



JOINT POLICY COMMITTEE — REGIONAL PLANNING PROGRAM

Minutes of the Meeting of November 16, 2012 Held at 10:00 AM at the Metro Center Auditorium, Oakland

<u>ABAG</u>	<u>BAAQMD</u>	<u>BCDC</u>	<u>MTC</u>
Mark Green	Tom Bates, Chair	John Gioia	Bill Dodd
Scott Haggerty	Eric Mar	Kathrin Sears	Adrienne Tissier,
Mark Luce	Mary Nejedly Piepho	Brad Wagenknecht	Vice Chair
Julie Pierce	Mark Ross	Zach Wasserman	

Lee Taubenek, Caltrans (for Bijan Sartipi)

1. Call to Order

Chair Bates called the meeting to order at 10:10 a.m.

2. Approval of Joint Policy Committee Meeting Minutes of September 21, 2012

On a motion by Mr. Wagenknecht and a second by Mr. Gioia, the minutes of the September 21, 2012 Joint Policy Committee meeting were unanimously approved.

3. Approval of JPC Meeting Schedule for 2013

On a motion by Mr. Dodd and a second by Mr. Ross, the Joint Policy Committee unanimously approved a meeting schedule for 2013.

4. Election of Officers

On a motion by Ms. Piepho and a second by Mr. Wasserman, the Joint Policy Committee unanimously elected John Gioia to serve a Chair and re-elected Adrienne Tissier to serve as Vice Chair from January 2013 until December 2014.

5. Briefing on agency collaboration on encouraging health infill development

Mr. Travis noted that the most important responsibility of the JPC is to foster coordination between the four JPC member agencies. At the most basic level, we don't want to have one agency requiring something that another prohibits. Ideally, all four agencies should be pulling in the same direction, each using its resources and authority to achieve shared objectives.

Recently, a situation arose where ABAG took an action that the Air District believed could undermine its ability to achieve its mandated responsibilities. As called for in the process the JPC has adopted for dealing with such problems, the executive staff of the four agencies met to discuss this matter and then brought the matter to the JPC Executive Committee for further resolution. We believe we've reached a satisfactory solution. Jack Broadbent from the Air District and Ezra Rapport from ABAG then provided some additional information on this issue and the resolution agreement.

Mr. Broadbent agreed there was a comprehensive, thorough and robust conversation on the issue by the JPC Executive Committee, which ultimately resulted in a good understanding of where we are. As background, he explained that the issue arose from the CEQA guidelines the Air District adopted in mid-2010. The purpose of the guidelines is to provide local governments with assessment and mitigation tools to deal with air impacts when they are regulating development in polluted areas. In late 2010, the Building Industry Association filed a lawsuit against the District's guidelines. The Air District is in negotiations with the Building Industry Association to settle the lawsuit, in part by establishing an alternative process for dealing with local air impacts. He opined that Mr. Rapport believed the development of this alternative process was not moving fast enough and he saw an opportunity to resolve the matter by having the Brown Administration revise the state guidance on CEQA.

Mr. Rapport said there is now consensus among the agencies and the Executive Committee that a land use regulation process that takes air quality into account is needed. He believes this process should be under the control of local governments who need guidance on what should be the appropriate analysis, trade-offs, disclosure and mitigation. He noted that there is no consensus on the role CEQA should play in this process. In light of some court cases on the appropriateness of using CEQA in dealing with these issues, he believes the State should provide guidance and clarity on whether the CEQA guidelines are operable or not. While he believes this type of state clarity is essential, he has agreed to not agendize any action by ABAG on this matter through February 2013 to avoid interfering with the ongoing settlement discussions between the Air District and the Building Industry Association. In the meantime, ABAG and the Air District will be continuing to work on an alternative process for dealing with the air quality impacts when regulating development projects. This process will be presented to the JPC in early 2013.

Mr. Broadbent concurred that there is agreement a process is needed so local governments can effectively deal with air quality impacts when regulating development near sources of pollution, such as highways. To accomplish this, the Air District staff is working with local planners to develop a set of tools, such as development guidelines, setbacks and air filters, which local governments can use. This collaborative process is being managed by Jean Roggenkamp of the Air District staff; therefore, it is informally known as "Jean's process."

Mr. Broadbent concluded by noting that the agency executives and the JPC Executive Committee have agreed that in the future any issue involving potential litigation or legislation at any one of the JPC agencies will be discussed among the agency directors to determine if the litigation or legislation could have an impact on the other agencies.

Mr. Gioia commented that this issue has underscored the importance of early consultation among the agency staffs and board members on such matters so they can be brought to the JPC before a conflict arises.

Two members of the public offered comments on this agenda item.

- Evan Reeves, Center for Creative Land Recycling, asked whether members of the affordable housing community would be involved in the development of new measures for dealing with air quality problems. Mr. Broadbent responded that the four agency staff will work together first and then a process for engaging the broader community will be developed.

- Rich Hedges encouraged that a fund be set up to pay for air quality testing instead of air quality modeling. He said it is unacceptable to deny permits for housing based only on air quality modeling because he believes there is no evidence that there are more cases of asthma in people living near freeways. Mr. Broadbent explained that the federal government now requires monitoring air quality near freeways because there is a growing body of epidemiological evidence that there are health impacts from living near freeways. He believes the Bay Area is at the forefront in dealing with this issue through its work on guidelines.

6. Status Report on Bay Area Climate and Energy Resilience Project

Using a PowerPoint presentation, Bruce Riordan, JPC Climate Strategist, briefed the JPC on a six month project, which is funded with a grant from the Kresge Foundation. The project is scheduled to be completed in February 2013.

Mr. Riordan began his presentation by noting that ABAG's staff has redesigned and updated the JPC website (<http://www.abag.ca.gov/jointpolicy/>), which is now up and running.

Mr. Riordan explained that the consultants are drawing on a series of science reports on the impacts of climate change on the Bay Area to develop a story and briefing paper for use with stakeholders in the region. The results of this initial work will be presented to the JPC in January. Through a series of stakeholder meetings, the team is trying to ascertain what these partners most need to help them move forward with local climate adaptation initiatives. In addition, four special work scope plans are being developed to deal with research to product deliverance, governance, social equity, and "win-win" GHG reduction/adaptation strategies. The final product that will be produced by February 2013 will be a set of findings that will provide a clearer picture of where we are in the region on climate adaptation and a series of recommendations on how best to move forward on climate adaptation. The final product will be presented to the JPC and the Kresge Foundation.

Summarizing a few news items, Mr. Riordan mentioned that California has held its first auction of greenhouse gas allowances pursuant to the state's cap and trade law. This law focuses on climate mitigation rather than adaptation. It is important that this program succeed because California is the eighth largest economy in the world and the 12th largest emitter of greenhouse gas emissions. The program, which took six years to develop, is trying to avoid the mistakes made in a similar program in Europe. Initially, 350 large businesses and 600 facilities are required to be part of the program and hold allowances for the emissions they produce each year. Most of the allowances will initially be given to the targeted companies but in future years allowances must be purchased. The total emissions allowed will be reduced each year. The revenue generated will eventually amount to billions of dollars, which will increase over time as more polluters, such as electric utilities and transportation sector, are brought into the program. Some of the revenue my eventually be allowed to be used for climate adaptation, but only if the adaptation strategy also reduces or mitigations GHG emissions. The goal of AB 32 is to reduce emissions to 1990 levels by 2020 and to get on a path to an 80 percent reduction by 2050.

The other news items focused on Hurricane Sandy, which hit the East Coast in late October. Mr. Riordan showed a map of Manhattan in 1776 and a map of the current flood evacuation areas. The current first priority evacuation areas are largely composed of land that has been reclaimed over the past 200 years. Mr. Riordan said that discussions are underway as to what

to do about flood threats in the future and showed illustrations depicting some of the options. He cautioned that while any single storm cannot be directly related to climate change, the warming planet is contributing to extreme weather events. He said the situation is analogous to smoking and lung cancer. You can smoke and not get lung cancer, but smoking increases your likelihood of getting lung cancer in the same way. Similarly, texting while driving does not, by itself, produce traffic accidents, but distracted driving clearly increases the odds of an accident.

Business development groups are now beginning to use climate resilience in their campaigns. Mr. Riordan cited an example in Milwaukee, in which the local economic development organization claims that businesses should locate there because the region has fewer extreme storms than coastal areas like New York.

- Mr. Ross asked how the cap and trade revenue will be allocated, whether it is truly limited to GHG mitigation, and how the Bay Area can gain access to some of this funding. Mr. Riordan responded that, by law, the revenue must be used to reduce GHG emissions and that state legislation establishes the categories of use for the funding. In response to a follow-up comment by Chair Bates, Jean Roggenkamp of the BAAQMD staff explained that pursuant to state legislation the Air Resources Board and the Department of Finance will determine who gets the revenues.

In a subsequent email to the Joint Policy Committee, Mr. Riordan provided the following clarification in response to these questions and statements:

At yesterday's JPC meeting, we gave you conflicting and incomplete information about the process for allocating California's considerable Cap and Trade revenues. As you know, the implementation of a new program involving large amounts of revenue will usually be hotly contested and often rather complex. Cap and Trade revenues are not an exception to this rule, involving the legislature, the Governor, CARB, CPUC, the Climate Action Team, etc. To clarify this important topic for you, I will work with the JPC agencies' legislative experts next week to get you a clear and concise summary of the current status of the revenue allocation processes. For now, here are some basics:

1. *AB 32 (2006) allowed CARB to set up a market-based cap and trade system as part of the effort to reduce GHGs.*
2. *AB 1532 (signed by the Governor two months ago) outlines the process and principles for allocating the revenue and defines 7 categories of eligible strategies.*
3. *SB 535 (signed by the Governor two months ago) requires that 25% of the revenue be allocated to benefit disadvantaged communities and 10% of the revenue be spent on projects located in disadvantaged communities.*
4. *CARB will come up with a proposed spending plan, the legislature will hold hearings, and Governor and legislature will negotiate an approved spending plan through next year's budget process. The level of detail in the plan will be one part of that negotiation. Another key point of discussion: While all revenues must be used to reduced GHGs, some that revenue could also provide General Fund relief.*
5. *While the revenues...from the first auction will be relatively modest, the program is eventually expected to provide billions in revenue each year for GHG reduction activities.*

6. *The CPUC [has] proposed a "dividend" to electricity customers statewide using Cap and Trade revenues from a separate set of allowances that were allocated to PG&E and other investor-owned utilities.*

7. Briefing on HUD grant-funded Scope of Work for the Bay Area Regional Prosperity Plan

Mr. Travis noted that the next three items on the agenda are interrelated. Item #7 is a briefing by MTC's staff on the Bay Area Regional Prosperity Plan. Item #8 is a briefing by Sean Randolph on the Regional Economic Assessment that was prepared for the JPC by the Bay Area Council Economic Institute. And Item #9 is an explanation on how we will incorporate these two efforts, along with some work ABAG is doing, in our assessment of the scope of a regional economic strategy.

Vikrant Sood of MTC's staff then provided a PowerPoint briefing on the Regional Prosperity Plan. Mr. Sood the development of the regional prosperity plan is being funded through a \$5 million grant from the U.S. Department of Housing and Urban Development (HUD) through its sustainable communities partnership program, which aims to integrate land use, housing, economic and workforce development, and infrastructure investment. The Bay Area project is focusing on jobs and housing development in transit-served communities through three interconnected areas of work: (1) involving under-represented groups in the planning process; (2) providing affordable housing for the workforce; and (3) formulating an economic opportunity work plan for low- and moderate-income households.

The need for the prosperity plan is driven by data showing that job growth in the region has been slow and most of the jobs are either high paying or low paying, with relatively few in the middle. This disparity is also reflected in the educational attainment levels. In the South Bay there are equal numbers of workers with no college degree and those with master's degrees.

The goal of the project is to identify pathways to prosperity for individuals in low- and moderate-income households. Pilot projects will be carried out to test the ideas that are developed. Information from the BACEI regional economic assessment and the Plan Bay Area jobs and housing analysis are being folded into the prosperity plan.

- In response to a question from Chair Bates Mr. Sood explained that the HUD funding available through the project will be directed toward protecting and expanding jobs for low- and moderate-income workers and providing training for low- and moderate-skill workers.
- Ms. Piepho asked what the median income is in the region. Though the number was not immediately available from the staff, but was provided by a member of the public.

One member of the public offered comments on this agenda item.

- Rich Hedges said in San Mateo County an income of \$82,000 is needed to afford a two-bedroom apartment.

8. Briefing on Regional Economic Assessment

Dr. Sean Randolph from the Bay Area Council Economic Institute provided a PowerPoint briefing on the recently released report "A Regional Economic Assessment of the San Francisco Bay Area," which was prepared for the JPC. The principles objectives of the study

are to: (1) provide a shared foundation of economic facts; (2) assess the driving forces behind the Bay Area economy, particularly as related to competitiveness, jobs and growth; (3) identify impediments to stronger growth and job creation; and (4) make general recommendations on economic strategy going forward.

The major findings of the study are:

- Per capita GDP in the region, compared to the rest of California and the U.S., is among the highest in the country.
- Job growth in the region has been slow even though the population has increased. The current number of jobs in the region is about the same as it was in 1994.
- Job growth in the Bay Area will outpace California and the U.S because employment in the region is concentrated in fast-growing tech jobs.
- The Bay Area's economic strengths are: (1) a high quality of life; (2) a highly educated labor force; (3) ready access to venture capital, and (4) a culture that embraces innovation. California gets 50-55% of all venture investment nationally, and the Bay Area gets 40-45% of all venture investment nationally. As a measure of innovation, the Bay Area has a large lead over other regions in terms of patents issued.
- The Bay Area's economic weaknesses are: (1) high housing costs; (2) the region's regulatory environment; and (3) a labor force that does not have the skills needed by tech employers. In part, the high housing costs reflect a shortage of housing supply.
- When business leaders were asked about the region's regulatory environment, 38% were satisfied, 24% neutral, 33% dissatisfied. They expressed frustrations regarding regulatory transparency and efficiency, and a lack of consistency between regulations and requirements at the local, regional and state levels.
- There is evidence that declining jobs in the middle class stem from lack of relevant skills. 62% of businesses surveyed reported difficulty with meeting workforce needs. Firms in technology reported considerable difficulty in finding skilled workers.
- The economy operates at a regional level. The majority of residents live in one county and work in another. Tech jobs, which have spread from Silicon Valley to throughout the region, have a high spill-over effect. Each tech job supports 3.5 other jobs in support services. In contrast, a job in manufacturing generates only 1.5 secondary jobs.
- Business starts are the basis for growth. Most jobs are created (or lost) in businesses that start, expand (or contract) within the region. Few jobs are created (2.0%) or lost (3.6%) by businesses moving into or out of the region. Therefore, an effective economic development strategy should focus on helping small companies succeed.
- Among the challenges/opportunities going forward is the aging population. Baby boomers retiring so many replacement jobs will be available. The region competes for business but at the same time we compete for business by competing for workers and their families. We can do this by creating great places to work and live.
- The four primary factors for a competitive region are: (1) access to markets; (2) access to factors of production (labor/capital); (3) competitive cost of doing business; (4) unique

sector strengths; and (5) quality of life. The Bay Area is strong in \$1, 4 and 5, but weak in # 2 and 3.

- Based on its analysis the BACEI recommends that: (1) a public-private focal point should be established to guide the formulation of a regional economic development strategy, perhaps by creating a business advisory committee to the JPC; (2) business should be engaged earlier in the formulation of individual agency plans; (3) local regulations should be harmonized at the regional level; (4) focus should be placed on areas where the region is most competitive and on supporting firm survival and growth rather than attracting employers from other regions; and (5) workforce training and development should take place at the regional level.
- In response to a question from Mr. Gioia, Dr. Randolph clarified that the information on gains and losses from moves into and out of the region is in terms of jobs and not establishments. However, the data do not capture jobs lost in businesses that remain in the region, but expand their operations elsewhere.
- Ms. Piepho noted that the Bay Area has many excellent educational institutions so if they are not providing the training needed by Bay Area businesses evidently we need to develop better linkages between business needs and educational curricula. Dr. Randolph responded that the education at the highest levels is excellent, but technical training at a lower level is not adequate in part because of spending reductions at the state level. There are some excellent linkages between businesses and individual community colleges, but there is no systematic program of linkages at a regional level.
- Mr. Green supported the idea of having a formal relationship between the business community and the JPC. He asked what organizational form that relationship might be. Dr. Randolph said it could be an advisory committee to the JPC or through an external partner, such as the BACEI. The principal economic development organizations, along with representatives from businesses themselves, should be involved. Finally, he again urged that economic issues be considered early in the formulation of regional plans, not at the end of the process. He specifically recommended that the business community should be engaged immediately in the formulation of a regional sea level rise adaptation strategy.
- Chair Bates indicated he is referring the matter of whether a business advisory committee to the JPC is advisable to the JPC Executive Committee for its consideration and recommendations.
- Mr. Wagenknecht urged that in the development of “Jean’s process” the business community be engaged at the outset.
- Ms. Piepho urged that the East Bay Economic Development Alliance be involved in any alliance with the business community.
- Mr. Gioia said that since there seems to be consensus on the JPC that the business community should be more directly engaged in the work of the JPC, the Executive Committee should focus on the structure of the engagement, not the policy issue itself. Chair Bates said he assumed there was such a consensus. He offered the opportunity for members to disagree with this assumption. There was no disagreement.

- Mr. Wasserman recommended that there be an analysis of the existing organizations before creating anything new.

9. Briefing on Regional Economic Development Strategy Work Plan

Mr. Travis noted that the consultants have provided the JPC with a brief memorandum, which was prepared by ABAG's staff to give an overview of the information covered in the last two briefings, along with a summary of the policy background report that ABAG's staff is preparing for incorporation into the Sustainable Communities Strategy.

On July 20, 2012, the JPC unanimously adopted a motion directing 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 developing such a strategy, and the potential sources of funding for such work.

The JPC decided the Regional Economic Assessment that it had just been briefed on should serve as a foundation for the analysis, which is to be aimed at determining the scope, the content, the cost and possible sources of funding for a regional economic development strategy. To carry out this direction, the consultants, along with agency staff, will be meeting with the Bay Area Business Coalition on December 3, 2012.

He added that the consultants are following up on a suggestion made at the last JPC meeting when Senator Mark DeSaulnier recommended that the JPC should meet with the Bay Area Legislative Caucus, which he co-chairs with Assemblyman Rich Gordon.

The purpose of these meetings will be to get the input from the business community and the legislative caucus on the scope of the elements that should be included in a regional economic development strategy. The Bay Area Council Economic Institute has provided its recommendations on this scope in its final report to the JPC. The consultants will then compare what everybody wants to have included in a regional economic development strategy with the work that's underway at MTC and ABAG to determine whether there will be anything left undone. If there is, this void will be used to define the tasks, budget and funding for these efforts. The JPC will then be able to decide whether or not it is appropriate for the JPC to undertake this work. The JPC Executive Committee endorsed this approach at its meeting On November 8, 2012.

Three members of the public offered comments on agenda items #8 and #9.

- Paul Campos of the Building Industry Association said the manner of engaging both the business community and all other stakeholders should be more than allowing someone to speak for three minutes at a public hearing just before a final decision is being made. He urged that more lengthy interaction with board members be encouraged. He cited the panel discussions BCDC had on its sea level rise policies as an excellent example of how this could be accomplished.
- Rich Hedges said he serves on a board that regulates 550,000 businesses and individuals and has found that employers are pro-regulation generally but they ask for transparency and efficiency. He recommended that public education go back to the two-track system that prepares some students for college and others to go to work immediately after high school.
- Harvey Goldberg agreed that shop classes be restored in high schools.

- Mr. Gioia said it is important to recognize that there are fewer manufacturing jobs and that a greater level of technical education is needed for those manufacturing jobs that do exist.
- Ms. Pierce noted that as part of ABAG's work in developing the prosperity plan there will be efforts to bring the business community together with the education communities with the goal of developing curricula that provide the skill training needed for actual jobs in the region.
- Dr. Randolph responded that advanced education is needed to train workers to replace the many highly-qualified workers who are retiring. He added that there are an adequate number of low-paid jobs requiring little education, there are growing numbers of high-paid jobs requiring advanced degrees, but fewer jobs with reasonable pay in the middle and fewer employees with the necessary skills to perform these jobs.
- Mr. Luce noted that the manufacturing of products developed in the Bay Area typically takes place elsewhere. He asked what could be done to retain these middle-income manufacturing jobs. Dr. Randolph said much work is being done on this issue, but it is important to recognize that there is a significant amount of manufacturing, mostly computer and technology manufacturing, in the Bay Area. While this manufacturing adds much to the wealth of the region, it requires relatively few workers. Nevertheless, manufacturing is an important component of a healthy economy in part because research and development activities prefer to be close to the manufacturing they support. The manufacturing in the Bay Area is typically low-volume and high-end. Some of this manufacturing is being lost because employers cannot find workers with the level of technical education needed for the jobs.

10. Status Report on JPC Staff/Consultant Support

Chair Bates explained that Will Travis has decided to retire at the end of January 2013. At the January 18, 2013 JPC meeting, the agency executive staff and the JPC Executive Committee will provide a recommendation on the scope of staff/consultant support that will be needed by the JPC in 2013, how this support should be provided to the JPC and how the staff/consultant should be recruited and selected.

Mr. Travis added that it has been an honor to work with the JPC and Chair Bates and he is proud of what we've been able to accomplish over the past year. In particular, I think he believes the JPC can take pride in the fact that we've moved from having no prescribed process for managing JPC responsibilities to having clear policies on JPC management, coordination and collaboration, regional leadership and engagement with the business community. At its last meeting the JPC put these policies to work when it unanimously decided to take on a leadership role in tackling the controversial and difficult job of formulating a regional sea level rise adaptation strategy.

Mr. Travis noted that he was hired last February and his annual contract comes up for renewal at the end of January 2013. He explained that while he was enjoying himself on a vacation in Tuscany—a vacation that had to be postponed twice so he could deal with his responsibilities to the JPC—he decided that he did not want to renew his contract. He retired from his position as BCDC's executive director at the end of 2011. He had hoped that he would be able to enjoy his retirement, devote some time to other activities he enjoys, and

serve as a policy advisor to the JPC. Unfortunately, he hasn't been able to do all these things so he has decided to try again to retire.

Over the next two months, he will be working with Bruce Riordan, the agency executive staff and the JPC Executive Committee to explore the best options for providing the level and quality of professional assistance the need to carry out its responsibilities.

He concluded by thanking the JPC for the opportunity it provided to him to serve the JPC. He joked that he views his decision as his own personal regional economic development strategy in that it is providing a job opportunity for somebody else.

11. Committee Comments

Chair Bates noted that ABAG had appointed its President, Mark Luce, and its Vice President, Julie Pierce, to serve on the JPC. They replace Jane Brunner and Rose Jacobs Gibson.

Ms. Pierce recommended that the agendas for all future JPC meetings include a report from the Executive Committee. Chair Bates concurred.

12. Public Comment

Peter Lydon of Berkeley provided the members of the JPC with his new book, *Centers for the Bay Area: Walkable Communities on Transit*.

13. Adjournment

Chair Bates announced that the next meeting will be on January 18, 2013 and adjourned the meeting at 12:05 p.m.