?v=x9G9hpS2xBE&context=C3dc3530ADOEgsToPDskJvKb0eNuxMRDURmENf4wWI
  » Incubator Success http://sbdc.calpoly.edu/sites/sbdc/files/documents/HotHouse_Article_-_Bus_Times-1.pdf

- **Build the start-up mindset.** Programs and communications that encourage a "can-do" start-up attitude and the rapid-prototyping model – "think, try, analyze, evolve" – support the aggregation of entrepreneurs and innovators. The start-up mentality is infectious, making failures just a pit-stop on the path to success.

  » Bringing your ideas to market http://sbdc.calpoly.edu/content/bring-your-idea-market
  » Innovation Sandbox: May 2012 News http://cie.calpoly.edu/programs/forum/may-2012-forum-recap/

  » Competitions at Cal Poly http://cie.calpoly.edu/competitions/

- **Multiple paths for engagement.** There is no better proof of the theory of evolution than entrepreneurship. Many must try and fail for some to succeed. Support of a variety of public and private sector programs, services, and facilities to encourage and engage innovators and entrepreneurs is the best assurance of successful outcomes. Look for opportunities to align the needs of university departments, programs, researchers, and students with elements of the community. Support or create programs to benefit both the universities and local businesses. Encourage contests and competitions that support learning and mentoring.

  » Cal Poly Center for Entrepreneurship and Innovation http://cie.calpoly.edu/programs/
  » Cal Poly CEI Mission http://cie.calpoly.edu/our-mission/

- **Entrepreneurship Funding.** Develop resources that provide incremental funding and resources for the development of new enterprises. Encourage investment groups willing to risk small amounts of money on innovative ideas. Provide a path to the funding sources necessary for larger scale development and partnerships that will provide shared value with shared risk.

  » Founders Circle Investors http://cie.calpoly.edu/founders-circle/

Education

Our education systems are resilient, but changing financial resources and social conditions require transformative thinking to meet our community's expectations and students'needs. By focusing on student outcomes and taking best advantage of resources public schools will be able to inspire students and teachers to successes we cannot imagine today.

KEY LESSONS:

- **Education in our changing environment.** The rate of change in the world, the exponential growth of data, information, and knowledge, and the learning skills necessary to keep up with our knowledge economy demand that our schools create not just educated graduates but life-long learners. To insure that education itself evolves fast enough to continue to engage, inspire and challenge its students, it must take steps to root-out 20th century educational paradigms, techniques, organizational structures, and resources. To prepare our students, communities, and country to succeed in the 21st century our education, business, and community leaders must focus on the personnel, skills and tools necessary to create the citizens, workers, and leaders of tomorrow.

- **Transform vs. Reform.** There is a broad consensus that the student-outcomes of K-14 education nation-wide are insufficient to meet the needs of those students or the requirements of our economy. Recent efforts to reform education have fallen far short. To achieve the learning outcomes we expect with the financial resources available, it is necessary to transform how we educate students and students' and families' expectations about learning. How schools deliver information, the role and skills of teachers, how student interact with teachers, peers, and learning resources, and community-wide expectations about education must undergo rapid, fundamental reconstruction.

- **Outcome directed.** By focusing on outcomes such as marketable skills and personal performance we can tap into the potential of each student and inspire them to continue to learn, want to learn, and create their own opportunities.

- **The right teachers.** We need the A-team teachers. This begins with an expectation that the teachers we need and want are professionals and not factory workers and that we will treat them as such. Innovative interview processes, improved performance expectations, meaningful evaluation of teachers' styles and techniques, and updated reward and dismissal mechanisms are necessary for education to attract and retain the most intelligent, passionate and "normal" teachers.

- **Evaluation of students and teachers.** Techniques and standards for evaluation must be improved. The National Assessment of Education Progress standards are a good starting point for improved student evaluation. New methods of evaluating teachers must encourage them to improve, support their development, and be based in significant part on their performance in the classroom rather than student test results. Regular evaluation of performance and monitoring of progress in addressing shortfalls will make it possible to hold not only the schools accountable, but each student and each teacher as well.

  » *Student Performance Standards on the National Assessment of Educational Progress: Affirmation and Improvements,* a study by the National Center for Educational Statistics or the U.S. Department of Education. http://www.nagb.org/publications/studentperfstandard.pdf
  » Website of the TAP teacher evaluation system utilized the some of the SLO K-12 schools: http://www.tapsystem.org/
  » *The Power of TAP* five minute video features describes the goals of TAP and provides testimonials from educators and policymakers at all levels that have played important roles in the implementation, expansion and sustainability of TAP. http://www.youtube.com/watch?feature=player_embedded&v=ieEsfo9AmJs

- **Building 21st-century learning skills.** Schools must re-focus on the skills that are needed for learning and working in a new environment. How information is delivered to students and their role in converting that information into knowledge and skills is changing. In many ways students must become the masters of their own education. Schools must focus on creating a collaborative and open environment to hone these skills and develop in each student a sense of purpose and responsibility for their own education.

- **Working with the resources we have.** Budget cuts are a fact of life. K-14 educators must find ways to accomplish a transformation with less money while meeting the day-to-day requirements of the existing system. Administrators must find the small investments and the affordable ideas that will inspire the students, the teachers, and the community to make transformative changes.

- **Educational Partnerships.** Schools need to tap into the knowledge, skills, and resources of the community and, especially, the business community. Business and the larger community must not wait for schools to come to them. There are many opportunities for non-educators to contribute, offer ideas, and support this transformation. For instance, programs that engage students in work environments provide learning experiences in real life problem solving, work ethic, and positive self image. (See links in "Developing STEM skills.")

- **Developing STEM skills.** The STEM skills (science, technology, engineering and mathematics) are increasingly important to success as individuals and as a workforce. Higher level STEM skills are increasingly requirements of what were once considered to be blue-collar jobs. To ensure this competitive competence education must increase its focus on these skills to prepare students to participate in an internationally-competitive workforce and an innovative and prosperous economy.

  » Description of STEM and links to additional information by the STEM Education Coalition http://www.stemedcoalition.org/
  » California STEM information http://cslnet.org/
  » Central Coast STEM information, a public-private organization in San Luis Obispo County providing STEM leadership and resources http://ccstem.org/
  » LEED (Linking Education and Economic Development), one of California's leading business/education partnership organizations http://leed.org/

Economy

Fostering economic development requires a shared vision and common goals, alignment of incentives, and a passion for our community. Learning from other communities' experiences and benchmarking against their performance are crucial to creating policies, plans, initiatives, and projects that will result in the quality of life and community prosperity that we desire.

  » Economic Report March 2012 http://www.sloevc.org/files/beacon_reports/Beacon%20Report_March2010.pdf
  » Success stories: http://www.sloevc.org/resources/success-stories.php
  » Economic Impact Studies: http://www.sloevc.org/resources/economic-impact-studies.php
  » Get Connected: http://www.sloevc.org/resources/get-connected.php

KEY LESSONS:

- **Collaboration leads to success.** Collaboration and cooperation are the keys to developing a prosperous local economy. The degree to which the public and private sector, disparate business associations, and the multiplicity of governments and regulatory agencies are able to work together to achieve a shared vision defines the community's capacity. Business associations and public and regulatory bodies must work actively to develop trusting relationships and mutually-supportive relationships. They must also work together to earn the trust of the community.

- **The economic development mission: improve the quality of life.** Communities like San Luis Obispo and Santa Cruz have been trapped in a false dichotomy - jobs vs. the environment. In innovation-driven, higher-median income economies building and maintaining a desirable and socially-responsible environment is critical to attracting talented workers and their families. By the same token, the paying for the public resources and services that make such an environment possible depend upon a prosperous economy. San Luis Obispo has frequently succeeded in focusing their public decisions and resources on the enhancement of this symbiosis. [Also see Emphasize "the Twins"- economic vitality and environmental protection in the Retail section, above]

  » The SLO Chamber / SLO City have partnered to create a business attraction website that is designed around quality of life. http://www.openforbusinessinslo.com/
  » This theme is also reflected in the relocation pages of the SLO Chamber's website: http://slochamber.org/cm/Relocation_Community_Info/LivingtheSLOLife.html

- **The Role of Business Associations.** The SLO Chamber, the SLO DTA and the SLO EVC have catalyzed and facilitated Public-Private collaboration and led the efforts to create a shared vision and a cohesive plan to implement that vision. All have worked closely with local governments, frequently as project partners. For instance, the City has contracted with the Chamber to develop a share business-attraction website and with the DTA to develop parking strategies and communications. The EVC's operations are funded in significant part by the County and it has received at least one large grant from the County Workforce Investment Board related to the study and strategy implementation of key business clusters. The Chamber has been particularly effective at "expanding the center", that is, in bring disparate interests together to support the common good, e.g., develop business advocacy for increased sales taxes

and broader community support for pension reform.

» SLO Chamber advocacy web page http://slochamber.org/cm/Govt_Affairs/Chambers%20Advocacy.html

» Description of EVC's business clusters project http://www.sloevc.org/slo-county-business/slo-county-clusters.php

• **Engaging the business in public-sector economic planning.** Plans to improve economic vitality benefit from significant private sector engagement. Tempering good planning principles and public wants and needs with the economic and market realities and property and business owner expectations not only improves plans but makes them significantly more like to be realized. To succeed the public and private sectors must share a vision and have a clear understanding about their respective roles in implementing that vision.

» Strategic plan http://www.downtownslo.com/documents/strategic_plan_2007_update.pdf

• **Positive communications and "little wins".** Everyone wants to join a winner. Emphasizing the positive and focusing on "little wins" allows the community to see progress in the development of the economic environment and the efficacy of plans and planning. It builds in those working on the implementation of plans and attracts new supporters to the shared vision. Transparent and well-publicized processes will, over time, permit the economic vision and its implementation elements to become part of the culture and environment of the community.

» The SLO Chamber Website is rooted in this model http://www.slochamber.org/cm/Home.html

» THE SLO Chamber – SLO City website dedicated to attracting businesses is a model of "sell the community first" http://www.openforbusinessinslo.com/

• **Narrowing and defining focus.** Achieving desired outcomes requires narrowing the focus of economic develop projects. While the SLO Chamber and the EVC are both active in a broad range of public policy and private project issues, they have both adopted a narrow set of key projects. The SLO Chamber is currently emphasizing head-of-household job creation, support for entrepreneurs, and connections to higher education. The SLO EVC is emphasizing improving the environment in six economic clusters.

• **Building on higher education.** The opportunities that result from a ready source of young, well-educated workers, the technical and knowledge resources that are available on a community college or university campus, and the intellectual property and opportunity for the commercial-ization of technologies and ideas have proven to be a powerful economic development resource or millennia. Partnerships and collaboration involving Cal Poly, Cuesta Community College, the Chamber, the EVC, local governments and businesses have proven to be the source of productive and creative economic development activities.

» The EVC's cluster on knowledge and innovation describes objectives and current work. http://www.sloevc.org/slo-county-business/knowledge-and-innovation.php

• **Importance of communication.** Communities often fail to perceive their own self-interest in economic development. Efforts to influence electorates through negative, fear-based, and erroneous communications can negatively affect the outcome of public policy-making. Local governments, business associations, and community groups need to develop frequent, clear, informative, and effective communications that are consistent, positive, and moderate. They must communicate the quality-of-life message. It must reinforce the necessity of achieving a balance that reinforces both environmental protection and residents' prosperity. They must find and expand the electoral center that joins people in this vision and marginalizes the extremes.

in September, 2004, the City changed the voluntary program into a mandatory program. While this had the desired effect of retrofitting older buildings, it had the unexpected benefit of consolidating some smaller properties and the significant renovation of many of these downtown buildings. Without this catalyst, significant portions of the now-thriving downtown would be underperforming.

» Seismic Retrofit program http://www.slocity.org/economicdevelopment/seismicfaqs.asp

• **Parking as a Downtown development tool.** SLO has successfully used the strategic development of parking structures to attract investment and retailers. Their financing of these structures is significantly less dependent on parking deficiency fees assessed against tenants and property owners than in Santa Cruz. Instead it uses:

• A one-time "fee in lieu of parking" for new contruction and projects that significantly change the existing use properties for those downtown projects that don't provide on-site parking.

• The proceeds from the sale of portions of surface parking lots owned by the city. The city has retain a portion of some surface parking for parking structures and used the remainder to negotiate property consolidations, trades, and partnership to develop new downtown investments.

• Revenues parking meters and parking structures to finance the development of parking structures. In general, this has reduced the financial disincentives for tenants.

» Existing parking structures and fees http://www.slocity.org/publicworks/park.asp#structures

» Proposal and history of its development for a fourth downtown SLO Parking structure http://www.slocity.org/publicworks/palmnipomo.asp

» 2010 Annual SLO Parking Report including financials (May 2011) http://www.slocity.org/publicworks/documents/parking/2010prkannualrprt.pdf

» SLO Access and Parking Management Plan (Nov 2011) http://www.slocity.org/publicworks/documents/parking/2011parkgpln.pdf

» Parking Map http://www.slocity.org/publicworks/download/parkingmapccmeters.pdf

• **Hyper-communicative environment.** Dialogue and collaboration between the DTA, the Chamber, local government and the community fosters success. Shared process and decision-making result in a shared message to which the public will respond more optimistically and with less resistance to change. These communications also build and reinforce trust and create relationships that are strong enough to work through difficult problems among the organizations and within the community.

• **Public Transparency.** Property owners, retailers, and the public need to understand what the significant forces are that are effecting the downtown. This requires a communication strategy to maintains a flow of current information as well as information on plans, projects, and proposals. A crucial part of successful downtown management and development is to inform and educate the community and key members of the community prior to their becoming involved in public decisions.

» Proposal and history of its development for a fourth downtown SLO Parking structure http://www.slocity.org/publicworks/palmnipomo.asp

» 2010 Annual SLO Parking Report including financials (May 2011) http://www.slocity.org/publicworks/documents/parking/2010prkannualrprt.pdf

» SLO Access and Parking Management Plan (Nov 2011) http://www.slocity.org/publicworks/documents/parking/2011parkgpln.pdf

» Parking Map http://www.slocity.org/publicworks/download/parkingmapccmeters.pdf

• **Hyper-communicative environment.** Dialogue and collaboration between the DTA, the Chamber, local government and the community fosters success. Shared process and decision-making result in a shared message to which the public will respond more optimistically and with less resistance to change. These communications also build and reinforce trust and create relationships that are strong enough to work through difficult problems among the organizations and within the community.

• **Public Transparency.** Property owners, retailers, and the public need to understand what the significant forces are that are effecting the downtown. This requires a communication strategy to maintains a flow of current information as well as information on plans, projects, and proposals. A crucial part of successful downtown management and development is to inform and educate the community and key members of the community prior to their becoming involved in public decisions.