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JOINT POLICY COMMITTEE — REGIONAL PLANNING PROGRAM

Date: July 13, 2012

To: Joint Policy Committee

From: Will Travis and Bruce Riordan
Joint Policy Committee Consultants

Subject: **Executive Committee Recommendation on Regional Economic Strategy**
(for JPC consideration on July 20, 2012)

Summary and Executive Committee Recommendation. On July 9, 2012, Senator Mark DeSaulnier was scheduled to meet with the JPC Executive Committee to discuss the five principles he had identified as being the underlying reasons for two bills (SB 1149 and SB 878) he had introduced. As explained below, both bills have been amended so currently there is no legislation pending that deals with the five principles. Moreover, because of a pressing obligation, Senator DeSaulnier was not able to attend the July 9th JPC Executive Committee meeting. Nevertheless, the Committee discussed the principles and unanimously passed a motion: (1) requesting that business community representatives be invited to attend the July 20, 2012 JPC meeting at which the staff of the Bay Area Council Economic Institute will report on the status of the Regional Economic Development Strategy Framework; and (2) recommending that the JPC direct its consultants and 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.

Status of Legislation. Senator Mark DeSaulnier introduced SB 1149 on February 21, 2012 to repeal an obsolete provision of state law dealing with the responsibilities of the Metropolitan Transportation Commission. On May 1, 2012, he amended SB 1149 to establish a directly elected 15-member Bay Area Regional Commission, which would replace the Joint Policy Committee, exercise fiscal control over the four JPC member agencies, and have responsibility for a number of specified activities including the preparation of the 20-year regional economic development strategy. Local elected officials and members of the four regional agencies expressed concern that Senator DeSaulnier had introduced these amendments without first discussing them with Bay Area representatives. On May 15, 2012, Senator DeSaulnier amended SB 1149 to eliminate the provision requiring that the members of the Bay Area Regional Commission be directly elected. The other provisions of the May 1, 2012 amendments were unchanged.

On May 18, 2012, Senator DeSaulnier attended the regularly-scheduled JPC meeting and engaged in a discussion with the Committee members. At that meeting he provided a list of five

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objectives he said were the principles underlying SB 1149. At that meeting, JPC members expressed strong concerns that the SB 1149 amendments had been formulated without local consultation. Senator DeSaulnier responded to these concerns by offering to meet with the JPC Executive Committee to discuss how the principles he had articulated could be advanced and by agreeing to suspend further consideration of SB 1149 by the Legislature. No action on the bill has been taken since then.

Without further discussion with the JPC, on June 9, 2012, Senator DeSaulnier amended SB 878, which dealt with reform of the operations of the four regional agencies, to require the JPC to prepare a comprehensive report on improving interagency collaboration, a report on improving public and community outreach, and a detailed regional economic development strategy. At a June 13, 2012 Assembly Local Government Committee hearing on SB 878 Senator DeSaulnier suggested that the reports and strategy called for in the bill reflect work that is already being undertaken by the JPC so the legislation would require the JPC to do little more than provide the Legislature with written reports on this ongoing work. On June 14, 2012, JPC Chair Tom Bates wrote to the Assembly Natural Resources Committee to explain that this characterization was incorrect and that it would be impossible for the JPC to undertake these major new responsibilities without additional financial resources, a problem that the bill does not address.

On June 25, 2012, Senator DeSaulnier amended SB 878 to eliminate the provisions imposing new requirements on the JPC and instead to require the California Transportation Commission to evaluate the advisability of establishing an office of inspector general. Therefore, at this time there is no pending legislation that deals with the five principles Senator DeSaulnier identified as his objectives.

July 9, 2012 JPC Executive Committee Meeting. The meeting notice for the July 9th JPC Executive Committee meeting indicated Senator DeSaulnier would meet with the Executive Committee to discuss the five principles he had indicated were underlying language he had incorporated into SB 1149, and later into SB 878, to advance those principles and for the Executive Committee to decide whether it wanted to recommend what position, if any, the JPC should take on SB 878. As noted above, both SB 1149 and SB 878 were subsequently amended to eliminate any reference to the JPC, which negated any need for the JPC to take a position on SB 878. Senator DeSaulnier was not able to attend the Executive Committee meeting.

The following members attended the July 9th Executive Committee meeting: Tom Bates (chair); Bill Dodd; John Gioia; Mark Green; Anne Halsted; Mark Luce; Julie Pierce; Brad Wagenknecht; Zach Wasserman; and Amy Worth.

Despite Senator DeSaulnier's absence the Executive Committee decided to discuss the five principles, which are:

1. Increase public access to regional process at the community level.
2. Respect the integrity of the existing regional agencies.
3. Provide policy oversight to ensure the development of a coherent multifunctional regional plan.

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4. Prepare a 20-year regional economic development plan to be integrated into the multifunctional regional plan.
5. Integrate regional management and reduce the duplication of overhead functions, such as human resources, procurement, and the like, to achieve cost savings.

There was a brief discussion about principle #1, and general support for principles #2 and #3. As summarized below, the Executive Committee focused its discussion on principle #4 calling for the preparation of a 20-year regional economic development plan. Due to time constraints, principle #5 was not discussed.

Given the rapid changes in the economy, there was some concern that a 20-year plan encompassed too long a period of time though this concern might be addressed by making the plan a broad strategy that is updated regularly to adapt to changing conditions. Also, there was support for having any such long-term strategy focus on eliminating obstacles to economic development rather than being prescriptive in advancing certain types of economic activity.

There was some question as to whether economic strategic planning is an appropriate role for the JPC, whether the JPC should facilitate rather than take the lead in such planning, and broad concern that the JPC could not take on any additional responsibility unless the JPC is provided with adequate financial support.

In discussing the relationship of an economic development strategy with the Sustainable Communities Strategy some members felt the strategy should be a key component of the SCS while others believed the two should be kept separate because an economic strategy should be broader than the SCS.

There was broad consensus that the business community and existing economic development organizations in the region would have to play a pivotal role in the formulation of any regional economic strategy, and that any such strategy would be more effective if it is built on existing local and regional efforts instead of being required by state mandate.

Overall, the Executive Committee concluded that rather than react to Senator DeSaulnier's five principles, the JPC should decide what it wants to accomplish in the way of economic policy and submit its ideas to Senator DeSaulnier. Specifically, in a motion made by Zach Wasserman and seconded by Amy Worth, the Committee unanimously: (1) requested that business community representatives be invited to attend the July 20, 2012 JPC meeting at which the staff of the Bay Area Council Economic Institute will report on the status of the Regional Economic Development Strategy Framework; and (2) recommended that the JPC direct its consultants and 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