

Central Coast Economic Recovery Initiative

February 27, 2021

AUTHOR NOTE: This document has been prepared by a coalition of local elected officials and community members who agree that implementation of immediate collaborative economic recovery efforts for the San Luis Obispo County region are vital to the health, safety, and welfare of our residents and businesses. It is intended to be a living and breathing document with robust stakeholder and public engagement.

Executive Summary

Unlike any other area in the state, California's Central Coast is a coastal community made of diverse regions with distinctive ecosystems, industries, cultures, and ideologies. Regional leadership and collaborations are the cornerstones of the Central Coast's ability to successfully address its most formidable challenges. The Central Coast Economic Recovery Initiative is a collaborative project dedicated to developing and implementing regionally coordinated community-level economic development goals and objectives with community members and organizations, academic institutions, economic development organizations, and other governmental and non-governmental organizations.

The initiative is broken down into strategic goals and tactical objectives to achieve those goals, which are all interrelated and inextricably linked to the economic, social, and environmental well-being of our community. These goals include:

- Supporting Impacted Renters, Landlords, and Local Businesses
- Leveraging Existing Regional Economic Development Funds
- Assembling the Initiative-Related Multi-disciplinary Task Forces
- Growing High Road Workforce to Implement Initiative
- Expediting Renewable Energy Programs and Projects
- Delivering on Specific Housing and Built Environment Strategies
- Upgrading Regional Transportation Infrastructure
- Enhancing Regional Water Security
- Developing Zero Emission Electric Vehicle Infrastructure
- Studying Alternative Uses for the Oceano Dunes State Vehicular Recreation Area
- Supporting Efforts to Improve Broadband Connectivity

Underlying this initiative, is the goal to drive economic mobility for all Central Coast residents, which requires deliberate action, relentless accountability, and precise measurement tools. Local, regional, state, and federal partnerships are necessary prerequisites to developing solutions that meet the challenge, while giving full consideration to achieving the region's climate goals, economic development strategies, and social equity investments. Thus, incorporated within this initiative, is a proposal to quickly form technical working groups and rapid response teams consisting of subject matter experts on policy, economics, and project feasibility who can work with university faculty and students to flesh out the details of site-specific project and program proposals around the initiative's stated goals and objectives. These advisory groups will operate free of conflicts of interest from industry groups and directly advise city and regional governments on a range of renewable energy, housing, and infrastructure projects as well as economic development plans to replace facility closures and make use of any otherwise stranded assets. Each rapid response team will operate with the central aim of maximizing job growth and near-term business relief, while not losing sight of the state's climate resiliency and adaptation goals.

It is important to note that this initiative has been developed in alignment with the goals stated in the Regional Economic Action Coalition's (REACH) 2030 Action Plan for Job Creation, and is envisioned to continue in collaboration with REACH and their ongoing efforts related to regional economic development.

The Central Coast Economic Recovery Initiative

Vision

A thriving Central Coast economy where all residents have access to affordable housing, good paying jobs, and a high quality of life.

Background

The Central Coast economy has been heavily impacted by the COVID-19 pandemic. Access to good paying jobs and affordable housing is at an all-time low. In addition to the detrimental impact the pandemic has had on local businesses, many residents are now facing eviction and homelessness due to accumulated rent debt currently estimated to be between \$24,000,000 and \$43,000,000 in San Luis Obispo County¹. Now more than ever, our Central Coast community requires leadership – from both the public and private sectors – in the form of swift and bold action through increased levels of collaboration, partnership, and implementation in order to creatively access, leverage, and utilize existing local, state, and federal funding and resources for local and regional economic recovery. Accordingly, the ambitious goals and objectives identified in this initiative focus on efforts that are intended to help reboot the local economy in the fastest possible manner with the intent to benefit both the public and private sectors with programs and projects that will generate a high economic, social, and environmental return on investment.

Purpose

The purpose² of this initiative is to: 1) mitigate the compounding impacts of the COVID-19 pandemic on Central Coast residents and workers by implementing a comprehensive regional economic recovery-based strategy focused on clean energy investment, a sustainable tourism industry, and the creation of housing, job, and career opportunities for Central Coast residents; 2) strengthen the local economy to withstand shocks and associated impacts including job losses due to climate change and events such as the COVID-19 pandemic, the closure of the Diablo Canyon Power Plant, and the closure of the Phillips 66 Santa Maria Refinery through strategies that seek to make our community more economically and environmentally resilient and diversified; and 3) fully utilize the untapped potential of talent and resources in our community by creating a robust network of subject matter experts and partnerships.

Approach

The initiative revolves around the rapid deployment of multi-disciplinary teams – led by community leaders and university faculty – tasked with performing pre-feasibility studies related to the initiative's goals and objectives. The work product is low or no cost community- and university-led feasibility (and economic impact) studies that can be used by the public and private sector to quickly vet program and project feasibility before making substantial investments. With completed feasibility studies in hand, and a more informed projection of economic impacts, decision makers can direct program and project implementation in a robust and streamlined manner, utilizing a financially conservative approach to public investment that is intended to maximize every government dollar spent.

Together, we can accomplish what may otherwise seem impossible. But it is going to take hard work, determination, and unprecedented levels of partnership in order to be successful.

¹ Figure derived by Policy Link per Dr. Janine Nkos, Fresno State University and Faith in the Valley.

SECTION 1. COVID-19 ECONOMIC RELIEF EFFORTS

Goal 1.1 Support Impacted Renters, Landlords, and Local Businesses

To explore utilization of local and regional economic development funds and federal and state relief funds to address the immediate, critical financial needs of businesses, landlords, and renters.

Objective 1.1.1 For small landlords and renters, local and regional government should acknowledge the coming wave of COVID-19 evictions, which is a growing crisis for families in San Luis Obispo county, and take bold action to mitigate the risk of eviction and homelessness, as the social and economic cost to taxpayers of keeping people housed is far less than the cost to re-house them. Local and regional governments should consider the following policies:

***Action 1:** Form a rapid response task force to study the scope and magnitude of the rent debt accumulation, housing, and eviction crisis in our community and develop strategies and tactics for comprehensively mitigating negative impact scenarios given available resources.*

***Action 2:** Ensure SB 91 Emergency Rental Assistance Program and CARES Act funding is efficiently and timely administered with the goal of reaching as many people as possible with as little overhead as possible. If delay is forecasted, develop work-around solutions.*

***Action 3:** Consider developing programs to meet those who are ineligible under SB 91 or CARES Act because they do not meet the income requirements (must be at or below 80% of average median income) or other eligibility requirements such as the development of a privately-sponsored local emergency relief fund for struggling landlords and tenants who are not currently eligible for federal or state funding.*

***Action 4:** Explore and advocate for local policy options to lower barriers for securing rental housing, such as limiting unduly restrictive income and eligibility requirements, and providing assistance programs for obtaining security deposits.*

Objective 1.1.2 For small businesses, local and regional governments should consider focusing a portion of remaining CARES Act funding, future relief funding, and/or economic development resources on direct financial assistance to struggling businesses through small business assistance grants, loans, or other programs in partnership with local chambers of commerce, consistent with the approach taken by most cities in the county in both the incorporated and unincorporated areas of the county.

***Action 1:** Form a rapid response task force to study the scope and magnitude of impact to businesses in the county incorporated area, which have not had the benefit of municipal direct financial assistance programs, and consider implementation of direct financial assistance programs to help assist with rent, payroll, personal protective equipment costs, costs associated with implementing new cleaning or operational protocols, and costs to shift their business practices to better adapt to the COVID-19 environment.*

SECTION 2. ECONOMIC RECOVERY EFFORTS

Goal 2.1 Leverage Existing Regional Economic Development Funds

To mitigate the regional economic impact of the decommissioning and eventual shuttering of the Diablo Canyon Nuclear Power Plant (DCPP), consider formation of a rapid response regional task force to establish partnerships between city, county, and state representatives to leverage remaining unspent and unallocated local and regional SB 1090³ economic impact mitigation funds with private investment and federal/state match funding sources to support implementation of this initiative.

Objective 2.1.1 Target new federal and state government green stimulus proposals and funding sources designed to support economic recovery and development through increased government spending on infrastructure and renewable energy projects that will improve environmental resiliency, address climate mitigation and adaptation strategies, and create new good paying jobs for Central Coast residents.

SB 1090 Funds

One funding source available to local governments is SB 1090 funding, which provides one-time economic assistance for Central Coast communities that will be negatively impacted by the closure of the Diablo Canyon Nuclear Power Plant. This funding source could be utilized at a regional jurisdiction-by-jurisdiction level to serve as match funding for collaborative regional program and project implementation. The funding was allocated to the County of San Luis Obispo's Economic Development Fund (EDF) which totaled \$10M and the Essential Services and Stabilization Fund (ESSF) which totaled \$75M. In total, the County General Fund will receive just over \$32M in SB 1090 funds. Per prior Board of Supervisor's direction, these funds will be set aside for (1) Economic Development, (2) Affordable Housing, (3) Infrastructure, (4) Safety, and (5) Tax Reduction reserve purposes. The County received \$3.6M in EDF funds, with the remainder going to SLO County cities (see table below). Of the \$75M in ESSF, the County will receive \$27.9M, with the remainder being spread amongst over 75 other agencies, including schools. Roughly \$18.4M of ESSF has been received thus far, with the remainder coming in multiple allocations until 2025. Per agreement, the \$10,000,000 in EDF funds were disbursed per the table below.

| County (40%) | Regional | Coalition of Cities (60%) | Arroyo Grande | Atascadero | Morro Bay | Paso Robles | Pismo Beach | San Luis Obispo |
|--------------|-----------|---------------------------|---------------|------------|-----------|-------------|-------------|-----------------|
| \$3,840,000 | \$400,000 | \$5,760,000 | \$747,422 | \$783,106 | \$497,472 | \$1,145,631 | \$767,028 | \$1,819,341 |

Goal 2.2 Assemble Initiative-Related Multi-disciplinary Task Forces

To develop task forces composed of community members, elected representatives, government organizations, private sector companies, regional economic development organizations, and academic institutions with diversified subject matter expertise in order to implement this initiative. Expedite program and project timelines (which minimizes financial risk) by development of pre-feasibility studies that operate as pipelines for project implementation with 60 to 90-day concept-to-completion study timeframes (turnaround).

Objective 2.2.1 Partner with Cal Poly's Climate Institute, Digital Transformation Hub (DxHub), and Center for Innovation and Entrepreneurship (CIE), SLO Hothouse, and

³ Per the September 30, 2020 annual report provided to PG&E, approximately \$7.3M of the \$10M in EDF funds remained unspent (but not necessarily unallocated).

CleanTech Open to develop cleantech concepts related to this initiative into local cleantech companies.

Objective 2.2.2 Partner with economic development organizations including REACH/EVC and chambers of commerce to implement this initiative.

Objective 2.2.3 Partner with academic institutions including Cal Poly, Cuesta College, Allan Hancock College, and other regional organizations to leverage faculty expertise and student “Learn by Doing” to assist rapid response task forces, feasibility studies, and planning efforts associated with this initiative.

Goal 2.3 Grow High Road Workforce to Implement Initiative

To partner with the State of California Governor's Office of Business and Economic Development (GO-Biz), CA FWD, Central Coast local and regional governments, councils of governments, school districts, academic institutions of higher learning, building industry trades and unions, workforce development boards, and economic development organizations to train, educate, and mobilize a local workforce that will be well positioned to implement this initiative.

Objective 2.3.1 Trade Apprenticeships and Certifications Work with labor unions and other organizations and trades to scale apprenticeships, and training, and worker certifications around this initiative.

Objective 2.3.2 Upscale the Workforce Work with Hancock and Cuesta College, trade schools, and workforce development programs to provide supplemental training, support, and certification for existing workforce around this initiative.

Objective 2.3.3 Hire Local Include local hire provisions in government contracts and incentivize local hire to the greatest extent possible relative to project scope, duration, and objectives around this initiative.

Goal 2.4 Expedite Renewable Energy Programs and Projects

To create jobs, expedite repurposing and retrofitting existing facilities that will generate renewable energy, and ultimately reconfigure the electrical grid to be more resilient in face of increasing extreme weather events, resulting power safety shutoffs, and other disaster risks.

Objective 2.4.1 Explore Repurposing Diablo Canyon and Morro Bay Power Plants

Through public-private partnerships, strengthen existing REACH and other task force efforts to expedite project timeline associated with feasibility studies related to reconfigurations of the DCPD and Morro Bay Power Plant facilities to mitigate the negative impacts of stranded asset scenarios, repurpose the existing facilities for alternative energy uses such as offshore wind energy or hydrogen generation, and create new jobs. For DCPD, ensure surrounding lands are conserved and nuclear and other hazardous waste is secured and/or remediated in a manner suitable and appropriate to neighboring communities.

Objective 2.4.2 Study Feasibility for Large Scale Battery Storage Through public-private partnerships, form regional task force to perform feasibility analyses at key site locations (beyond the Morro Bay Power Plant site) to build state-of-the-art battery storage facilities that will support job creation and future required storage capacity needs related to offshore wind generation and increased solar output.

Objective 2.4.3 Make Critical Site Facilities Resilient Implement resilient energy systems, referred to as microgrids, at critical sites such as hospitals using distributed energy resources (DERs) such as solar, battery storage, and generators. Explore cost/benefit ratios to encourage additions of solar installations on existing structures.

Goal 2.5 Deliver on Specific Housing and Built Environment Strategies

To build on existing REACH/EVC housing and infrastructure cluster and county strategic planning efforts, form task forces specific to implementing the following concrete objectives.

Objective 2.5.1 Develop and Advocate for Implementation of Specific Housing Policies Form task force to review, prioritize, select, and advocate for the policies identified in the Central Coast Housing Working Group Toolkit and the San Luis Obispo Council of Governments Sustainable Communities Strategy, in order to strengthen the implementation of housing best practices across each jurisdiction, focused on prioritizing infill and transit-oriented development and addressing barriers to housing such as inadequate childcare facilities.

Objective 2.5.2 Support ADU Development Develop and implement incentives necessary to facilitate and construct accessory dwelling units (ADUs) at least equal to the amount indicated in each city and county's general plan housing elements over the course of the next two years to generate jobs and housing opportunities.

***Target:** Build 1,000+ units by end of CY2022 per regional housing needs assessment (RHNA).*

***Action 1:** Utilize the Regional Early Action Program-funded regional ADU pre-approved standard construction plan layout program being led by the City of Atascadero to streamline planning, permitting, design, and construction process.*

***Action 2:** Develop model ADU ordinance/toolkit for adoption by the cities and county and embolden each jurisdiction to commit to the regionalism commitments codified in their housing elements, the regional housing compact, and county housing strategic plan to ensure all ADU ordinances comply with state law, community development department staff have resources necessary to review and approve ADU plans in compliance with 60-day ministerial statutory review and approval period, and permit/fee costs are reduced to the extent feasible in order to remove barriers for homeowners.*

Objective 2.5.3 Incentivize Solarization and Electrification of New Construction

Through partnership with Central Coast Community Energy (3CE), Tri-Counties Regional Energy Network (3C-REN), PG&E and private-sector companies, support job creation by incentivizing construction of all electric new construction (including ADUs under Objective 2.5.2).

Objective 2.5.4 Develop RFPs to Energy Services Companies (ESCOs) Form rapid response task force to develop RFPs in order to appeal to ESCO companies to work within the region utilizing local workforces to perform commercial building energy upgrades, which allow property owners to invest in upgrades with contractual assurance that investments will produce positive cash flows, meaning the energy savings are greater than the debt service payments. The ESCO usually assumes responsibility for

the accuracy of their energy assessments and provide this assurance. Program and contract details need to be verified on a regional basis.

Program Detail: *There are only a few dozen ESCO companies listed on the National Association of Energy Services website (NAESCO) and a few that have offices in California. A coalition of city governments can send a sign on letter to encourage one of them to set up offices locally. These types of energy upgrades are often fairly expensive, involve significant investment and can range from HVAC and refrigeration to simply changing out the lighting or light bulbs in a building. Because the projected energy savings pay for the investment, broadening the reach of energy efficiency work will use the projected energy savings to create jobs as a form of green stimulus. There are enhanced incentive opportunities where HVAC improvements in schools and EV charger installation may qualify for funds under the recently passed AB841 (COVID-19 response legislation, October 2020). Obviously, only commercial facilities that see continued usage despite the pandemic can reliably provide the energy savings to warrant such investment, but grocery stores, hotels and some office/retail would be good candidates. (See NAESCO website for listed ESCO companies. ABM has offices in California.) It is estimated that the job growth opportunities for expanded energy efficiency programs amounts to 70,000 jobs statewide and 750,000 jobs nationally. Extrapolating on the basis of population, aggressive ESCO program expansion could create between 600 and 1,000 quality jobs in the region.*

Objective 2.5.5 Study Conversion of Commercial Space Form rapid response task force to perform feasibility analyses related to conversion of commercial and office spaces which have been impacted by societal shifts (e.g., shift to online sales and the COVID-19 pandemic) in order to fully utilize under-utilized spaces as potential avenues for generating additional housing and/or mixed-use opportunities, considering property and sales tax, traffic, circulation, and other land use implications.

Objective 2.5.6 Study and Implement Redevelopment Programs and Projects Form a rapid response task force to study feasibility of utilizing post-redevelopment agency policy tools such as enhanced infrastructure financing districts and opportunity zone funds throughout the region to facilitate community revitalization in target opportunity areas.

Goal 2.6 Upgrade Regional Transportation Infrastructure

To create jobs by leveraging new local, state, and federal funding opportunities that will implement the balanced multi-modal investment strategy included in the San Luis Obispo Council of Governments (SLOCOG) 2019 Regional Transportation Plan and Sustainable Communities Strategy, which outlines how the region will meet or exceed its GHG reduction targets by creating more compact, walkable, bike-friendly, transit-oriented communities, preserving important habitat and agricultural areas, and promoting a variety of transportation demand management and system management tools and techniques to maximize the efficiency of the transportation network.

Objective 2.6.1 Partner with SLOCOG and the Central Coast Coalition to advocate for legislative priorities in the 2021 State and Federal Legislative Platform such as pursuing state and federal funding for SLOCOG's priority projects, protecting funding for transportation infrastructure and transit operations, supporting multi-modal transportation

investments, and seeking funding for energy efficiency and resilience in line with the new federal administration's transportation priorities and vision for the Department of Transportation (DOT), which according to the new Secretary of DOT, can play a critical role in creating jobs, revitalizing communities, and strengthening small businesses.

Objective 2.6.2 Develop a local initiative around developing new regional supplemental funding for priority programs and projects.

Goal 2.7 Enhance Regional Water Security

To create jobs, optimize existing water resources and develop new permanent sources of regional water supply by constructing water facilities and associated infrastructure, leveraging the benefits of public-private partnerships in support of our local workforce and promoting conservation through the implementation of new technologies and best practices.

Objective 2.7.1 Recycled Water Projects Support the completion of Phase 1 and Phase 2 of the Central Coast Blue Recycled Water Project which seeks to provide a long-term source of water supply for the Five Cities area through treatment of wastewater flows currently being implemented by the Oceano Community Services District and cities of Grover Beach, Arroyo Grande, and Pismo Beach. Support other recycled water projects throughout the county.

Objective 2.7.2 New Water Supply at Phillips 66 Through public-private partnerships, form a task force to study feasibility of post-remediation upgrades to the Phillips 66 Santa Maria Oil Refinery (SMR) existing facilities necessary to support conveyance of new water supply to Central Coast communities.

Objective 2.7.3 Desalination at Diablo Canyon and Alternative Sites Through public-private partnerships, form a task force to study feasibility of upgrades to the DCCP's existing desalination facility necessary to support job creation and conveyance of new water supply to Central Coast communities, including environmentally conscious brine discharge facilities and infrastructure. Consider alternative site locations for desalination possibilities to support conveyance of new water supply to Central Coast communities.

Objective 2.7.4 Regional Water Sustainability Initiatives Support regional implementation of the Sustainable Groundwater Management Act (SGMA), conservation efforts, sustainable farming practices, low impact development strategies, regional interconnectivity and other regional water initiatives intended to promote conservation and plan for long-term water security. Through public-private partnerships, form a task force to study feasibility of innovative programs such as agricultural water cap and trade, healthy soils initiatives and managed aquifer recharge.

Goal 2.8 Develop Zero Emission Electric Vehicle Infrastructure

To create jobs through public-private partnerships, form rapid response task force that will identify, procure, and utilize state and federal funding related to zero emission electric vehicle (EV) charging infrastructure and implement accordingly throughout the Central Coast to position our region as a destination for a cleaner, safer, and healthier eco-tourism economy in partnership and collaboration with SLOCOG, the SLOAPCD, Plug-in Central Coast Coalition (Plug-in EV Readiness Plan), the South Central Coast EV Implementation Plan (CALeVIP), and County-level EV Implementation Plan.

Objective 2.8.1 Electric Vehicle Charging Through public-private partnerships with PG&E, Central Coast Community Energy, SLOCOG, and APCD, secure funding for municipal, workplace, and commercial EV charging infrastructure.

Objective 2.8.2 Use Surplus Streetlight Circuit Capacity for EV Charging Through partnerships, between PG&E, Central Coast Community Energy and EV charger franchisors, evaluate potential for installation of EV chargers at street light locations where recent conversion to LED lighting allows EV chargers to be installed on every third light pole to make use of freed circuit capacity, saving about \$5,000 per charger install in avoided underground utility costs.

Goal 2.9 Study Alternative Uses for the Oceano Dunes State Vehicular Recreation Area

To create jobs and new sources of revenue, form a rapid response task force that will study alternative uses for the Oceano Dunes State Vehicular Recreation Area necessary to capitalize on unrealized economic and recreational benefits in light of recent California Coastal Commission direction related to off-highway vehicle use in the area.

Goal 2.10 Support Efforts to Improve Broadband Connectivity

To create jobs and improve broadband connectivity, support existing REACH/EVC efforts to further develop regional broadband connectivity that will support and strengthen connections among our region and communities in order to close the digital divide.

Policy and Strategy Rationale

All goals accomplish the following:

1. Address the urgent needs of local businesses, landlords, and renters.
2. Target the nuanced nature of land use constraints on the Central Coast that largely constrain higher density affordable housing projects and economic development.
3. Provide immediate short-term and long-term jobs in the environmental, architecture, engineering, building, water, energy, technology, and transportation sectors.
4. Create housing opportunities based on existing Regional Housing Needs Assessment policies unique to the land use constraints of the Central Coast.
5. Encourage multi-modal transportation solutions that improve quality of life for Central Coast residents, businesses, and visitors.
6. Implement a strategy that supports climate adaptation planning and resiliency for the Central Coast focused on lowest-possible-impact infill development and multi-modal transportation opportunities.
7. Repurpose otherwise stranded assets to maximize infrastructure and economic opportunities.
8. Invest in high-energy savings/high-ROI projects which minimize risk to government agencies by providing rapid paybacks.

Policy and Funding Tools

Public-private Partnerships; Federal and State Legislation; Climate Adaptation and Resiliency Grant Funding; City and Regional SB1090 Funds; Opportunity Zone Funds; Enhanced Infrastructure Financing Districts; Housing Elements; Regional Transportation Plans

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