



Diablo Canyon Community Engagement Panel

17 October 2019

The Hourglass Project | Our Objectives and Goals

The Hourglass Project is a new alliance of business leaders committed to building a **resilient, inclusive, and prosperous** Central Coast economy.

The Hourglass Project arose out of a growing concern that the Central Coast Region is on a path to economic stagnation. To prevent this, the Hourglass Project seeks to drive regional **economic transformation** with Deloitte as their strategy and implementation partner alongside government entities/cities, private industry, academia, and philanthropic organizations.



Setting the Stage | Hourglass Board of Directors

- **Ty Safreno**, Trust Automation (Board Chair)
- **Glenn Morris**, Santa Maria Chamber
- **Clint Pearce**, Madonna Enterprises
- **Ryan Caldwell**, Wacker Wealth Partners
- **Ermina Karim**, SLO Chamber (former)
- **Chuck Davison**, Visit SLO CAL
- **Bob Linshceid**, Cal Poly
- **Gina Fitzpatrick**, Paso Robles Chamber
- **Kris Yetter**, Promega Biosciences
- **Sue Anderson**, Marian Regional Medical Center
- **Tony Guy**, Safran Cabin
- **Alex Quiroz**, IQMS
- **Ron Cortopassi**, Vandenberg Air Force Base
- **Matthew Woods**, Apartment List
- **Ryan Dunn**, Mantis Composites
- **Chelsea Bein**, Mindbody
- **Sidney Collin**, De Oro Devices



Setting the Stage | The Creation of Hourglass



June 2016: Announced Closure of Diablo



August 2017: SLO Chamber Trip to Colorado



September – Present : Cal Poly LEDC



November 2018: Public Launch

- Congressman Salud Carbajal
- Assemblyman Jordan Cunningham
- Rick Stollmeyer
- Jeff Armstrong
- Kevin Walthers
- Jill Sterns



February 2019: CEO Hired



Setting the Stage

Setting the Stage | Economic Challenges

The Central Coast region is grappling with many economic hurdles for businesses, community members, and industry which together create slow growth for the region

1

LOW WAGES

Underemployment is 9 times worse than California Average

Over-reliant on Low wage/low productivity jobs

2

AFFORDABILITY

Cost of Living 79% above national average

Median home price in 3 largest cities 80% higher than national average

3

SHRINKING MIDDLE CLASS

Low wage jobs growing 30% faster than middle income

SLO County highest outmigration of So Cal Counties

4

LOSS OF BUSINESS

Diablo Canyon Power Plant Closure,

Loss of 300 million in payroll

5

FUTURE TRENDS

Automation threatens 30% of Central Coast jobs in next 5-10 years

Economic Downturn

Setting the Stage | **SB 968 and SB 1090**

State legislation to mitigate impacts of diablo closure and support broad economic expansion

- **SB 968**

- Need to efficiently go about decommissioning: DECON (10 years vs. SAFSTOR (up to 60 years)
- Jumpstart and sustain long-term growth via organizations like Hourglass Project
- Need to be careful about assumption about decommissioning – it is not a guarantee it will take place over only 10 years with evenly distributed, local spending

- **SB 1090**

- \$10M SLO county-wide for economic development
 - \$400K for regional strategy (Hourglass granted \$300K)
 - Remaining \$9.6M should be used in and integrated, strategic way, focused on creating maximum regional impact

Setting the Stage | Economic Outlook

The Hourglass Project delivered a workforce poll to gauge public sentiment regarding cost of living and outlook of the future, and to assess individual financial standing.

Methodology

Field Date	June 26 – July 9, 2019
Sample Size	1,001 (full sample), including 529 (18-54)
Length	16 minutes
Sampling Error	Less than +/- 3.1% and Less than +/- 4.2% (95% Confidence Interval)
Research Method	Mixed Mode, Online/Telephone
Sampling Frame	Registered Voters
Unit of Analysis	Voter Households
Population	Central Coast Super Region, SLO County, Northern Santa Barbara County



86% believe youth will be unable to afford to work/live in Central Coast when grown



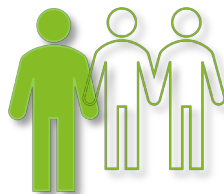
10% of all residents and 20% of Latino residents are worried about having enough money for food



75% say California Dream is harder to obtain on the Central Coast than California



1 out 529 workforce residents feel housing is affordable



1 out of 3 people have less than \$10,000 in retirement savings



1 out of 4 Middle class must borrow to cover a \$500 emergency

Setting the Stage | Who is Likely to Leave the Central Coast?

The Hourglass Project also delivered a poll that asked, “Over the next few years, how likely is it that you will move out of the Central Coast?”

Results

Poor	67%
Working Class	68%
Middle Class	53%
Latino	62.5%
African American	83.3%
Caucasian	53%
18-24 year-olds	89%



60% of those who feel their finances are not secure are “very likely” to leave.



By demographic, those who are most likely to leave is higher among Latinos, African Americans, and adults under the age of 24.

Why Regionalism?

Regionalism | Collaboration Challenges

Although there is much support for a regional effort, the region currently faces a number of challenges

Local Silos

In each of the Central Coast communities, many local leaders are working hard to solve these weaknesses, but these problems are larger than any one community can solve.

>> *The Hourglass Project is designed to bring together diverse leaders from across the Region (12 cities, two counties) to proactively drive economic growth.*

Lack of Private Sector Involvement

The job creators in the Central Coast are brimming with ingenuity and drive.

>> *The Hourglass Project is designed to unite and mobilize business leaders from across the Region for collective impact.*

Admiring the Problem

The region's economy is beset by numerous structural weaknesses that result in consistent underperformance.

>> *The Hourglass Project has been created to drive strategic action that will yield measurable and meaningful progress.*



Regionalism | Introduction to the Concept of Regionalism

As cities along the Central Coast continue to grow and scale their housing stock, workforce, infrastructure, and education opportunities, there is an opportunity to work collaboratively across Northern Santa Barbara county and San Luis Obispo county using a regional approach.



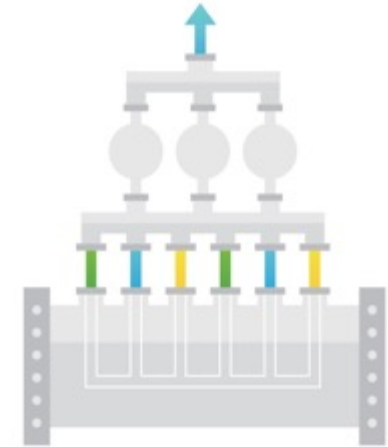
SINGLE TOPIC

- Infrastructure
- Housing
- Education
- Business Expansion



INTEGRATED TOPICS

- Land Use/Transportation/Air Quality
- Open Space/Parks/Water Resources



INTEGRATED SYSTEMS PLANNING





- Regional housing and infrastructure plan
- Regional mobility plan
- Regional comprehensive plan

*These lines of efforts do not happen in isolation. These efforts work together as a part of a broader regional ecosystem. Due to the complex nature of these components, regional leadership is increasingly looking at these initiatives through the lens of a system approach.

The Strategic Approach

the Strategic Approach | Central Coast Challenges

Hourglass has identified the following regional challenges within the four lines of effort based on consultations with city managers, regional representatives, a workforce poll and interviews

	Business Development	<ul style="list-style-type: none">• The startup ecosystem lacks regional support• Businesses find it challenging to attract and retain talent due to cost of living• There is limited access to venture capital
	Infrastructure	<ul style="list-style-type: none">• The region lacks a cohesive, shared utility model across the region (e.g. broadband and water)• There is no master transit or transportation plan for the Central Coast Region• Existing transportation infrastructure does not meet current regional needs
	Housing	<ul style="list-style-type: none">• There is a lack of affordable housing• Zoning is currently restrictive to alternative housing options
	Education Pipeline	<ul style="list-style-type: none">• There is a minimal pipeline from undergrad or graduate school to be employed in the area with a high-paying, relevant career• There is no local, accessible CSU institution

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We bring our global expertise to address our client's toughest challenges.

United States

- 96,000** Practitioners
- 12,000+** Government and Public Service practitioners
- 75+** Offices
- 44** States and DC
- 60+** Of the top 100 universities

Worldwide

264,000 practitioners

National Governments

- 19 of the 20 members of the G-20
- The largest departments and ministries in all of the **leading 25 nations**
- Serving wide-ranging missions for **all major donor institutions** around the world

U.S. Federal Government

- **Top 20** Federal services provider, serving:
 - **All branches of the Armed Forces** and agencies of the Department of Defense
 - Majority of **Civilian** agencies
 - Majority of **national security**, intelligence agencies
 - All 15 U.S Cabinet-level agencies

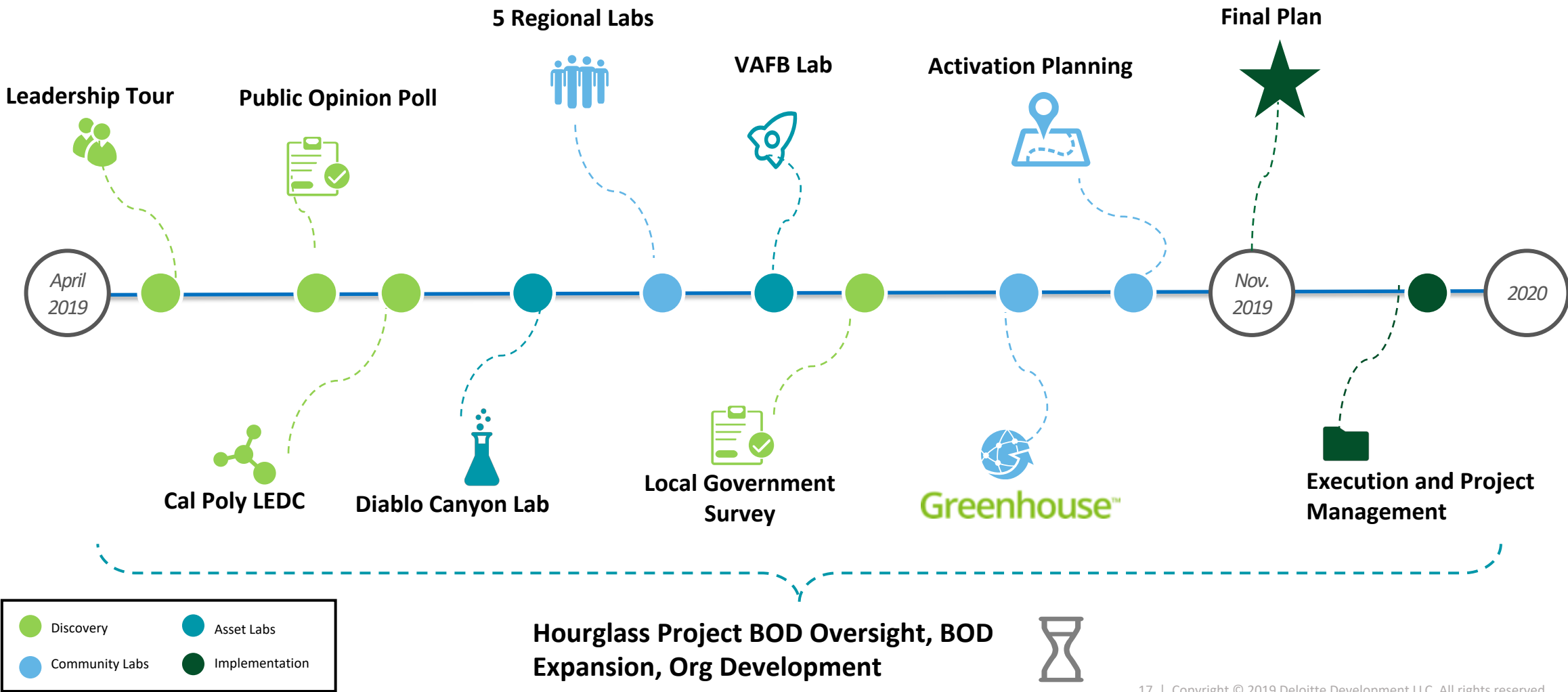
Private Sector

- Largest management consulting provider globally
- Serving more than **80%** of the world's largest companies **across 20 industries**

The Journey

The Journey | Overview

This is a picture of where we've been and where we are headed. The Central Coast Region is embarking on a new journey to create a region of the future – and this journey needs everyone at the table to succeed.

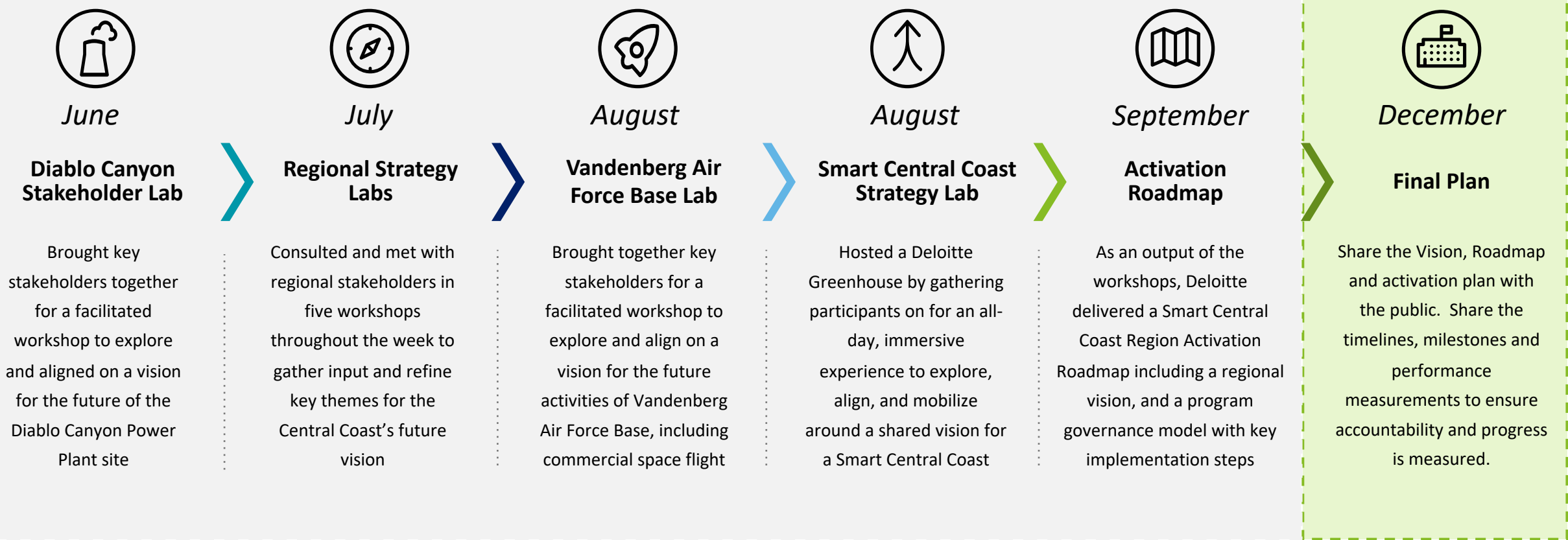


The Labs

The Journey | The Labs

For each lab and workshop, Hourglass has partnered with Deloitte to engage stakeholders across the region to dive into asset-based opportunities and uncover regional priorities, goals and a vision for the future of the Central Coast.

Activities Completed



Regional Labs

Regional Labs | July 23 – 26, 2019

For each lab and workshop, Hourglass has partnered with Deloitte to engage stakeholders across the region to dive into asset-based opportunities and uncover regional priorities, goals and a vision for the future of the Central Coast.

Purpose

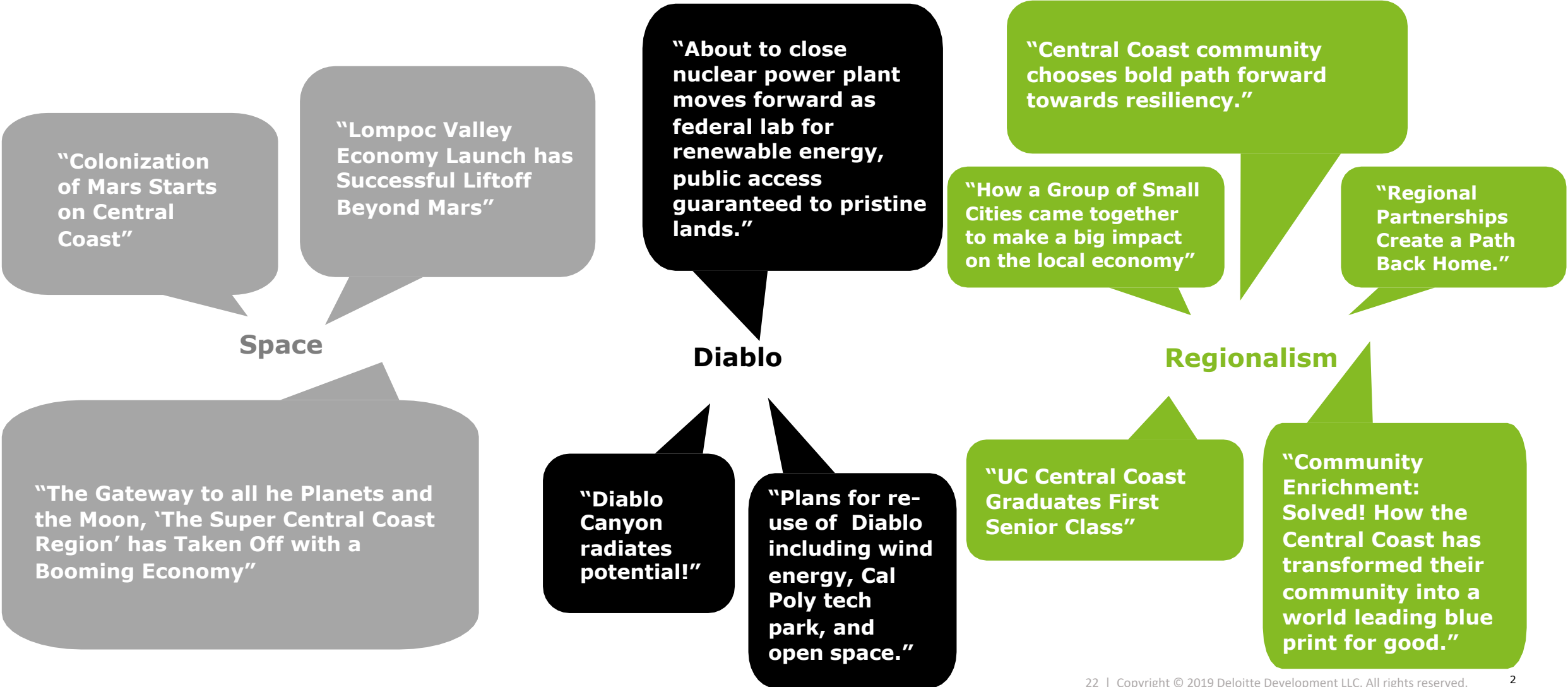
The Hourglass Project engaged over 100 regional leaders in 4 sub-regions, through 5 immersive strategy labs. These conversations were designed to engage community members from the public sector, private sector, education and key stakeholder organizations in order to develop a comprehensive overview of regional assets, opportunities and priorities. These inputs were extremely valuable and insightful and set the foundation for the region's path forward.

Snapshots



Regional Labs | July 23 – 26, 2019

During each asset and regional lab, we invited participants to share a vision of the future through the form of headlines. This is what we heard.



Regional Labs | July 23 – 26, 2019

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Key Outcomes



There is power in acting regionally



There are a number of key opportunities to better finance regional infrastructure



There are underutilized assets throughout the region



There is need to ensure inclusion in who participates in and benefits from economic development initiatives

Diablo Canyon Lab

Diablo Canyon Power Plant Lab | June 4, 2019

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Purpose

The Diablo Canyon Nuclear Power Plant, pending approval, will undergo decommissioning in 2025 and 2026. The surrounding community has come together through a number of stakeholder workshops including the Diablo Canyon Decommissioning Engagement Panel to identify the potential reuse of the site. As of July 2019, there has been no unified vision or governing body to manage the reuse plan for the site. With impending court proceedings, the Hourglass Project convened key leaders in the community to identify a path forward to develop a unified ask for the site on behalf of the community and to determine a shared development model and risk-sharing approach.

Snapshots



Headlines

“California’s Central Coast proves collaboration and compromise can lead to economic boom.”

“Plans for reuse of Diablo, including wind energy, Cal Poly tech park, and open space.”

“County-wide trail system connects Montana de Oro to Avila Beach”

“Central Coast takes lead in national renewable energy research.”

DIABLO CANYON SITE OPPORTUNITIES



REAL ESTATE



WATER RESILIENCE



PARKS AND TOURISM



RENEWABLE ENERGY

COMMUNITY ENGAGEMENT

RESEARCH & PARTNERSHIPS

SITE UTILITIES

ANCHOR INSTITUTIONS

Vandenberg Air Force Base Lab

Vandenberg AFB Lab | August 9, 2019

For each lab and workshop, Hourglass has partnered with Deloitte to engage stakeholders across the region to dive into asset-based opportunities and uncover regional priorities, goals and a vision for the future of the Central Coast.

Purpose

Since the beginnings of aviation and space exploration, California has been the leader in the aerospace industry, and it has continued that leadership role through to the present day. However, this leadership role is not assured. There is nothing requiring the innovators who are pioneering the frontiers of both technology and space to remain or even start up in California. In order to remain competitive, we must ensure we are creating the conditions necessary for a vital and flourishing space industry; an industry forecasted to exceed \$2.7T in the next 30 years.

Snapshots



Vandenberg | The Market Matrix

Participants were able to explore trends, themes, and case studies in an interactive manner to gain inspiration for brainstorming sessions. The resulting matrix was designed to highlight core enabling areas around Commercial Space Flight.

	Vandenberg	Cape Canaveral/KSC	Wallops
Funding/financing from State Government			
Funding/financing from Federal Government			
Funding/Financing from private sector			
Relationships with government offices at a spaceport			
Commercial enterprise zones			
Formal space industry commission			
Master Plan			
Presence of commercial space companies			
Ability to launch geo			
Ability to launch polar			
Statewide entity owning the industry development			
Site champions at Federal level			
Tax programs/incentives			

Legend:

Program Exists

Program In Progress

Program Does Not Exist

Greenhouse Lab

Greenhouse Lab | August 29-30, 2019

For each lab and workshop, Hourglass has partnered with Deloitte to engage stakeholders across the region to dive into asset-based opportunities and uncover regional priorities, goals and a vision for the future of the Central Coast.



LAB PARTICIPANTS

Bill Borgsmiller	Mona Miyasoto
Erica Crawford	Steve Newell
Adam Firestone	Dom Papa
Tom Frutchey	Clint Pearce
Andrew Hackleman	Ty Safreno
Jim Hamilton	Jill Stearns
Derek Hansen	Jason Stillwell
Melissa James	Rick Stollmeyer
Derek Johnson	Bill Swanson
Ermina Karim	Brian Talley
Bob Linsheid	Nick Tompkins
Mark Lisa	Kevin Walthers
Judy Mahan	Brad Wilde
Col Tony Mastalir	Kristen Yetter
Lenny Mendonca	

Greenhouse Lab | Learning From the Experts

Participants heard from **Lenny Mendonca** about California's region-based approach to economic development under Governor Newsom.

Lenny Mendonca on Regions Rise Together

Gov. Newsom's Goal:

Ensure the California Dream for all

California is too diverse to apply one approach to this goal – it requires a **region-driven approach** that is **data-driven, crafted collaboratively, and forward-looking**.

They are looking for:

- Clarity of plan
- Action items with deadlines
- High aspiration – imagine what's possible



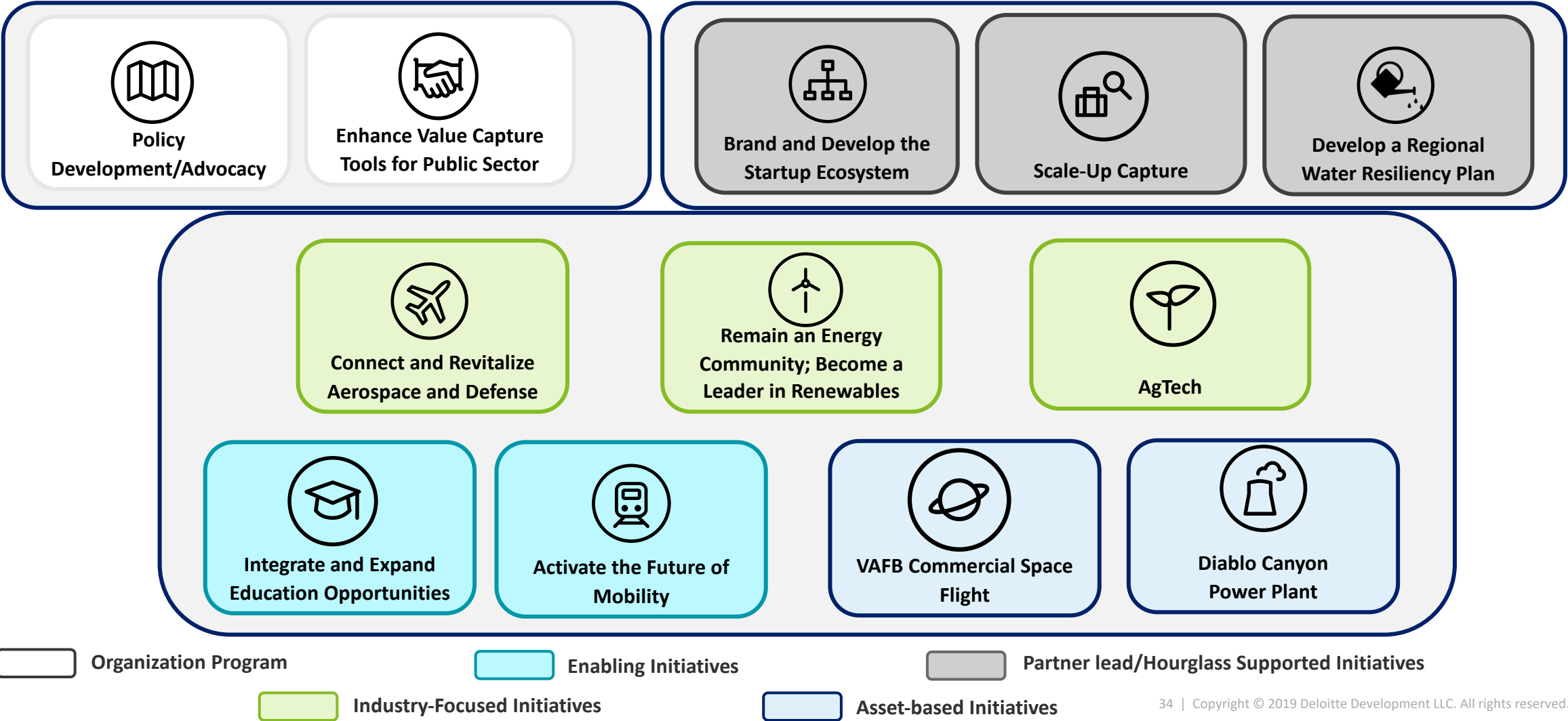
“Our brand is ‘California dreams big – all dreams are welcome here.’ Let’s make that real.”

- Lenny Mendonca

Strategic Initiatives Overview

Strategic Initiatives Overview | Selection Methodology

Hourglass engaged with the entire region through several workshops, interviews, consultations and a workforce poll to identify the following initiatives:



What's Next

What's Next | From Strategy to Implementation



November

- Quantifying Jobs Goal & Impact
- Creating performance measurement system



December

- Final plan by end of Calendar year



January 2020

- Convening region's leaders for an official launch of the implementation of the plan
- Soliciting leadership for implementation action teams



October – June

- Developing an online data portal to track economic health of the region over time in partnership with Cal Poly Software Engineering

