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
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.

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

- 86% believe youth will be unable to afford to work/live in Central Coast when grown
- 75% say California Dream is harder to obtain on the Central Coast than California
- 10% of all residents and 20% of Latino residents are worried about having enough money for food
- 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

<table>
<thead>
<tr>
<th></th>
<th>Likely to Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>67%</td>
</tr>
<tr>
<td>Working Class</td>
<td>68%</td>
</tr>
<tr>
<td>Middle Class</td>
<td>53%</td>
</tr>
<tr>
<td>Latino</td>
<td>62.5%</td>
</tr>
<tr>
<td>African American</td>
<td>83.3%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>53%</td>
</tr>
<tr>
<td>18-24 year-olds</td>
<td>89%</td>
</tr>
</tbody>
</table>

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.

*S*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
### 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**
- 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**
- 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**
- There is a lack of affordable housing
- Zoning is currently restrictive to alternative housing options

**Education Pipeline**
- 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
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**

<table>
<thead>
<tr>
<th>June</th>
<th>July</th>
<th>August</th>
<th>August</th>
<th>September</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diablo Canyon Stakeholder Lab</td>
<td>Regional Strategy Labs</td>
<td>Vandenberg Air Force Base Lab</td>
<td>Smart Central Coast Strategy Lab</td>
<td>Activation Roadmap</td>
<td>Final Plan</td>
</tr>
<tr>
<td>Brought key stakeholders together for a facilitated workshop to explore and aligned on a vision for the Diablo Canyon Power Plant site</td>
<td>Consulted and met with regional stakeholders in five workshops throughout the week to gather input and refine key themes for the Central Coast’s future vision</td>
<td>Brought together key stakeholders for a facilitated workshop to explore and align on a vision for the future activities of Vandenberg Air Force Base, including commercial space flight</td>
<td>Hosted a Deloitte Greenhouse by gathering participants on for an all-day, immersive experience to explore, align, and mobilize around a shared vision for a Smart Central Coast</td>
<td>As an output of the workshops, Deloitte delivered a Smart Central Coast Region Activation Roadmap including a regional vision, and a program governance model with key implementation steps</td>
<td>Share the Vision, Roadmap and activation plan with the public. Share the timelines, milestones and performance measurements to ensure accountability and progress is measured.</td>
</tr>
</tbody>
</table>
Regional 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.

**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.

**Space**

“Colonization of Mars Starts on Central Coast”

“Lompoc Valley Economy Launch has Successful Liftoff Beyond Mars”

“The Gateway to all he Planets and the Moon, ‘The Super Central Coast Region’ has Taken Off with a Booming Economy”

**Diablo**

“About to close nuclear power plant moves forward as federal lab for renewable energy, public access guaranteed to pristine lands.”

“Diablo Canyon radiates potential!”

“Plans for re-use of Diablo including wind energy, California Poly tech park, and open space.”

**Regionalism**

“Central Coast community chooses bold path forward towards resiliency.”

“How a Group of Small Cities came together to make a big impact on the local economy”

“Regional Partnerships Create a Path Back Home.”

“UC Central Coast Graduates First Senior Class”

“Community Enrichment: Solved! How the Central Coast has transformed their community into a world leading blueprint for good.”
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.

**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
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 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 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

[Image 1: Vandenberg AFB Lab event]
[Image 2: Group photo at the Vandenberg AFB Lab]
**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.

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

**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**

<table>
<thead>
<tr>
<th>Deloitte Account Team</th>
<th>Deloitte Greenhouse Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Borgsmiller</td>
<td>Judy Mahan</td>
</tr>
<tr>
<td>Erica Crawford</td>
<td>Col Tony Mastalir</td>
</tr>
<tr>
<td>Adam Firestone</td>
<td>Lenny Mendonca</td>
</tr>
<tr>
<td>Tom Frutchey</td>
<td></td>
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<tr>
<td>Andrew Hackleman</td>
<td></td>
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<tr>
<td>Jim Hamilton</td>
<td></td>
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<tr>
<td>Derek Hansen</td>
<td></td>
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<tr>
<td>Melissa James</td>
<td></td>
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<tr>
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<table>
<thead>
<tr>
<th>Deloitte Greenhouse Team</th>
</tr>
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<tbody>
<tr>
<td>Mona Miyasoto</td>
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<tr>
<td>Steve Newell</td>
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<tr>
<td>Dom Papa</td>
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<td>Brian Talley</td>
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<td>Nick Tompkins</td>
</tr>
<tr>
<td>Kevin Walthers</td>
</tr>
<tr>
<td>Brad Wilde</td>
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<tr>
<td>Kristen Yetter</td>
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</tbody>
</table>
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
Hourglass engaged with the entire region through several workshops, interviews, consultations and a workforce poll to identify the following initiatives:
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