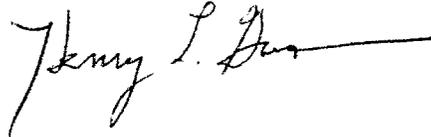


M E M O

Date: November 7, 2008

To: Executive Board

From: Henry L. Gardner  
Executive Director



Subject: **Executive Director's Report**

**State Budget Deficit**

The gap between revenues and expenditures continues to grow at a rate unimaginable just two months ago. The state is now faced with a reduction in revenues of \$11.2 billion which had been counted on to balance the current budget.

The national economic downturn has had profound effects on the state's revenues. Not only has the precipitous decline in housing construction and dramatic increases in home foreclosures resulted in deteriorating revenues, the virtual collapse of the financial markets has eroded capital gains and corporate earnings, a mainstay of the state's revenues.

The governor is proposing to close the \$11.2 billion gap with a combination of \$4.5 billion in cuts and \$4.7 billion in increased revenues. The proposed cuts are further reductions in education, health and human services, which suffered major cuts in September. The tax increases would come from a temporary 1.5% sales tax, extending the sales tax to appliance and furniture repair, golf, Veterinarian services, amusement parks, and sporting events. An oil severance tax would be applied for extracting oil from the earth or water, and an alcohol excise tax would be raised by five cents a drink. The vehicle license fee, which would raise \$6 billion, is not on the table.

Getting to "Yes" is going to be extraordinarily difficult. Cities and counties are unlikely to be spared from further cuts or raids on their revenues. State impacts on ABAG are unknown, but we hope if there are any they will be small. Most of our state funding is from restricted sources, mainly bond funds.

**Input Needed for Projections 2009**

Local government staff and elected officials are invited to attend Projections 2009 Performance Target meetings being conducted throughout the Bay Area. The meeting will review preliminary results from each Performance Target alternative and provide input and comments. These targets, approved by the Board, are a "measuring stick" to see how well the Bay Area can utilize growth and development to achieve regional transportation, equity, and environmental objectives, including reducing greenhouse gas causing carbon emissions. Multiple land use scenarios, in addition to traditional forecasts, will be developed and used to test how well the Bay Area can address and balance these objectives through land use policies. Information about the Projections



2009 Performance Targets and meeting schedule is available at <http://www.abag.ca.gov/planning/>.

### **ABAG/SFEP Grant Proposal to US EPA Region 9**

ABAG and the San Francisco Estuary Project were recently notified that our grant proposal – *Estuary 2100: Resilient Watersheds for a Changing Climate* – was selected by the Environmental Protection Agency to be fully funded from EPA's San Francisco Bay Area Water Quality Improvement Fund. ABAG and partners requested five million dollars in funding from US EPA to be supplemented by over six million dollars in partner match.

*Estuary 2100* will implement demonstration projects achieving measurable improvement in the environmental health of the estuary and its watersheds in four key areas over the next three to five years: coordinated wetland and watershed restoration; analysis and monitoring of changes in Bay/watershed health and resiliency; innovative and collaborative projects promoting low impact development and other stormwater best management practices in urban cores; public outreach campaign.

Projects include innovative approaches to wetland and watershed restoration; instream flow improvements; riparian restoration; stormwater management; climate change impacts; invasive species management; and pollutant reduction addressing trash, pharmaceuticals, and erosion control for mercury hot spots. In addition, the public outreach effort will improve decision-making, increase public awareness, and promote behavioral changes that will positively affect the Bay Area environment.

Estuary 2100 projects also link directly to other regional planning/assessment efforts such as our FOCUS Program and EPA's nascent Climate Ready Estuaries initiative, for which SFEP was recently selected as a pilot estuary.

### **FOCUS: 2008 Regional Best Practices Conference Series**

As part of the Regional Best Practices Conference Series, ABAG conducted a session on TOD MarketPlace: Connecting Cities and Developers, Making Transit-Oriented Development Work. The September 26 session was co-sponsored by The Urban Land Institute, MTC, Reconnecting America, and The Non-Profit Housing Association of Northern California. The annual TOD Marketplace connected city planners with developers and provided an opportunity for immediate, dynamic feedback on the feasibility and potential of city plans. The featured keynote speech on the long-term value of TOD was given by Phil Angelides Chairman of the Apollo Alliance and former California State Treasurer. The cities of San Francisco, Hayward, Windsor and Emeryville presented best practices panels and six Bay Area cities presented their plans to a team of development professionals and the audience.

The next conference session will be the FOCUS on Greening Infill on December 4, from 9:00 a.m. to Noon, at the San Francisco Federal Building, 90 7th Street, San Francisco. Climate change and the end of cheap oil are strong indicators that we must change the way we move around in and out of our communities, the products we use, the structures we occupy and their location are all under scrutiny. The annual Greening Infill Conference is designed for elected officials, planners and public works staff, environmental professionals, and community activists engaged in urban development

and redevelopment. The focus of this year's session is green buildings and features two sustainable communities in the San Francisco Bay Area.

### **Multi-family Residential Buildings Survey**

On September 20, October 4 and October 18, in an ongoing effort to make the Easy Bay a seismically safer place, ABAG, the City of Oakland, and an army of volunteers surveyed Oakland's multifamily residential buildings to identify potential soft-story buildings. This is the first step in designing a program to make these types of buildings safer. Volunteers surveyed residential neighborhoods and compiled basic information about pre-selected buildings. This project was endorsed by several Bay Area professional organizations, including the American Institute of Architects (AIA), the American Society of Home Inspectors (ASHI), the Structural Engineers Association of Northern California (SEAONC), and the Earthquake Engineering Research Institute (EERI).

### **Disaster Recovery Initiative**

ABAG conducted a survey to assess the state of readiness by local governments for long-term recovery after an earthquake or other catastrophic disaster. The report, "Long-Term Disaster Recovery Planning by Local Governments in the San Francisco Bay Area," indicates the areas of recovery planning in which local governments are well prepared, could be more prepared, and need improvement. What individual jurisdictions have done, while important, is less important than the realization that a major earthquake will not affect just small portions of a particular city, but cities throughout the region. This final report on the survey's data examines the collective sum of information and analyzes the status of recovery efforts throughout the Bay Area. Information about ABAG's Disaster Recovery Initiative, the Long Term Disaster Recover Planning report, and other reports on long-term disaster recovery planning are available online at <http://quake.abag.ca.gov/recovery/>. In 2009, ABAG plans to create a template of best practices as part of the larger toolkit that provides technical assistance to local governments for recovery planning.

### **AB 1234 Ethics Training Offered for Public Officials**

ABAG, in partnership with the Institute for Local Government, the research affiliate of the League of California Cities, and the California State Association of Counties will provide required biennial ethics training for public officials, newly elected officials, and those who need to renew. The training session will be offered on December 17, from 9 a.m. to 11 a.m. at the Joseph P. Bort MetroCenter Auditorium in Oakland, and will help local officials meet the training mandate of AB 1234 which applies to public officials receiving expense reimbursement and compensation for their service and requires all elected and appointed officials to take two hours of ethics training every two years. Specific ethics laws and requirements will be addressed during the training sessions.

### **San Francisco Bay Restoration Authority**

With the passage of AB 2954, ABAG will begin working with the State Coastal Conservancy, San Francisco Bay Conservation and Development Commission, Save The Bay and local governments to plan the formation of the San Francisco Bay Restoration Authority. An initial exploratory meeting with staff from ABAG, the Coastal Conservancy, and others is scheduled for November 21.

The purpose of the authority is to raise and allocate resources for the restoration, enhancement, protection, and enjoyment of wetlands and wildlife habitat in the San Francisco Bay and along its shoreline. The authority is authorized to raise funds and award grants to public and private entities for eligible projects, including projects that restore, protect, or enhance tidal wetlands, managed ponds, or natural habitats on the San Francisco Bay shoreline. The authority is to be governed by a board composed of seven voting members appointed by ABAG.

#### **ABAG Financial Services**

Financings delivered by ABAG and its affiliated entities since my last report include:

- On Lok Senior Health Services in **San Francisco** borrowed \$22,710,000 through the ABAG Finance Authority using Variable Rate Revenue Bonds to refinance existing debt and fund the acquisition of a new senior health services facility;
- \$22,500,000 in Variable Rate Demand Revenue Bonds for the Branson School in **Marin County** to provide for rehabilitation and construction of school facilities;
- \$5,526,000 in Multifamily Housing Revenue Bonds on behalf of the **County of Santa Clara** for construction of a new 28-unit apartment complex for seniors to be known as Belovida Santa Clara;
- \$41,405,000 in Health Facility Revenue Bonds for the Institute on Aging in **San Francisco** for construction of new offices, meeting and clinic facilities, and a parking garage;
- \$7,600,000 in Multifamily Housing Revenue Bonds on behalf of the **City of Elk Grove** for acquisition and rehabilitation of a 124-unit apartment complex to be known as Terracina at Elk Grove; and,
- \$4,550,000 in Variable Rate Demand Revenue Bonds on behalf of the **City and County of San Francisco** for the Pacific Primary School.