



EXECUTIVE SUMMARY

This Region 5, Regional Economic Recovery Plan (the Plan) was prepared at the request of the State of California Business, Transportation and Housing Agency (BT&H). The purpose of the Plan is to maximize access to economic recovery funds for the counties, cities, special districts, and other organizations within California. This Plan covers the counties of Monterey, Santa Cruz, San Luis Obispo, Santa Barbara and San Benito. Eligible organizations were asked to submit detailed project information for each project that they anticipated receiving stimulus funds. These funds are being distributed to organizations through either formula based allocations or competitive grant applications. Summary information about the various projects is included in several attachments (refer to list at the end).



I. INTRODUCTION

Overview: The Business, Transportation & Housing Agency (BT&H) requested that eligible organizations within California (such as counties, cities, and special districts) prepare regional economic recovery plans. BT&H has divided California into 12 different regions, generally along the lines of the existing Caltrans District boundaries (see map in Executive Summary). Each region has been asked to prepare their own plan that summarizes the economic status of the region and identifies specific projects that anticipate receiving (or pursuing) recovery funds through the American Recovery and Reinvestment Act of 2009 (ARRA).

This Regional Economic Recovery Plan (or Plan) is referred to as Region 5 and includes the counties of Monterey, Santa Cruz, San Luis Obispo, Santa Barbara and San Benito. The purpose of the Plan is to identify projects and programs that can be quickly implemented to maximize the impact of ARRA funding.

In an effort to prepare a regional plan, participation was requested from all the counties, incorporated cities, and special districts in Region 5. Several regional stakeholders have convened and agreed to collaborate to prepare this regional plan. Funding was provided by a variety of organizations throughout the Region. The preparation of the Plan is somewhat historic in nature as the various cities and counties set aside past differences and agreed to come together to prepare a unified Plan. This cooperative effort will set the tone for the Region to work together in the future in a unified fashion.

Key projects mentioned in the narrative below are included as Attachments A.1 and A.1.a. The Plan also includes a summary of project information on all projects submitted in Attachments B.1 through B.5. Where supplemental information was available it has been included as Attachments B.1.a, B.3.a, and B.4.a.



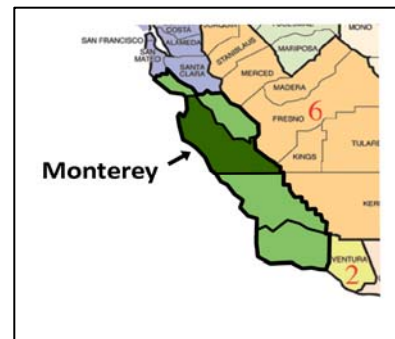
Information was primarily gathered through distribution of questionnaires that requested general information about an organization’s approach to pursuing stimulus funding and detailed information about each project or program they are pursuing. Respondents were directed to focus their efforts on pursuing projects that adhered to the following general guidelines:

- Projects should have a regional or inter-regional impact (i.e., not a local traffic signal).
- Projects should be “sustainable” and incorporate “green” infrastructure, “green” building, or other “green” components.
- Projects should focus on “workforce development” and facilitate the creation of “green collar” jobs.
- Projects should be focused and specific. In other words, they should already be far along in the design, permitting, and approval process. No “wish list” items.
- Projects should be consensus driven and not highly controversial.
- Projects should be achievable without major legislative changes.
- Projects should be achievable without significant new resources.
- Projects should not be dependent solely on State or Federal funding. Projects should include “P3s” (public/private partnerships) if possible.

Region 5 Counties: Region 5 includes the counties of Monterey, Santa Cruz, San Luis Obispo, Santa Barbara and San Benito. Agriculture, Education, Government, and Tourism are some of the key economic drivers within the Region. Tourism is a critical component for bringing revenue to the Region. Visitors travel from all over the world to visit the rocky coast, sandy beaches, museums, wineries, missions, and other major attractions (such as Hearst Castle, Monterey Bay Aquarium, Laguna Seca Raceway, the Santa Barbara Museum of Natural History, and Pinnacles National Monument). The Cities and unincorporated areas within Region 5 are desirable places to live, work, and visit. The natural beauty of the area and the close proximity to the major population centers of the Bay Area and Los Angeles area, are a key factor in bringing in visitors and revenue to the Region. As a result of the recent economic downturn, the region has been hit especially hard as visitors cut back on their discretionary spending.

A brief summary of each County within Region 5 is discussed below. Key Projects within each Sub-Region are mentioned below if they meet several of the guidelines mentioned above. Refer to Attachments A.1 and A.1.a for more information on key projects.

Monterey County: The Monterey County Sub-Region is comprised of approximately 428,500 people (as of 2009) in an area of approximately 3,300 square miles. The region is approximately 106 miles south of San Francisco and 241 miles north of Los Angeles. Natural beauty is abundant throughout the region with many miles of undeveloped coastline. Monterey County includes 12 incorporated cities: Carmel by the Sea, Del Rey Oaks, Gonzales,





Greenfield, King City, Marina, Monterey, Pacific Grove, Salinas, Sand City, Seaside and Soledad. The County has a variety of special districts, including an airport district, a harbor district, a water district, several fire districts, and a regional park district.

The local economy relies largely on agriculture and tourism to generate revenue. In the last year the area has seen negative growth. Ag-tourism is an important element in bridging the rural and urban lifestyles, providing cultural opportunities and supporting economic diversity. The negative growth in this industry results in lower revenues for the County and cities general funds. The slowdown in real estate development has also had a negative impact on revenue in the form of reduced planning and building permit fees. Furthermore, the significant reduction in property values has resulted in lower property tax revenues. Combined, this has resulted in serious budget deficits for the 2008-09 fiscal year and forward. In March 2009, the County Administrative Office estimated a structural budget gap of \$41.6 million for 2009-10, growing to \$55.8 million in 2010-11 and \$65.4 million in 2011-12 based on the departments’ three year projections submitted in January 2009.

In addition, Monterey County lacks private sector jobs and has been historically dependent on government jobs. Recent figures have estimated the county’s unemployment rate around 16 percent (as of February 2009). This rate exceeds that of the rest of California, which has been estimated closer to 10 percent.

The Monterey County Sub-Region continues to be a very desirable place to live and is expected to experience continued, but slow, population growth over the next couple years. In spite of the recent economic crisis, the Monterey Sub-Region is ready, willing and able to work with local, state, and other partners to respond quickly and effectively to any economic stimulus resources.

A key regional project within the Monterey Sub-Region is the Yanks Air Museum (GR-1). This project meets all the general guidelines listed above, in particular having a regional and inter-regional impact, being focused and specific, having entitlements (including an adopted Final EIR), and using a public/private partnership (P3). The 250,000 s.f. “working” air museum is estimated to create over 2,000 construction jobs and over 300 permanent jobs. The facility would be implemented through a public/private partnership, will provide education and vocational workforce training for youth, incorporate green building components including the installation of solar voltaic panels, and includes a 300-acre permanent agricultural conservation easement.

Other key regional transportation projects include the Caltrain Extension (TAMC-2) and Coast Daylight Rail Service Implementation (TAMC-3).

Statistics Source: *Spring 2009 Monterey County Economic Report*

Santa Cruz County

Santa Cruz County is comprised of approximately 253,100 people (as of 2008) in an area of 400 square miles. The region is approximately 65 miles south of San Francisco, 35 miles north of Monterey and 276 miles north of Los Angeles. Santa Cruz County includes the incorporated cities of Capitola, Santa Cruz, Scotts Valley and Watsonville. The County also includes a variety of special



districts including fire districts, a port, park districts, and water districts. The county's unemployment rate was around 13 percent in February 2009, slightly higher than the rest of California during this same time period.

Santa Cruz County plays a unique role in Region 5. With one foot in the technology industry due to proximity to Silicon Valley and the Bay Area, and the other firmly planted in agriculture, it is uniquely positioned to bring the two together. Watsonville, at the southern part of the County, is an integral part of the Pajaro Valley and has a close affinity with Monterey County, particularly as regards to agriculture. Projects and improvements constructed in and around Watsonville impact the residents of both Santa Cruz and Monterey Counties.

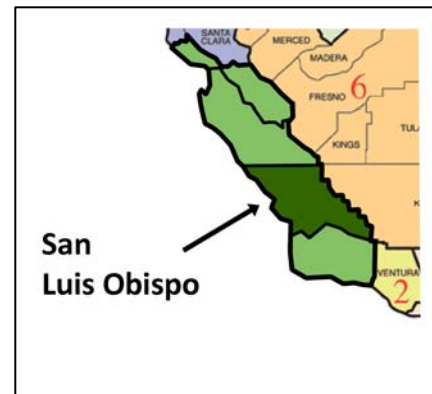


As with the other coastal regions, the Santa Cruz Sub-Region continues to remain a desirable place to live and is expected to have small amount of growth over the next few years.

Key regional projects within the Santa Cruz Sub-Region are the Monterey Bay National Marine Sanctuary Visitor's Center (CSC-1) and Barrios Unidos (BU-1). The Monterey Bay National Marine Sanctuary Center is already partially funded, is estimated to create 55 construction jobs, 15 permanent jobs, and result in 130,000 visitors annually. Barrios Unidos is a unique community based peace movement that focuses on preventing and curtailing violence amongst youth within Santa Cruz County by providing them with life enhancing alternatives.

Statistics Source: *U.S. Bureau of Labor Statistics*

San Luis Obispo County: The San Luis Obispo County Sub-Region is comprised of approximately 269,300 people (as of 2008) in an area of 3,300 square miles. The Sub-Region is equidistant between the Los Angeles and the Bay Area metro areas. The Sub-Region includes the eight incorporated cities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo. It also includes a variety of special districts including CSDs, a port, and fire districts. Its largest industries are tourism, agriculture and wine/wine grapes. However, it lacks a sufficient number of high-growth companies in diverse industries. Recently, the Sub-Region was listed in the national news as being one of the least affordable real estate markets in the nation. In addition, the area lacks private sector jobs and has been historically too dependent on government jobs. The county's unemployment rate was around 8 percent in February 2009, slightly better than the rest of California during the same time period. The unemployment rate has historically been lower than other areas of the state or nation, but the area lacks enough industry to create the highs and lows in unemployment rates seen elsewhere in the state. There remains a lack





of high paying, head-of-household jobs in the County, making it a place for relatively high under-employment. San Luis Obispo County’s population growth has remained below one percent for the past several years. The local economy in the last year has seen nearly zero growth. In the face of serious, long-term fundamental challenges that have been exaggerated by the current recession, many young people are leaving the County. This is largely the result of high housing prices and a lack of employment opportunities that would typically be created by private-sector companies.

In light of these challenges, the San Luis Obispo Sub-Region still remains a desirable place to live and will likely continue to see slow, but positive population growth. The Sub-Region is ready, willing and able to work with local, state, and other partners to respond quickly and effectively to any economic stimulus resources.

A key regional project within the San Luis Obispo Sub-Region includes Green Center Fueling Station (AG-1) and the Octagon Barn Center (LCS-1). These public/private partnership projects includes infrastructure, energy, and environmental components. They are estimated to generate 100s of construction jobs and result in 1,000s of visitors annually.

Statistics Source: UCSB Economic Forecast Project 2009

Santa Barbara County

Santa Barbara County is comprised of approximately 431,312 people (as of January 1, 2009) in an area of approximately 2,700 square miles. The region is immediately south of San Luis Obispo County and approximately 80 miles north of Los Angeles County. The Sub-Region includes the incorporated cities of Santa Maria, Santa Barbara, Lompoc, Solvang, Buellton, Guadalupe, and Carpinteria, and the unincorporated area of Santa Barbara County. The county’s unemployment rate was around 8 percent in April 2009, but Lompoc’s unemployment rate was 13.5 percent and Santa Maria’s was 12 percent (above the State’s unemployment rate). As with the other coastal regions, the



Santa Barbara Sub-Region continues to remain a desirable place to live and is expecting a small amount of growth over the next few years. However, the region is suffering from heavy job losses and very significant numbers of housing foreclosures, particularly in Santa Maria and Lompoc. The tremendous slowdown in development has also had a negative impact on revenue in the form of sharply reduced sales tax revenues and reduced planning and building permit fees. Furthermore, the significant reduction in property values has resulted in lower property tax revenues. Three wildfires within 10 months near Santa Barbara destroyed several hundred homes, further depleting the property tax base. Combined, this has resulted in serious budget deficits for the 2008-09 fiscal year and forward, for all local cities and for the County of Santa Barbara.

Two key transportation projects within the Santa Barbara Sub-Region include: 1) Highway Santa Maria Bridge widening (SBCAG-1) to remedy capacity and safety problems, since it serves as a critical link between Santa Barbara County and San Luis Obispo County, and 2) Amtrak Pacific



Surfliner Corridor Rail Siding (SBCAG-2) to add capacity and improve on-time performance of intercity passenger and freight trains. Both these projects are on transportation corridors of state and national significance and will add employment, increase on-time performance, and expedite intercity passenger and freight movement throughout the Central Coast Region. The US Highway 101 Santa Maria River Bridge project would widen the four-lane highway to six lanes plus pedestrian access.

The Santa Maria River Bridge Widening Project will expand a four-lane bridge to six lanes, create safer access from SR 135 to SR 166 (north of the river) and extend a six-lane section across the river to the SR 166 East corridor. It will add capacity to accommodate forecasted traffic demand and improve traffic safety. US 101 is a major north-south corridor between the San Francisco and Los Angeles area. At this gateway location, it is the major north-south corridor between Santa Barbara and San Luis Obispo Counties, and a designated focus route, a high emphasis route, as well as being designated a Focus track project. Average daily traffic counts are 64,000, growing to 100,700 by 2030. The project has a strong three-way partnership and support between SLOCOG, SBCAG and Caltrans. All three agencies have contributed funding to the project. A portion of this project is partially funded with Federal Demonstration funds. The project is in final design and will be ready to construct within the year.

Another key regional project within the Santa Barbara Sub-Region is the California Space Center (CASA-1) near Vandenberg Air Force Base. This facility is a multi-faceted project that will be built in three phases over a period of 10 years. Phase 1 of the project will include design, site preparation, and construction of three buildings that will begin the Mission Support Center (MSC). The MSC, in Phase 1, will include more than 150,000 square feet of office space, light manufacturing, temporary Visitors Center, and classrooms. Phase 1 will be completed in spring 2012. Phase 2 will include construction of a permanent Visitor Center, rocket park, amphitheater, IMAX theatre, cultural center, and youth education facility. It will be completed in January 2016. Phase 3 will include construction of an Adult Educational Facility, Conference Center, as well as an additional 100,000 square feet for the Mission Support Center. Phase 3 will be completed in June 2018. This public/private partnership will create 1,000s of construction and permanent jobs, incorporate green components, leverage a variety of other funding sources and would be able to start the first phase of construction in 2010.

Statistics Source: *U.S. Bureau of Labor Statistics, California Department of Finance*

San Benito County

San Benito County Sub-Region is comprised of approximately 54,700 people (as of 2008) in an area of approximately 1,400 square miles. The Sub-Region is approximately 95 miles south of San Francisco, 45 miles inland from Monterey and 300 miles north of Los Angeles. The Sub-Region includes only two incorporated cities, the City of Hollister and the City of San Juan





Bautista. The Sub-Region’s unemployment rate was estimated at around 16 percent in February 2009. Detailed project information (in the form of questionnaires) was not provided by San Benito County. However, Attachment B.5 provides a summary of the information that was submitted by San Benito County.

Statistics Source: *U.S. Bureau of Labor Statistics*

Plan Coverage and Format: The Region 5 Regional Economic Recovery Work Plan (the Plan) has generally been prepared in accordance with the suggested format, or template, and guidelines provided by the Business, Transportation and Housing Agency (BT&H). The Plan covers multiple counties in Region 5 (the Region) including Monterey, Santa Cruz, San Luis Obispo, Santa Barbara, and San Benito. The Region includes all incorporated cities, unincorporated areas, special districts, and several other non-profit and private organizations.

The Plan is separated into the following sections:

- Section II - Projects that Warrant Priority Review and Funding within Two Years
- Section III- Support for Housing and Communities
- Section IV - Site Certification Program or General Readiness of the Region
- Section V - Support for Small Business Innovation
- Section VI - Workforce Development
- Section VII - Renewable and Clean Energy
- Section VIII - Next Steps

II. PROJECTS THAT WARRANT PRIORITY REVIEW AND FUNDING WITHIN TWO YEARS

Each participating organization has submitted lists of projects that warrant priority review and can be available within two years. Many of these projects can begin immediately and some are subject to “use it or lose it” funds. For purposes of this Plan, key projects mentioned below are able to create near-term jobs, have a long-term regional economic benefit, leverage other funds, and demonstrate environmental stewardship.

Monterey

- Yanks Air Museum (GR-1)
- Caltrain Extension Commuter Rail Extension to Monterey County (TAMC-2)
- Coast Daylight Rail Service Implementation (TAMC-3)

Santa Cruz

- Barrios Unidos (BU-1)
- Monterey Bay National Marine Sanctuary Visitors Center (CSC-1)

San Luis Obispo

- Green Center (fueling station) (AG-1)
- Octagon Barn Center (LCS-1)



Santa Barbara

- Highway 101 Santa Maria River Bridge (SBCAG-1)
- Amtrak Pacific Surfliner Corridor Rail Sidings (SBCAG-2)
- California Space Center – Phase I (CASA-1)
- One-Stop Development and Permit Center (CSM-1)

III. SUPPORT FOR HOUSING AND COMMUNITIES

Each participating organization has been asked to identify projects or programs that provide support for housing and communities adversely impacted by the Mortgage and Financial Crises. Key projects will leverage a number of funding opportunities such as Neighborhood Sustainability Program funds, energy block grants and competitive grants, Community Development Block Grants (CDBG), and state Prop 1C funds. Many of these funds are being distributed directly to counties, cities and housing authorities through the block grant formula disbursement. In addition, there are still opportunities for competitive grants for individual projects.

A few key projects from the Sub-Regions are identified below. More detail about each of these projects is included in Attachments A.1 and A.1.a.

Monterey

- Soft Landing Program (CO-11)
- NSP Cooperative Program (CO-12)

Santa Cruz

- Barrios Unidos (BU-1)

San Luis Obispo

- Housing Grants (SLC-1)

IV. SITE CERTIFICATION PROGRAM

The Region is ready and very interested in working with the State and local partners to develop a regional “Shovel-Ready” Site Certification Program to enhance readiness to attract new investment and facilitate new jobs and revenue-generation development. This willingness is demonstrated by the high number of projects that have been identified as “Immediately” available (refer to Attachments B.1. through B.5).

V. SUPPORT FOR SMALL BUSINESS AND INNOVATION

The Region has a long history of supporting small business and innovation through collaboration between the State of California, counties, cities, and various private and non-profit partnerships. California’s Region 5 is ready, willing, and able to work with the State and local partners in (1) leveraging



or competing for the various federal stimulus resources identified in the Guidelines and (2) developing the economic initiatives referenced in the February 9, 2009 letter and the Guidelines. This is evidenced by the number of collaborative projects included in the various attachments.

Several of the Projects or Programs identified will provide comprehensive support for small or start-up businesses by providing assistance through new and existing resources. These are termed “Business Incubators”. Business Incubators can provide management guidance, technical support, and financing assistance for small businesses. In past economic downturns, job growth in small businesses has been to be an important part of the economic recovery process.

Several of the projects noted below under Workforce Development also help small businesses. These include the Cal Poly Technology Park (CP-1), the Sustainable Business Incubator for San Luis Obispo County (EVC-1), the Monterey Green Jobs Corporation (CO-11), and the Step Up to Green Program (MCBC-1).

VI. WORKFORCE DEVELOPMENT

Region 5 is ready and very interested to work with State and local partners in (1) competing for federal grants for training and job placement; (2) leveraging or developing the various state and federal workforce development initiatives referenced in the Guidelines; and (3) addressing areas of high unemployment.

A few key projects from each Sub-Region are identified below. More detail about each of these projects (and other Workforce Development Projects and Programs) can be found in Attachments A.1 and A.1.a.

Monterey

- Step Up to Green Program (MCBC-1)
- California Green Jobs Corp and Salinas Valley Job Corps (WIB-1)

Santa Cruz

- Temporary Employment Program (WIB-2)
- Youth Employment Program (WIB-3)

San Luis Obispo

- Sustainable Business Incubator for SLO County (EVC-1)
- Cal Poly Technology Park (CP-1)

Santa Barbara

- California Space Center – Phase I (CASA-1)



VII. RENEWABLE AND CLEAN ENERGY

Within the Region there are a variety of projects and programs that emphasize renewable or clean energy. Many of the organizations within the region plan to reduce energy consumption through weatherization and installation of solar panes. Several organizations also plan to implement programs to use bio-fuel or compressed natural gas. With implementation of these projects, the Region will be well on its way to becoming a leader in renewable or clean energy resources. Some of these key projects are noted below.

Monterey

- Bio-Fuel Partnership (with Energy Alternatives Solutions, Inc.) (GON-7)
- Cellulose Recovery from MSW Form Ethanol or Methane Production (SVSW-1)

San Luis Obispo

- AG – 1 Green Center (Funding for CNG Fueling Station)

VIII. NEXT STEPS

This Plan is intended to be a working document that will continue to be refined with input from a variety of stakeholders. Input is expected and encouraged from the various local, state and federal agencies that are a part of the economic stimulus funding. The Plan can serve as a stepping stone to work together to find consensus based priorities and facilitate economic recovery over the next couple years.

Inclusion within the Plan does not take the place of submitting individual grant applications. Participating organizations should review the Plan and review not only their projects submittals, but the submittals by other organizations. Organizations should continue to refine their project submittals, prepare the necessary grant applications, and submit the grant applications by the appropriate deadline/s. Where possible, organizations should look for collaborative opportunities and submit joint applications. Through regional and inter-regional collaboration, Region 5 will be able to maximize funding opportunities through the American Recovery and Reinvestment Act of 2009 (ARRA) and facilitate economic recovery in the Region.



Index of Attachments

- A.1** Key Project List Summary (attached)
- A.1.a** Key Project List Detailed Information (attached)
- B.1** Monterey Sub-Region Summary (attached)
- B.1.a** Monterey Sub-Region Detailed Questionnaires (available upon request)
- B.2** Santa Cruz Sub-Region Summary
- B.3** San Luis Obispo County Sub-Region Summary
- B.3.a** San Luis Obispo County Sub-Region Detail Questionnaires (available upon request)
- B.4** Santa Barbara Sub-Region Summary
- B.4.a** Santa Barbara Sub-Region Detail Questionnaires (available upon request)
- B.5** San Benito Sub-Region Supplemental Information (available upon request)