



JOINT POLICY COMMITTEE — REGIONAL PLANNING PROGRAM

Minutes of the Meeting of July 20, 2012 Held at 10:00 AM at the Metro Center Auditorium, Oakland

ABAG

Mark Green
Scott Haggerty

BAAQMD

Eric Mar
Mark Ross

BCDC

Geoffry Gibbs
Kathrin Sears
Brad Wagenknecht
Zack Wasserman

MTC

Jake Mackenzie
Jim Spering
Adrienne Tissier

Lee Taubenek, Caltrans (for Bijan Sartipi)

1. Call to Order

Vice Chair Tissier called the meeting to order.

2. Approval of Joint Policy Committee Meeting Minutes of May 18, 2012

On a motion by Mr. Mackenzie and a second to the motion by Mr. Spering, the minutes of the May 18, 2012 Joint Policy Committee meeting were approved.

3. Bay Area Climate and Energy Resilience Project

Using a PowerPoint presentation, Bruce Riordan, JPC Climate Strategist, briefed the JPC on the project, and specifically on a report, “Preparing the Bay Area for a Changing Climate,” a June 7, 2012 workshop on the project, and an application to the Kresge Foundation for a grant to support further work on the project.

Because most climate adaptation will have to be accomplished by local governments, the project is a regional collaborative that is directed at trying to solve five problems for local governments: avoiding reinventing the adaptation wheel; providing small and mid-sized cities with the capacity to engage in climate adaptation; dealing with impacts that cross city and county boundaries and affect more than one jurisdiction; adaptation will be the responsibility of infrastructure owners, but it is not clear who is responsible for adaptation of natural systems, and dealing with health impacts is more complex; and the products and services provided by the State of California can be handled more efficiently through regional collaborations.

The three chapters of the report, “Preparing the Bay Area for a Changing Climate” will be published on the web in late July. The first chapter summarized the research on climate change; the second summarizes the climate change projects underway in the Bay Area; and the third summarizes the practical adaptation strategies that are available.

On June 7, 2012, the project hosted a public workshop at the MetroCenter to bring together the various interests working on climate change in the region. Over 80 people from all nine counties attended the workshop representing a wide range of interests. The participants worked on developing an 18-month roadmap for the work that is underway and that will formulate a compelling and coherent story on the impacts of climate change on the Bay Area.

The Kresge Foundation has invited the JPC to apply for a grant in the amount of \$75,000 to \$100,000 to fund the initial work over the next six months to establish a Bay Area climate collaborative. The funds will be used to hold 20+ stakeholder meetings aimed at increasing support for adaptation, identifying needs and shaping a plan of action. Special attention will be given to engaging and organizing the social equity community in the planning, looking for “win-win” strategies that both reduce greenhouse gases and adapt to climate impacts, and linking research with practical actions. The specific products that will be produced with the grant funding will be a white paper on governance and decision-making, an interim organizational structure, and 12-month action plan for the regional climate collaborative.

Mr. Riordan summarized some of the main conclusions drawn from the research in Chapter 1 of “Preparing the Bay Area for a Changing Climate.”

- Sea level in the Bay has risen between seven and eight inches over the past century.
- Average temperatures in California have increased 1.7°F between 1895 and 2011.
- In California, nighttime temperatures are rising faster than daytime temperatures.
- There are great variations in the Bay Area. In the North Bay, there is less warming near the coast and more warming farther inland. Marine air penetration has resulted in cooler temperatures in some low elevation locations. Over the past ten years some Bay Area cities have warmed slightly and some have cooled slightly.
- Historically, nationwide the ratio of record high temperatures to record low temperatures was about 1:1. Over the past half century the ratio has been rising so that now the ratio is over 2:1 in the last decade.
- There is no overall trend in total precipitation levels in California and the Bay Area, but in the Sierra Nevada more of the precipitation is falling as rain and less as snow. The glaciers in the Sierra Nevada are shrinking. As a result, the runoff from the Sierra Nevada snowpack between April and July is declining.
- In the western United States, there are more large wildfires in years when temperatures are higher.
- In California, the damage that will occur if no action is taken to prepare for climate change would include tens of billions of dollars in direct economic costs for public health, agriculture, tourism and other sectors.
- The amount of high-value Northern California land suitable for growing premium wine grapes could be cut in half by 2040 because of global warming, based on the conservative assumption of +2°F globally.
- The 2006 California heat wave, unprecedented in length for Northern California, had a significant and documented affect on emergency rooms visits and hospitalizations. Young children and the elderly were especially at risk.
- Climate change will impact the future health of San Francisco Bay. This includes droughts altering freshwater flows and water use, and floods and sea level rise altering landscapes and human behavior.

- The Delta, which provides a substantial amount of the Bay Area's water, including half of Silicon Valley's water, is threatened by extreme storms, sea level rise, land subsidence, and earthquakes.
- An individual's vulnerability to heat waves, high air pollution days, floods, fires, and other climate-related events is affected by age, income, ethnicity, social isolation, transportation access, living conditions, and other issues.

Some of the projects described in Chapter 2 of "Preparing the Bay Area for a Changing Climate" include:

- A series of sea level rise projects, including BCDC's Adapting to Rising Tides Project, the Hayward Shoreline Sea Level Rise Project, the South Bay \$1 Billion Levee Drive, the San Francisco Estuary Project's Climate Ready Estuaries Pilot Project, and Our Coast, Our Future.
- Several Bay Area ecosystem projects, including the Bay Area Ecosystems Climate Change Consortium, the North Bay Climate Adaptation Initiative, and the PRBO Conservation Science Climate Change Program.
- A number of water projects, including SFPUC's Sensitivity of Upper Tuolumne River Flow to Climate Change, Sonoma County Water Agency's Carbon Free Water by 2020, and the Bay Delta Conservation Plan.
- Energy projects, including Bay Area Smart Energy 2020, Bay Area Bridge to Clean Economy, Marin Clean Energy, Regional Renewable Energy Procurement Project, and the HELiOS Project (Solar Schools).
- Bay Area resilience projects, including Bay Localize Climate and Energy Adaptation Community Resilience Toolkit, and ABAG's Regional Disaster Resilience Initiative.

Mr. Riordan concluded with a quote from a State of California report on climate change: "Lack of technical solutions is generally not the issue in California. The biggest barriers to implementing adaptation plans are **institutional**, **motivational**, and **economic**." With this in mind, he noted that the expected direct benefits of the project to the four JPC agencies include helping cities and counties, increasing support for a sea level rise strategy and other measures, providing input into the SCS, and reducing urban heat island impacts.

- Mr. Haggerty requested copies of the three reports. Mr. Riordan said the reports would be sent to the JPC and posted online when they are finalized in late July. He said a short summary report would also be produced.
- Mr. Green asked whether the report would include recommendations for overcoming the institutional, motivational, and economic barriers to climate adaptation plans. Mr. Riordan said the final report, which will be released on July 31st, will include recommendations, and the Bay Area climate collaborative will focus on institutional structures. He also offered to invite Dr. Susanne Moser, the author of the California study, to brief the JPC.
- Ms. Tissier asked whether emotions were included in the analysis of motivational barriers in light of the strong reactions against the SCS being expressed by members of the public who do not believe climate change is happening. Mr. Riordan responded that part of the June 7th workshop covered research on how to effectively communicate about climate change with the public.
- Mr. Wasserman said the workshop was very good and recognized that a compelling narrative (i.e., storytelling) will be necessary to address the emotional issue. He also

stressed that the technical solutions must be interwoven with the efforts to overcome institutional, motivational, and economic barriers. Dealing with climate change involves a combination of fear and hope. The technical solutions are needed for there to be hope as we deal with the toughest parts—the economics (i.e., how do we pay for it) and avoiding unintended consequences. He said he recognized that foundations might prefer to fund shorter-term initiatives, but realistically a Bay Area climate change campaign is a five to ten year venture, not a six to twelve month project. Mr. Riordan responded when the climate change staff in New York City deal with other city staff, they build on what is already being done and stress that they aren't adding a radical new program.

- Mr. Spering said he is glad we're getting away from "the sky is falling" approach to climate change because it is so hard for people to see what is happening before their eyes. We need to prepare the next generation for the challenge they will face because they will be able to see the impacts. He also asked what is meant by "most vulnerable." Mr. Riordan explained that certain classes of people are more vulnerable to climate impacts (e.g., people without health insurance or air conditioning, and people who work outside). Mr. Travis noted that high heat days could have a greater impact in San Francisco than in Fresno, even though the high temperatures in San Francisco are lower than in Fresno because San Francisco residents are not as used to dealing with high temperatures and Fresno has more cooling centers.
- Mr. Mackenzie noted that Sonoma County has received a \$1 million Strategic Growth Council grant to prepare a climate action plan under its Climate Protection Authority. He asked how the regional climate collaborative would avoid duplication of effort with this and other ongoing local initiatives. Mr. Riordan responded that the project has already identified key local initiatives like the Sonoma effort and that a big part of the Kresge-funded work will be coordinating with these initiatives as the foundation of a regional effort.
- Mr. Ross said he believed some of the emotional and motivational barriers could be overcome by stressing the confluence of public health and economic goals. Mr. Travis responded that dealing with climate change is not an environmental issue; it is an economic imperative. In order to continue to attract investment capital to the Bay Area, the region will have to acknowledge the impacts of climate change and have a strategy for preparing for and adapting to those impacts.
- Mr. Mar complimented the project, particularly its analysis of food and water system impacts, its action orientation, its involvement of social equity organizations, and its research on vulnerable populations. He offered to work with his colleagues to advance the project.

4. Progress Report on Regional Economic Development Strategy

Dr. Sean Randolph, the President & CEO of the Bay Area Council Economic Institute, used a PowerPoint presentation to update the JPC on early findings of the economic strategy framework analysis. The analysis is looking at employment, business demographics, venture capital, business dynamics, labor pool and economic futures.

The following early findings of the analysis deal with the state of the region, industry, business establishments, labor force, commute patterns, economic future and business views.

- **The Region.** The Bay Area's population was 7.1 million in 2010, which is quadruple what it was in 1940. The Bay Area covers 6,900 square miles of land, 21% of which – 1,442 sq. miles of land, was built up by 2010. Between 1960 and 2010, population increased 117%, while built up area increased by 56%. Thus, in the past half century, there has not been a significant amount of sprawl in the region. In 1960, 87% of the region was open space. By 2010, 79% of the region was still open space because population density has increased by 50% over the past half century. This trend is consistent with the policy direction of the SCS. Since 2008, the gap between the number of people in the labor force and the number of jobs has doubled.
- **Industry.** The Bay Area has a relatively diverse economy with concentrations in four high-skilled, high-value added industries: information (including social-media companies); computer and peripheral equipment manufacturing; beverage manufacturing (especially wine); and professional, scientific and technical services.
- **Business Establishments.** Any analysis of industries and employment dynamics in a region is incomplete without consideration of the underlying establishment level dynamics. With respect to job creation, more than half (55%) comes from the opening of new business establishments. With respect to job destruction, the majority, nearly two-thirds (65%) comes from the closure of existing business establishments. Only 2% of new jobs are created by companies moving into the region, and less than 4% of jobs are lost by companies moving out of the region. Therefore, in formulating economic development strategies it isn't particularly effective to try to get businesses to move into the region and to keep companies from moving out of the Bay Area. But it will be helpful to look at those companies that are moving in and why. Instead, it is better to focus on helping new companies to establish in the region and in helping those that are here to succeed. Most new companies go through a critical period about two to three years after they are established. The bulk of the business failures occur during this period.
- **Labor Force.** The Bay Area has a highly skilled labor force, which is becoming more educated over time. In 1990 37% of the population had a bachelor's degree or higher. By 2010 the same measure was up to 42%. In the U.S. just 28% of the population has a bachelor's degree or higher. Our educated labor force gives the Bay Area major competitive advantage in attracting and creating new employers who need skilled workers. The highest educated workers tend to live near technology companies. Residents in low and moderate income communities need access to services, and particularly transportation.
- **Commute Patterns.** A large percentage of the region's workers commute across county boundaries.
- **Economic Future.** The region's population is getting relatively older. The number of people in the 35-54 age bracket (the prime earning age category) will decline by 175,000 during this decade, and the number in the 55-64 bracket (the highest earning category) is growing only half as much as it did in the past decade. The number of people 65 and older is growing substantially.

In response to a request from Mr. Haggerty, Dr. Randolph said the BACEI would try to correlate the education levels with the age brackets to see if the region is gaining an educational advantage or losing it. Dr. Randolph speculated that the decline in the political support for spending on higher education in California may make it harder to find qualified replacements for older high-skilled workers as they retire. Immigration

restrictions are also making it hard to deal with this problem by hiring foreign-born workers.

Mr. Ross noted that the map showing the education level of residents indicated the Berkeley population seemed to have more graduates than the Palo Alto population. He asked whether this indicated that the UC graduates tended to stay in Berkeley whereas the Stanford graduates moved away. Dr. Randolph suggested the data might also reflect that there are more students at Berkeley than at Stanford.

Ms. Tissier asked why there is such a significant decline in the number of people in the 35-54 age group. Dr. Randolph this is probably reflective of a broader demographic cycle.

The Bay Area's potential to grow jobs is strong. During this decade, the rate of job growth in the Bay Area is expected to be higher (20.2%) than job in California (19.2%), which will be higher than the U.S. rate (15.1%). This ranking is expected to continue during the following twenty years, though all the rates will be lower (13.5% in the Bay Area; 13.0% in California; and 12.3% in the U.S.)

- **Business Views.** Seventy-five regional business leaders were interviewed from companies in all nine counties from a variety of industries. 87% of those interviewed were headquartered in the Bay Area; and all were either owners, presidents or senior managers. Some of the major conclusions emerging from these interviews include:
 - **Business Health:** Companies showed mixed performance over the last three years: 28% had grown, 25% had declined, and 45% held even. This suggests a less-than dynamic business environment. A modest three-year growth in employment of 1.8% was reported. 45% said they planned to increase their employment; 4% said they planned to lower employment; and 45% said they planned no change.
 - **Business Climate/Views:** The region as a good place to do business: 56% reported it as either good or excellent, 28% as fair. Business climate responses were mixed, but slightly positive: 40% were satisfied, 27% neutral, 26% dissatisfied. Regulatory environment was also mixed, but more negatively: 38% were satisfied, 24% neutral, 33% dissatisfied. Most were either satisfied or neutral on infrastructure. Most were satisfied with access to capital (over 50%).
 - **Regional Plans:** Over 60% of companies were unaware of regional plans. Just under 40% had "some awareness," but the plans they cited were for high-speed rail or electric car charging stations, not the SCS or other JPC agency plans. Frustrations were voiced regarding lack of consistency between regulations and requirements at the local, regional and state levels.
 - **Other Thoughts:** 62% reported difficulty with meeting workforce needs. K-12 public education was a concern, with only 32% reporting a satisfied level with the system. The Bay Area's quality of life remains a key positive differentiator, with over 90% responding satisfied. The biggest reason for companies locating in the Bay Area is that the founder lived here, and the biggest reason for companies staying in the Bay Area is that the founder lives here.

The final steps in the analysis involve synthesizing all the data, reviewing with business, economic development, and agency partners/representatives; building out recommendations; and drawing out the perspectives of low and moderate income communities, the Sustainable

Communities Strategy and small businesses. The final report will be released on September 6th at Wyse Technologies in San Jose.

- Mr. Haggerty said he is concerned that if businesses are looking for highly educated workers, people with lower educations will be squeezed out of the Bay Area because of high land costs. Dr. Randolph responded that the analysis of where low and moderate income people live will assess this to some degree, but that he does not think these workers are being displaced by higher educated workers. Employers will be creating jobs at a variety of levels. Not all jobs will require workers with PhDs, but most workers that have to have a high level of technical skills. We also need housing that is affordable for all income levels, and access to transportation so workers can get to jobs. Mr. Haggerty contended that lower skilled workers may inadvertently being squeezed out. He cited the relocation of warehouses out of the region as an example. He suggested a regional economic development strategy should assess how the region can retain jobs that require lower skills so less-educated workers will have employment opportunities. Dr. Randolph responded that there is some suggestion that there is pressure to convert industrial zoned property to residential use because there is a market demand for housing and a significant drop in heavy industry employment.
- Mr. Green asked whether the cost of energy and taxation were cited as obstacles to business development, and questioned how finding workers with the necessary skills could be a problem when we have such a highly educated work force. Dr. Randolph responded that high taxes were not raised as a significant issue in the business interviews. While we have a large pool of skilled workers, we have an even greater demand for specific types of skilled workers.
- Mr. Sperring said he believed lower educated workers are being squeezed out of the region because higher educated workers are applying for jobs that had traditionally been filled by high school graduates. He also noted the regional data are quite different from the data in Solano County. Potential employers in Solano County cite the high high school drop-out rates and the significant regulatory hurdles as reasons for not locating in Solano County. He believes we need to develop more jobs for lower educated workers. Dr. Randolph said the final report will include county-by-county data.
- Ms. Tissier stressed the importance of connecting with business leaders regarding their needs five to ten years out so our community colleges are training for jobs that will actually exist. She also offered representatives from the business community the opportunity to comment on the BACEI presentation. There were no comments.

5. Regional Economic Strategy

Will Travis, JPC Senior Advisor, reminded the JPC that Senator Mark DeSaulnier attended the May 18th JPC meeting to discuss SB 1149, which he had introduced to restructure the JPC and to require it to take on a number of responsibilities, including the preparation of a 20-year regional economic development strategy. At that meeting, Senator DeSaulnier provided a list of five objectives he said were the principles he hoped to achieve through the passage of SB 1149. One of these five objectives is the preparation of a 20-year regional economic development strategy. During a lively discussion with the JPC Senator DeSaulnier offered to withdraw SB 1149 and to meet with the JPC executive committee to discuss how the five principles could best be achieved. Senator DeSaulnier did suspend action on SB

1149, but without further discussion with the JPC or its executive committee, he then amended another bill he had introduced (SB 878) to require you to prepare two detailed reports and a 20-year regional economic development strategy. Chair Bates informed the Legislature that the JPC could not undertake these additional responsibilities without financial support from the state, something SB 878 did not provide. Senator DeSaulnier then removed these new mandates from SB 878. As a result, at this time there is no pending legislation that deals with the five principles the senator identified as his objectives.

Senator DeSaulnier intended to meet with the JPC executive committee on July 9th. Unfortunately, a last-minute obligation prevented him from attending that meeting. The senator plans to attend the next JPC meeting on September 21st and has offered to meet with the JPC executive committee before then.

At its July 9th meeting, in the senator's absence, the JPC executive committee decided to move ahead with a discussion of the senator's five principles so any further consideration of them could reflect how the JPC believes they could best be accomplished. Mr. Travis said the JPC received a report summarizing that discussion, which focused largely on the 20-year regional economic development strategy because that idea seems to be of greatest interest to the senator.

The culmination of that discussion was the unanimous passage of a motion calling for two things. First, the executive committee requested that business community representatives be invited to attend today's meeting to hear the Bay Area Council Economic Institute's status report on the Regional Economic Development Strategy Framework and to share their perspectives with you. That invitation was made and business representatives are here today.

Second, the executive committee recommended that JPC should direct its consultants, along with agency staff, to work with the business community in drafting an action plan that assesses what elements should be included in a regional economic development strategy, the likely costs of formulating such a strategy, and the potential sources of funding for such work.

Mr. Travis said that recommendation does not endorse a regional economic strategy, nor does it commit the JPC to formulating such a strategy. Rather, it is aimed at determining the scope, content, cost and funding for a regional economic development strategy. While he endorsed the recommendation, he suggested that this scoping work should not be initiated until the Regional Economic Development Strategy Framework has been completed this fall so that framework can be used as a foundation for the consultant's analysis.

On a motion by Mr. Haggerty and a second to the motion by Mr. Wasserman, the JPC unanimously accepted the recommendation of its executive committee, but to not start the analysis until the Regional Economic Development Strategy Framework has been completed.

- Mr. Wasserman suggested that meeting with the business community should be initiated immediately and not await the completion of the BACEI framework so we can continue working to improve the communication with the business community and continue the dialogue on who should be responsible for a regional economic strategy. He noted that it has yet to be decided whether this responsibility belongs at the JPC, government, someone else or a public/private partnership.

- In response to a question from Ms. Tissier, Mr. Wasserman clarified that this communication with the business community should be initiated by the JPC consultants and the BACEI, and the members of the JPC should be invited to attend the meetings. Ms. Tissier provided that direction.

6. Board Comment

There were no additional board comments.

7. Public Comment

There were no public comments.

8. Adjournment

The meeting was adjourned at 11:50 a.m.