Economic Vitality Corporation of San Luis Obispo County
2016 Annual Report
Dear EVC Sponsor,

Our 22nd year as the only economic development, non-profit organization for all of San Luis Obispo County has been momentous. We have accomplished much in the last year, thanks to your unwavering support of our mission to ensure the vitality of our local economy. On behalf of our entire Board of Directors and EVC staff, thank you for your generous support.

Under the umbrella of the Economic Strategy Project, the EVC continues to work towards the implementation of initiatives which tackle outstanding issues faced by all of our industry clusters. These efforts are possible only through the help of many public and private sector stakeholders who volunteer their time to create and implement solutions to challenging, long-term issues facing our county. This year we accomplished key initiatives that will impact all residents of our county for the long-term such as enabling more housing for the workforce, expanding air service, ensuring greater broadband connectivity and improving infrastructure.

In light of the forthcoming closure of the Diablo Canyon Power Plant, our county’s economy will be faced with the loss of an annual economic impact of $1 billion. The EVC is taking the lead to organize the strategic planning to mitigate these impacts to ensure a thriving, post-Diablo economy. The closure of the power plant will no doubt change our economic landscape in ways this County has never before experienced, making economic development and our mission more important than ever.

In this report, you will find a more detailed account of our accomplishments over the last year, and the ways in which we are already preparing for the closure of Diablo Canyon. As our County faces new opportunities to redefine our economy, please consider playing a role in this major transition in our community by renewing your sponsorship of the EVC for 2017.

Please find attached a sponsorship invoice.

Again, on behalf of the 40 Board of Directors and staff, please accept our sincere gratitude for your continued support of the EVC and its mission.

Sincerely,

Michael E. Manchak
Table of Contents

LETTER FROM BOARD CHAIR.................................................. 1

EVC BOARD OF DIRECTORS 2016 ........................................... 2

NEW SPONSORS 2016 .............................................................. 4

ECONOMIC DASHBOARD .......................................................... 5

ORGANIZATIONAL DEVELOPMENT ......................................... 6

STRATEGIC PARTNERSHIPS ...................................................... 7

ECONOMIC STRATEGY PROJECT ............................................ 9

LOOKING AHEAD: A POST DIABLO ECONOMY ...................... 14
Dear EVC Sponsors,

On behalf of my fellow 40 Board members, it is my pleasure to serve as Chairman for 2016-2017. Thank you very much for your sponsorship.

As you read this letter, I hope you will agree that the EVC has accomplished much in the last fiscal year, none of which would have been possible without your generous support. Each and every one of our sponsors is critical to the work that is done to further the mission of the EVC and to help promote business growth in our county. Your support has also served as the foundation of this organization and the impetus for the Economic Strategy Project, and it is essential to the economic development we work to facilitate.

As we prepare for the closure of the Diablo Canyon Power Plant, we have the opportunity to imagine the future of the San Luis Obispo County economy and the opportunities that lie ahead in our communities. Such visioning is necessary to ensure that our resources are being put towards initiatives that will prepare us for the loss of our largest private employer. With that, we recognize that our economic development work in this County is needed now more than ever.

As we continue to champion jobs and the economy, we welcome your input and we sincerely thank you for your support.

Sincerely,

Ziyad Naccasha

Ziyad Naccasha
2016 EVC Board of Directors

Executive Committee

Ziyad Naccasha
Chair & Board Counsel
Partner, Carmel & Naccasha

Brian Tietje
Vice-Chair
Vice Provost, International, Graduate & Extended Education Cal Poly

Bruce Ray
Past-Chair
Chief Financial Officer, Cannon

Steven Harding
Treasurer
Chairman of Community Leadership Groups, Rabobank

Jolie Ditmore
Secretary
CEO & Co-Owner, Medicorp

Kris Vardas
Member-At-Large
Chair, Economic Strategy Project

Government Liaisons

Tim Brown
Council Member, City of Arroyo Grande

Dan Carpenter
Vice Mayor, City of San Luis Obispo

Lynn Compton
4th District Supervisor
County of San Luis Obispo

Adam Hill
3rd District Supervisor
County of San Luis Obispo

Christine Johnson
Council Member, City of Morro Bay

Jeff Lee
May Pro Tem, City of Grover Beach

Steven Martin
Mayor, City of Paso Robles

Heather Moreno
Mayor Pro Tem, City of Atascadero

Ed Waage
Council Member, City of Pismo Beach

Emeritus Members

Dave Juhnke

Tom Sullivan

Charley Senn
2016 Board of Directors

Michael Cannon
President, Cannon

Ken Dalebout
Chief Administrative Officer
Arroyo Grande Community Hospital

Joe DeSchryver
Chief Executive Officer
Sierra Vista Regional Medical Center

Henry Dubroff
Chairman & Editor
Pacific Coast Business Times

Carl Dudley
VP/Sr. Relationship Manager
Pacific Western Bank

Devon Goetz
General Manager, The Tribune

Linda Hendy
SLO County Chamber Executives

Stacie Jacob
Chief Strategist
Solterra Strategies

Tom Jones
Director, Strategic Initiatives
Pacific Gas & Electric Company

John E. King
Principal
Boutique Hotel Collection

Dawn Legg
Assistant Project Manager,
External Affairs, First Solar

Tim Mahoney
District Manager,
Southern California Gas Company

Noreen Martin
President & CEO, Martin Resorts

Kevin Meyer
Managing Partner, Gemba Academy

Brendan Morris
CEO, Morris & Garritano

Chris Richardson
Managing Partner
Richardson Properties

Ty Safreno
CEO/CTO, Trust Automation

Eric Schwefler, CPA
Partner, Caliber Accounting & Tax

Mike Silacci
Regional Vice President
AT&T External Affairs

Darren Smith
CEO, Compass Health

Gil Stork
Superintendent & President
Cuesta College

Tim Williams
Founder & CEO, Digital West

Economic Vitality Corporation of San Luis Obispo County

2016 Annual Report
New Sponsors 2016

**ECONOMIC DASHBOARD SPONSORS**

**PLATINUM LEVEL | $5,000+**

introNetworks

**GOLD LEVEL | $2,500+**

amazon

**SILVER LEVEL | $1,000**

ALFANO

**BRONZE LEVEL | $500+**

Vivan Hanover
Andrew Firestone

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The EVC mission is to stimulate the economic vitality of San Luis Obispo County, generate jobs, increase investment in the community and promote the start-up, growth and attraction of businesses.
Economic Dashboard

In May, the EVC launched the Economic Dashboard providing easy access to economic data for our county. This resource, which is updated as new data becomes available, helps citizens, government and businesses to quickly and efficiently see a graphical interface of our local economy, as well as the status of the six industry clusters. The Dashboard was funded by the San Luis Obispo Partners in Education, a program funded by the state and affiliated with the County Office of Education, as well as Dignity Health of the Central Coast, and Southern California Gas Company.

To view full dashboard visit, [www.sloevc.org/Dashboard](http://www.sloevc.org/Dashboard)

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**SAN LUIS OBISPO COUNTY KEY ECONOMIC INDICATORS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Measure</th>
<th>2015 Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS REGIONAL PRODUCT</strong></td>
<td></td>
<td>$13.7 bil</td>
<td>4.5% from 2014</td>
</tr>
<tr>
<td><strong>UNEMPLOYMENT RATE</strong></td>
<td></td>
<td>4.2%</td>
<td>0% points from Sep 2015</td>
</tr>
<tr>
<td><strong>PRIVATE SECTOR JOBS</strong></td>
<td></td>
<td>95.5k</td>
<td>3.5% from Q4 2014</td>
</tr>
</tbody>
</table>

**PRODUCTIVITY**

<table>
<thead>
<tr>
<th>Category</th>
<th>Measure</th>
<th>Q4 2013 Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW BUSINESS REGISTRATIONS</td>
<td></td>
<td>286.0</td>
<td>9.2% from Q4 2012</td>
</tr>
<tr>
<td>QUARTERLY TAXABLE SALES</td>
<td></td>
<td>$1.5 bil</td>
<td>10.2% from Q4 2013</td>
</tr>
<tr>
<td>LABOR FORCE PARTICIPATION</td>
<td></td>
<td>63.0%</td>
<td>1.5% from Aug 2016</td>
</tr>
</tbody>
</table>

“THE ECONOMIC DASHBOARD IS THE ONLY RESOURCE OF ITS KIND IN OUR REGION THAT ALLOWS THE PUBLIC TO EASILY TRACK AND UNDERSTAND THE HEALTH OF THE LOCAL ECONOMY AND MAKE INFORMED DECISIONS ABOUT HOW TO IMPROVE IT.”

BRUCE RAY
EVC PAST CHAIR

2016 Annual Report
Organizational Development

REBRANDING AND ENHANCED COMMUNICATIONS

In conjunction with the launch of the Economic Dashboard, the EVC also redesigned its website to enhance its communication and access to resources and information for the public, both locally and out of the region. With the unveiling of the new website, the EVC also redesigned its newsletter and launched multiple social media to reach many types of audiences and increase access to industry and cluster information. The cluster logos and the newsletter were also redesigned to ensure consistent branding and a more refined look for the organization.

With these efforts, we will be able to more effectively share the work the EVC is accomplishing to facilitate economic growth with our community.

Thanks to the following for their help with our rebranding efforts!

STRATEGIC PLANNING

Earlier this year, the EVC Board of Directors embarked on a strategic planning effort to develop a comprehensive vision for the future of the organization and how it impacts the local economy. The initial process resulted in the formation of three committees focused on:

- Advocacy;
- Fundraising; and
- Messaging.

Much of the strategic planning conversations focused on advocacy parameters and efforts, how to more effectively tell our organization’s story to the community and fundraising strategies. As a result, there are several initiatives with relation to these topics that are ongoing and continue to be implemented by EVC staff and Board members.
Strategic Partnerships

At the EVC we believe that strategic partnerships are paramount to our success and the success of our communities. In 2016, we focused on strengthening and expanding our partnerships to advance shared goals.

PARTNERSHIP GOAL #1: DEVELOP THE TALENT PIPELINE OF SKILLED EMPLOYEES

In an effort to better prepare local high school students for college and career readiness and to cultivate a local talent pool of skilled employees ready to enter the local workforce, secondary and post-secondary education entities are partnering with the business community to develop and strengthen pathways designed to feed local students into jobs within our local economy. These partnerships are essential to ensuring a long-term talent pipeline of a skilled workforce in our community—a vexing challenge for local companies.

San Luis Obispo Partnership in Education (SLOPE), which is under the umbrella of the County, will build a sustainable Career and College Pathway infrastructure that provides students in San Luis Obispo County high schools with career and college counseling and planning, education, and work opportunities and that facilitates the involvement of local industry and business in this process.
PARTNERSHIP GOAL #2: FACILITATE AND PROMOTE HOUSING FOR OUR LOCAL WORKFORCE

Housing has been and continues to be the single largest issue plaguing our local workforce across all industry sectors. This year, the EVC focused on cultivating strong partnerships with public and private sector stakeholders to advance a broad range of policy solutions designed to bring much needed changes to this challenge.

PARTNERSHIP GOAL #3: PROMOTE AND SECURE THE EXPANSION OF OUR REGIONAL AIRPORT AND AIR SERVICE

Additional air service is a key element of future economic health particularly as we plan for a post-Diablo economy. Access to additional flights in and out of San Luis Obispo is critical to the economy, fosters tourism, and allows local businesses to be able to access other markets.
Economic Strategy Project

Letter from the Economic Strategy Project Chair

When the San Luis Economic Strategy Project was first developed in 2010, it was done so with the intent to foster job growth, create long-term prosperity, and improve the well-being of our communities through a strategy that addresses social, environmental and economic challenges. Since its inception six years ago, and a formal update in 2015, the San Luis Economic Strategy Project has proven to be a fruitful endeavor that facilitates opportunities for cross- and inter-industry collaboration and a more business-friendly environment within our communities. We have experienced several successes this year, and are eager to continue making progress in our mission to ensure economic vitality in our region. Thank you for your continued support in these efforts.

Kris Vardas

STRATEGIC INITIATIVES ARE THE MEANS THROUGH WHICH A VISION IS TRANSLATED INTO PRACTICE.
Clusters of Industry

BUILDING DESIGN & CONSTRUCTION
CHAIR: Lenny Grant, RRM Design Group
VICE-CHAIR: Brad Brechwald, Wallace Group

KNOWLEDGE & INNOVATION
CHAIR: David Gilberts, Level 3 Communications
VICE-CHAIR: Tim Williams, Digital West

UNIQUELY SLO COUNTY
CHAIR: Chuck Davison, Visit San Luis Obispo County

ADVANCED MANUFACTURING
CHAIR: Ty Safreno, Trust Automation

HEALTH SERVICES
CHAIR: Joe DeSchryver, Sierra Vista Regional Medical Hospital

ENERGY
CHAIR: Maria Kelly, BHE Renewables
VICE-CHAIR: Dawn Legg, First Solar
Strategic Initiatives

Strategic initiatives are the means through which a vision is translated into practice. In 2016, the EVC focused on advancing four strategic initiatives

**WORKFORCE HOUSING**

*Workforce Housing Policy*

The lack of workforce housing in our County impacts the wellbeing of our citizens, communities and our local economy. Our ability to both attract and retain excellent and highly-skilled employees suffers as a result of their inability to find housing. This hinders the health of the local economy and presents itself as one of the County’s greatest challenges.

The EVC, in collaboration with the **San Luis Obispo Chamber of Commerce** and the **Home Builders Association of the Central Coast** (“HBA”), conducted a series of workshops with private and non-profit stakeholders that resulted in seven policies that were identified as having the most potential to impact the development of workforce housing. Following the identification of these policies, the three organizations met frequently with County Staff from the Planning and Building Department to answer any questions they might have on the proposed policies. A total of seven policy recommendations were submitted to County Staff for further research and discussion on June 16, 2016. The seven policy recommendations are as follows:

1. **Zoning:** Zone for large scale projects
2. **Process Time:** Streamline process calendar
3. **Process Time:** Establish floor on housing growth
4. **Fees:** Scale fees to unit size
5. **Fees:** Revise timing of payment within fee schedule
6. **Infrastructure:** Regional approach to funding and spending
7. **CEQA:** Administrative draft review of EIR

All of these polices were brought before the Board of Supervisors on October 4, 2016 for their consideration. After more than four hours of deliberation and public testimony, the Board of Supervisors directed staff to implement eight housing policy reforms and two financing options. The EVC is enthusiastic about working alongside our partners and County Staff to implement these policies that will address our housing challenges.
Workforce Housing Ordinance & Design Guidelines

Over the last two years, EVC Staff and the Building, Design & Construction (BD&C) Cluster have been working with County Staff to develop the Workforce Housing Ordinance & Design Guidelines. The ordinance amounts to the creation of a pilot program intended to encourage the development of workforce housing by reducing the standard subdivision building requirements. County Staff was also charged with developing new housing design guidelines to further the potential for housing affordable to the workforce. Recently, the Planning Commission approved all of the recommended changes requested by the Building, Design & Construction cluster and the ordinance is scheduled to go before the Board of Supervisors on November 22\textsuperscript{nd}.

INFRASTRUCTURE

The Infrastructure Committee is a sub-group of the BD&C Cluster. The mission of this group is to advise the County on infrastructure needs from the business community’s standpoint and help develop solutions to address these needs. The committee continues to act as a referral body to the County on infrastructure issues and coordinates with the Planning & Building and Public Works Departments on infrastructure solutions. The County has been a partner in this process, and the committee is providing meaningful feedback on items such as Capital Improvement Project prioritization, Circulation Studies, Community Plans, etc.
BROADBAND

The EVC continues to be one of three regional partners of the **Broadband Consortium of the Pacific Coast** (BCPC) which facilitates collaboration between industry and government to meet high-speed internet (broadband) infrastructure needs across the region, particularly subsurface, fiber-optic infrastructure. This year, the BCPC commissioned a report by Tellus Ventures to assess the state of broadband across the Tri-Counties and identify future opportunities to expand broadband infrastructure. According to the report, the City of San Luis Obispo has the best commercial broadband access in all of the Tri-Counties. The cities of Grover Beach and Morro Bay are also making significant upgrades to ensure access to high-speed fiber connectivity for key commercial areas.

AIRPORT/AIR SERVICE EXPANSION

Since 2008, the EVC has continued to work closely with the leadership of both the San Luis Obispo County Regional Airport and Visit San Luis Obispo County to foster a thriving airport so that tourists and local businesses have good access to and from the region. On June 29th, the SLO County Regional Airport announced the addition of a daily, non-stop flight to Seattle by Alaska Airlines beginning April 2017. This addition, made possible through the collaboration of these organizations, is a major step in regaining the air service that the County lost during the last recession. We’re also proud to see the future opening of the new airport terminal in summer of 2017, an endeavor that reflects the County’s investment in key transportation infrastructure. The EVC is also working with the airport and Visit San Luis Obispo to attract and retain additional flight service to other areas, such as Denver and Dallas.

“**The Central Coast will reap huge economic benefits from its new nonstop service to Seattle by connecting San Luis Obispo to Seattle’s business and technology hub and drawing in rain-weary tourists from the Pacific Northwest.**”
Looking Ahead: A post-Diablo Canyon Economy

The forthcoming closure of the Diablo Canyon Power Plant (DCPP) will have profound economic impact on our communities. Our County will eventually experience the loss of its largest, private employer and with it approximately $1 billion in annual economic impact and approximately 1,500 head-of-household jobs.

As the only countywide, economic development organization, the EVC continues to focus on fostering a strong economy by driving economic initiatives that promote the creation of jobs and business growth. In alignment with that mission, we are taking steps to ensure that our region will thrive following the closure and decommissioning of DCPP. Following the announcement of the closure, the EVC began conducting research into the ways other communities have prepared for the closure of a nuclear power plant in their economy. Staff continues to hold conversations with stakeholders to assess how to work in coordination and collaboration with community partners to effectively transition our community and plan for a new economic future, post-DCPP.

Furthermore, the EVC is seeking funding from public and private grants in order to commission a highly-qualified consulting team to: (1) conduct an economic impact analysis; (2) perform case study analysis of other communities that have lost a major revenue generator/employer; (3) develop and implement a thorough public engagement and outreach program; and (4) develop a strategy and implementation plan. The strategy and implementation plan will provide a roadmap to address the adverse economic effects from the closure of the DCPP. A Request for Proposals (RFP) to solicit proposals from consulting teams is currently being developed in collaboration with the County, the cities and our Economic Strategy Steering Committee.

The closure of the DCPP creates an opportunity for the leaders of our businesses, community organizations, cities and the County to envision a new, economic landscape for the future of our communities and our way of life here on the Central Coast. As we continue through this process, your input and expertise will be essential to ensuring a thriving, post-Diablo economy.