

# SPEAKER'S COMMISSION ON REGIONALISM FINAL REPORT

JANUARY 13, 2002



THE NEW CALIFORNIA DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY CHALLENGES



## SPEAKER'S COMMISSION ON REGIONALISM COMMISSION MEMBERS

### DAVID ABEL

Director, Metropolitan Forum Project

### JACKI BACHARACH

Jacki Bacharach & Associates

### KIM BELSHE

Program Director, The James Irvine Foundation

### ANGELA BLACKWELL

President, PolicyLink

### NICK BOLLMAN

President, California Center for Regional Leadership

### JERRY BUTKIEWICZ

Secretary-Treasurer, San Diego Central Labor Council

### CHRISTOPHER CABALDON

Councilmember, City of West Sacramento

### KEITH CARSON

Supervisor, Alameda County

### JON CLARK

Executive Director, Wendy P. McCaw Foundation

### AMY DEAN

Chief Executive Officer, South Bay AFL-CIO Labor Council

### ED EDELMAN

Senior Fellow, RAND Corporation

### DENISE FAIRCHILD

President, Community Development Technology Center

### ESTHER FELDMAN

President, Community Conservancy International

### DAVID FLEMING

Of Counsel, Latham & Watkins

### ALEXANDRA GALLARDO-ROOKER

Executive Board, CWA Local 9400

### CARL GUARDINO

President, Silicon Valley Manufacturing Group

### GARY HUNT

California Strategies, LLC

### ELIZABETH MARTIN

Supervisor, Nevada County

### DAN MAZMANIAN

Dean, USC School of Policy, Planning & Development

### SUNNE MCPHEAK

President & CEO, Bay Area Council

### BECKY MORGAN

Founder, Morgan Family Foundation

### RAYMOND O. ORBACH

Chancellor, UC Riverside

### PETE PARRA

Supervisor, Kern County

### MANUEL PASTOR

Chairman/Professor, Latin American & Latino Studies

### SYLVIA REYES PATSAOURAS

Regional Planner

### BEV PERRY

Councilmember, City of Brea

### JUDITH SCHWARTZE

Principal Consultant, Judith Schwartze Consulting

### MARY WALSHOK

Assistant Vice Chancellor, UC San Diego

### CAROL WHITESIDE

President, Great Valley Center

### CHARLES WOO

CEO, Mega Toys

### JULIE MEIER WRIGHT

President/CEO, San Diego Economic Development Corporation

### CHRISTOPHER CARLISLE

Executive Director/Special Assistant to the Speaker



# SPEAKER'S COMMISSION ON REGIONALISM

FINAL REPORT

JANUARY 13, 2002

THE NEW CALIFORNIA DREAM  
REGIONAL SOLUTIONS  
FOR  
21ST CENTURY CHALLENGES



THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

# MESSAGE FROM THE CHAIR

DEAR SPEAKER HERTZBERG:

## Your Charge

A year ago you appointed this Commission with a charge to study and recommend new state policies that would support more effective solutions to some of California's most serious immediate and long-term issues: economic competitiveness; persistent poverty and underemployment; traffic congestion and long commutes; unaffordable housing; and loss of open space and habitat, among many others. You recognized that many of these require solutions at the state and local level, but what's missing is the ability to address them at a regional scale, tailored to the unique needs of our state's diverse regions. Without that, these problems simply won't be solved. This report is the Commission's response to your charge, and the product of our work.

## The "New Reality"

Recently our country has come under terrorist attack. The Commission has discussed whether and to what extent it ought to address this "new reality" in this report. With so much still unknown about economic, security, and policy implications, we hesitate to offer specific recommendations. But with great certainty and conviction the Commission declares that the domestic strength and resilience of our state and our nation is dependent in no small measure on the strength of our communities, that regional solutions to our most urgent community problems are more essential than ever, that government does and should lead in times of crisis and beyond, and that innovative partnerships among the public, private, and civic sectors will be the key to success.

## What We Did

The 31 Californians you asked to serve on the Commission have been hard at work; we met monthly, holding our meetings in different areas of the state, reaching out to understand the diversity and uniqueness of our state's many regions. We heard more than 100 presentations, from business and civic and community leaders, state and local elected officials, scholars, and interested citizens. We commissioned numerous policy research papers. Three times we met in two-day retreats, to dig deeper into particularly vexing issues. We used a website to ensure that our meetings and materials were widely accessible, and it was visited several hundred thousand times.

## This Report

The Commission builds upon and is indebted to the work of many recent Commissions that addressed some of the issues in your charge to us, including the Constitutional Revision Commission, the Speaker's Commission on State-Local Government Finance and the Commission on Governance for the 21st Century; and many of its recommendations are aligned with the Governor's Commission on Building for the 21st Century. This report presents a policy framework and rationale for specific recommendations, but is not intended to be a technical document. Though the primary focus of the recommendations is state government, the Commission has also noted important opportunities for improved strategies among local governments and regional agencies, as well as the business, civic and philanthropic sectors.



\* In addition to the report, the Commission has compiled a companion "source" document, containing the major papers and presentations which have been the basis for its deliberations and from which it has drawn many of its recommendations. These add significantly to the literature in the field, and should be used to draft specific legislation.

## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

## The Basic Message

Fundamentally, in a world of accelerated and complex change, only nimble and well-networked communities will thrive. With finite resources, basic economic, land use and infrastructure systems must be cost-effective and resource-efficient. Decision-making in the public and private sectors must be information-driven, strategic, collaborative, inclusive and rewarded for performance. On most of the questions affecting the economy and quality of life, these decisions are best made at the regional level, and state policies and practices should be reformed and aligned to support better decisions for improved regional outcomes.

## An Actionable Policy Framework and Specific Policy Recommendations

The Commission urges that this report be used as the basis for immediate Legislative and budget action, where feasible; for further debate and deliberation on matters that require a more broadly based consensus; and for further research and development on particularly complex issues. The framework and recommendations in this report are bold, yet practical and essential. They would result in major changes in how California:

- \* Collects and allocates tax dollars.
- \* Plans, invests in and manages infrastructure (such as roads, schools, and open space).
- \* Keeps its economy competitive and enables all workers to earn income and accumulate assets to support a decent standard of living.
- \* Enables low-income families and individuals to lift themselves out of poverty.
- \* Stewards its resources to leave a natural legacy to future generations.
- \* Organizes state and local government and regional agency operations.
- \* Builds a broad and active constituency for sustained change.

## A Pledge of Support

The Commission members pledge themselves to work with you and your colleagues in the legislature, the Governor, and others, to help move these ideas toward adoption. Regionalism and regional strategies are not new to this state, but their application in a 21st century context is new, and compelling. For those committed to this 21st Century California regionalism, this report is not the end, but the beginning.

*Thank you, Mr. Speaker for your visionary leadership on these critical issues, and for the opportunity you have given this commission to serve our fellow Californians, in pursuit of the "New California Dream."*

*Nick Bollman, Chair*



Nick Bollman, President, California Center for Regional Leadership and Christopher Carlisle, Executive Director

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

## ACKNOWLEDGEMENTS

The Commission's work was assisted by literally hundreds of people and organizations, for which we are deeply grateful. We want especially to thank the following for their help: above all, for his staff leadership and support, Christopher Carlisle, the Speaker's Legislative Director, who served as Executive Director of the Commission.

On the Speaker's staff- Diane Griffiths, Chief of Staff; Paul Hefner and Luke Breit, successive Press Secretaries; Jessica Reynolds, Special Assistant to the Speaker; and Assistants Lori Barber and Jennifer Hurst.

For her active learning and special staff support, Sustainable Communities Leadership Program intern Jessica Riggs. For support well beyond the call of duty, the California Center for Regional Leadership staff and consultants, especially Trish Kelly, Doug Henton and Shundra Lee.

For philanthropic support of the Commission's work, through a grant to the Metropolitan Forum Project, The James Irvine Foundation, and for indirect support, through a grant to the California Center for Regional Leadership, the Morgan Family Foundation.

For extraordinary scholarship and sage advice, the staff and scholars at the Public Policy Institute of California, especially Mark Baldassare, Elisa Barbour, Fred Silva, and Mike Teitz; Dick LeGates at San Francisco State University; and Matt Newman and Rob Wassmer at CSU Sacramento.

For wise counsel and facilitation services, Bill Dodge.

For research assistance, Julia Lave Johnston and Dean Mischynski at the California Research Bureau.

For advice and counsel, Chris McKenzie and staff of the League of California Cities; Steve Szalay and staff at the California State Association of Counties; and Rusty Selix and leadership at the California Association of Councils of Governments.



For conducting a very helpful, parallel process at the San Diego Regional Government Efficiency Commission, San Diego Councilperson and RGEC Chairman Byron Wear and RGEC Program Manager Kirk Mather, and Members of RGEC.

For website creation and management, Chris Steins of Urban Insight.

For fiscal sponsorship, Paul Vandeventer and Janet Elliott at Community Partners.

**Thank you all.**

**The members of the Speaker's Commission on Regionalism**

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

# TABLE OF CONTENTS

Message from the Chair

Acknowledgements

Letter from Speaker Hertzberg

Vision Statement

California's 21st Century Challenges and Regional Solutions

Guiding Principles

Policy Pathways for a Better California:

**Economic Prosperity for All**

- \* Successful Regional Economies
- \* Good Jobs and Careers for All
- \* Social and Economic Progress

**Building Better Communities, Preserving our Natural Legacy**

- \* Empowering Regions Through Fiscal Reform and Responsibility
- \* Growth: More Livable Communities for 46 Million Residents in 2020
- \* Schools and Universities as Centers of Communities and Anchors for Regional Development
- \* Enhancing Environmental Quality Now and For the Future

**Collaborating for Effective 21st Century Governance**

- \* What Regions Can Do: Performance-based Regional Collaboration.
- \* What the State Can Do: Devolution, Alignment, and Support
- \* What Citizens Can Do: A Resurgent Regional Civic Sector

Six Ways to Achieve and Sustain Fundamental Reforms

A Call to Action: Next Steps

References



**ROBERT M. HERTZBERG**  
**SPEAKER OF THE ASSEMBLY**

**To the members of the Speaker's Commission on Regionalism:**

California is at a crossroads. Over the past century, California has in many ways come to symbolize a unique and compelling version of the American Dream. The California Dream embodied economic success for businesses and workers; social and economic opportunity for millions of new arrivals from other states and other countries; an enviable quality of life; protection of an extraordinary natural environment.

At the dawn of the 21<sup>st</sup> Century California is once again the great experiment. California's economic, demographic, and geographic diversity presents an opportunity to invent a new social and economic order that celebrates complexity and diversity and that builds the self-governing mechanisms appropriate to this new century.

I formed the Speaker's Commission on regionalism to study and recommend new state policies that would support more effective solutions to some of California's most serious immediate and long-term issues: economic competitiveness, underemployment, traffic congestion, unaffordable housing and loss of open space, among many others. These issues require solutions at the state and local level, but what's missing is the ability to address them at a regional scale, tailored to the unique needs of our state's diverse regions. Without that, these problems simply won't be solved.

Though the solutions must be regional, our state and local governments lack sufficient constitutional or legislative authority, or planning processes, or funding schemes, or even a degree of public trust, sufficient to tackle these problems successfully at the regional level. Though there are innovative and committed public servants and state and local public agencies willing to do so, most of the fundamental policies and practices that guide their work are from another time.

I am extremely pleased with the efforts of the 31 members of the commission to bring together for the first time the current thinking as to how to address the problems that California should address on a regional basis. After reviewing the recommendations of the commission, I believe the following recommendations relating to empowering regions, building strong regional economies and using schools as centers of communities are particularly noteworthy:

## **Empowering Regions**

Our system of state and local financing is seriously misaligned and produces terrible local effects. To compensate for the loss of control of property taxes in the wake of Proposition 13, localities have been forced to compete for sales tax revenue, often resulting in unsound land use decisions, building more retail than we need and much less housing than we need, and often in the wrong places. Or localities have resorted to levying fees to obtain revenue, often on housing, thus further reducing housing affordability. The cost of services is borne disproportionately across regions, but there is no incentive for local governments to come to agreement on a regional distribution of some of local revenues to address disproportionate shares, nor to create new regional funds, from which compensation might be made. Consequently, the commission recommended that we:

- **Encourage Regional Tax Sharing.** To revise the local finance system to neutralize the effects of fiscal considerations on urban growth policy choices. Within each region, local governments should, within a specific period of time, choose one or a combination of the following fiscal systems for the purpose of reducing the fiscal impacts of growth policy choices:
  - Swap with the state a portion of the locally levied sales tax for a larger share of the property tax.
  - Transfer all or a portion of the 1% locally levied sales tax to the counties.
  - Establish a split property tax allocation by land use category by increasing the amount of property tax that a city receives for specific land uses.
- **Protect Local Revenues.** To increase the power of local governments to finance local services, do sound planning and maintain sustainable development policies, amend the Constitution to protect locally levied taxes from being reallocated for state purposes. That portion of property taxes allocated for local government services would be considered locally levied. (Obviously, given the projected \$12.4 billion deficit, implementation of this recommendation will need to be delayed.)
- **Regional Compacts.** Authorize through constitutional amendment the development and adoption of a regional compact that would specify the governance and fiscal choices of the region. A comprehensive regional plan should be developed on a collaborative basis involving all of the region's communities, and adopted plans should enable voters to approve general obligation bonds for capital purposes and tax increases dedicated to specific purposes by a 55% vote and grant countywide revenue raising authority for counties to support countywide services at 55% voter approval.

## **The Economy:**

California is the fifth largest economy in the world. Though driven by private sector innovation, workforce productivity, and finance, governmental decisions can either help or hurt the ability of our regions to compete nationally and internationally. Therefore, state government must be informed, attuned and aligned to support our regional economies. The State should have a permanent, yet dynamic economic strategy capacity, aligned to support sustainable regional economies. In particular, the commission recommended:

- **Workforce Investment: A Cabinet Agency.** Elevate the importance of workforce investment policy as a fundamental economic development strategy. All workforce related agencies, such as the Employment Development Department, the Department of Industrial Relations and the Employment Training Panel should be linked together under the direction or coordination of a Cabinet-level workforce department. (Coincidentally, the Governor, just days ago in his State of the State address called for the creation of a Cabinet-level Labor and Workforce Development Agency.)
- **Economic Leadership.** Carry out the language and intent of the statute that created the Economic Strategy Panel, that is, to obtain timely information on the emerging issues and needs of regional economies and the labor force, to encourage and support data-driven public policy and investment decisions.
- **State Policy.** The California Workforce Investment Board, a public-private advisory body to the Governor, should develop a comprehensive, regionally sensitive Workforce Investment Policy for the entire state workforce development system. The policy should call for a state-regional integrated, customer-driven workforce development system for all Californians, with a focus on lifelong learning opportunities and career progression.

## **Schools as Centers of Communities**

Schools siting, design, and use can be important determinants of community development or decay. And the strength of our neighborhoods and communities is a factor in whether we have sound regional development. Too often we have seen inner city or older suburban schools fall into disrepair or abandonment, even as new “sprawl” schools are built, that is, schools located away from existing population centers, on the edge of towns and cities without a broader community development plan. Our land is a precious resource, and the siting and use of schools should always promote intelligent community development; easy and safe access to schools for children and parents, and community involvement in schools. As a result, the commission made the following recommendations:

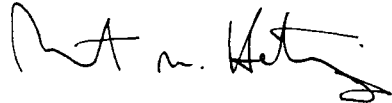
- **Joint Use and Other Efficiencies.** All public facility construction agencies, including schools and universities, should encourage joint use, and efficient use of land, materials and energy. Financial incentives should be provided for “high performance” schools (for example, construction of schools that are energy efficient).



- **Permanent, Reliable School Construction Finance.** Over the long term, state financing for school and university construction should be based in one or more dedicated revenue streams, with bond financing used only to assure balanced allocation, design or use enhancements.
- **Comprehensive Planning.** Local general plans should be coordinated and consistent with school plans in the siting and development of housing, transportation, parks/open space, and other public facilities.

Again, I want to express my profound gratitude to the members of the commission for their efforts in addressing the issues confronting California as we move into the 21<sup>st</sup> Century.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Hertzberg". The signature is fluid and cursive, with a prominent initial "R" and a long, sweeping underline.

Robert M. Hertzberg  
Speaker of the Assembly



THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES

# VISION STATEMENT

## 21<sup>ST</sup> CENTURY REGIONALISM THE NEW CALIFORNIA DREAM

### We envision a California where:

The quality of life is the best in the world. Throughout our state's many distinct and inter-connected regions, communities provide:

- \* World-class schools and universities for our children and lifelong learning for the career-enhancement and self-improvement of working adults.
- \* Affordable homes, and livable, viable neighborhoods, with protection of historical and cultural community character.
- \* Optimal choices for improved mobility by walking, cycling, driving, or transit from home to work and for shopping and leisure activities.
- \* Readily accessible and affordable health and social services.
- \* Economically viable working landscapes (farms and ranches), readily accessible parks and open space, and well-protected habitat and wilderness.
- \* Clean air, water and land.
- \* Attractive choices for economically and ethnically integrated communities.
- \* Opportunities for low-income Californians to participate in the mainstream economy, and to enjoy the quality of life benefits of other Californians.

## We envision Regional Solutions where:

Our regional economies are competitive in the global marketplace, attractive to investors, provide self-sufficiency wage jobs for all, and conserve and protect our precious natural resources at home and abroad.

All Californians, regardless of gender, religion, ethnicity, race, income, disability or sexual orientation, are accorded respect and dignity, and California is seen as a world leader in effective pluralism.

Our government policies, programs, and practices at all levels are effective and efficient, with performance-based accountability and broad public support.

Our citizens and civic and philanthropic organizations are actively involved in helping to determine the future of their regions and communities, and are guided by a stewardship ethic that obliges each generation to leave behind a California improved for future generations.

It was an honor to serve on the Speakers Commission on Regionalism. Local elected officials and policy experts who represent various constituencies and serve different geographic locations were able to dialogue, agree and respectfully disagree on regional approaches to solve issues which current legislation and government structures can not address. It is important that the State Legislature and the Governor use our recommendations as a roadmap for developing policy and addressing the diverse issues facing our State in the future.

**Keith Carson**

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

# CALIFORNIA'S 21ST CENTURY CHALLENGES AND REGIONAL SOLUTIONS

## CHALLENGES: PREFACE AND DECLARATION

At the dawn of the 21st Century, California faces serious challenges to its quality of life, its economy, its commitment to social justice, its environmental legacy, and the legitimacy and effectiveness of its governmental bodies. Though there are innovative and committed public servants and public sector institutions willing and able to address these challenges, many of the fundamental policies and practices that guide the work of state and local government are from another time. They are inadequate at best and barriers to success at worst.

To regain and sustain the California dream in the years to come, we need a new 21st Century regionalism: better policies, practices, and governmental and civic institutions that are aligned to support essential and promising regional strategies to produce world-class communities.

Since before statehood, and on through the 20th Century, Californians of the modern era have always faced difficult challenges:

- \* Settling a new frontier, often in a hostile natural environment.
- \* Persisting through boom-and-bust economic cycles, often through invention, sometimes regrettably through exploitation, to maintain a productive, competitive economy.
- \* Building great cities and an elaborate, comprehensive physical infrastructure to attract and/or accommodate

population growth.

- ✱ Testing the limits of our ability to “tame” our finite natural resources, such as land, air and water.
- ✱ Receiving wave after wave of immigrants from the rest of the nation and all over the world.
- ✱ Inventing a world-class system of K-12 schools and higher education.
- ✱ Creating a state and local government system, and public policies, that can operate effectively and accountably in such a large, diverse, and entrepreneurial state.
- ✱ Fitting into, often driving national policy, through example or direct action, and with the barely disguised swagger of a bridled nation-state.

Now, in a global economy and society that is increasingly connected and interdependent, in some ways California is once again the great experiment, but this time on a global stage. California's economic, demographic, and geographic diversity presents, at the dawn of the century, the opportunity to determine whether and to what extent a new social and economic order can be invented, which celebrates complexity and diversity, and which builds the self-governing mechanisms appropriate to this new reality.

The key components of this challenge seem apparent to the Commission at this moment in time, but as the recent terrorism attacks remind us, unforeseen challenges undoubtedly will appear in the future. Therefore, an underlying component of the California challenge is whether and to what extent Californians will have the insight, flexibility, inventiveness and resolve to meet unexpected challenges in new, effective, and sustainable ways. The major elements of the challenge, all inter-dependent with each other, are:

- ✱ Economic Prosperity for All
- ✱ Social and Economic Progress
- ✱ Building Better Communities
- ✱ Enhancing Environmental Quality Now and For the Future
- ✱ Collaborating for Effective 21st Century Governance
- ✱ Enhancing Regional Security, Reducing Vulnerability and Increasing Self-Sufficiency

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

## ECONOMIC PROSPERITY FOR ALL

How will our businesses be competitive in the global marketplace and provide jobs and careers with wages sufficient to support workers and their families at a high standard of living? How will we ensure that workers have the education and skills to participate fully in a competitive economy?

"In the wake of fierce global competition and the rise of information technology, a New Economy has emerged.... We are living in a new economic era quite unlike the more stable and predictable world we once knew."

Doug Henton and Kim Walesh,

*Linking the New Economy to the Livable Community*, April 1998

## The Economy

### A History of Innovation and Investment.

Historically, California has had enormous economic advantage shaped by three forces: abundant natural resources, innovative entrepreneurs and a highly productive workforce. Starting with the Gold Rush, the state has gone through several boom and bust cycles, often far more dramatically than the rest of the nation. Through each cycle, California moved on to new opportunities because of innovation. California's businesses, workers, governments and taxpayers have made the investments required to move the state to the next level of innovation. The great public investments of the post-World War II era (water systems, roads, higher education) and 1990's venture capital investments in high technology exemplify how we built a strong foundation for the state's growing prosperity in the latter part of the 20th century.

## The Recent Past

Ten years ago, California experienced its deepest recession since the Great Depression. Southern California in particular suffered, due to the concentration of defense-related industries in this region. California emerged from the recession with a new, restructured economic base comprised of among the most productive leading industries and workforce in the global economy. By the end of the decade these industries, clustered in the State's economic regions, were the engines of unprecedented overall economic growth, resulting in the creation of more than 2 million jobs, improved real earnings by most families, and other improvements in our standard of living. Many regions and workers, however, lagged far behind.

## The Economy Today

California is the fifth largest economy in the world. As the terrorist attacks demonstrated in a most horrific way, however, it is a world that is increasingly complex and volatile. Even before September 11th, awareness was increasing that the "new economy" was not based on unlimited growth. The national economy had slowed. California experienced a sharp decline in technology investment and employment and the decline of the stock market dramatically affected State revenues. And in spite of the general economic advances of the last several years, a growing number of working families are "locked out" of affordable housing, have poor educational options, and lack the skills to compete for good jobs.

## Long-term Comparative Advantage

What have we learned about our economy and what must we do to sustain prosperity over the next decades? According to the Center for Continuing Study of the California Economy, overall the state's "economy has substantial future opportunities. New products and technologies in multimedia, advanced telecommunications, and the use of the Internet symbolize the state's leadership in future growth industries. California is already the nation's leader for established growth sectors such as high tech manufacturing, motion pictures, foreign trade, and creative design in diverse industries like apparel, toys, autos, and chips." Even with this advantage, however, we can never take the economy for granted, but must nurture it continuously through innovation and investment.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

## THE WORKFORCE

### Careers, Not Just Jobs: Job-Change the Norm

In this new economy, however, people no longer can get by with one set of skills for one job over their career. Just one-third of workers in California conform to the traditional stereotype of having a year-round daytime job outside the home with a long-term employer. The workday life has been profoundly reorganized, a trend pushed by the Internet, the growth in home-based workers, and changing shopping patterns. Other factors include contract work, less than full-time work, working multiple jobs, and changing jobs often.

While many do better after a job change, many face disruption and hardship, particularly minorities and the working poor. In this environment, people need good basic skills, through K-12 education. Then they need new skills, such as technology and computer literacy, and skills that are continually upgraded through lifelong learning so they can compete for changing occupational requirements. And they need expanded access to affordable higher education opportunities.

### Demographics

New workers are increasingly diverse in race, gender, cultural background, age and ability. When children born today enter the workforce, more than 80% will be non-white, women and/or immigrants. California has the nation's largest number of people coming off long-term welfare, and they tend to have substantially lower basic education and social skills than those in the rest of the nation

## The Skills Gap, Broken Ladders, and the Spatial Mismatch.

In spite of years of sustained economic prosperity, California has an education and skills gap that has led to one of the nation's largest gaps between rich and poor. The wage gap widened between workers with and without college degrees, from 50% to more than 110% in 1999. Many workers are ill prepared for the jobs of the future, and there remains unmet demand for currently skilled workers, even with an economic slowdown. It is estimated that 60% of the new jobs in this century will require skills possessed by only 20% of young people entering the labor market. The emphasis in public policy on "work first" rather than long-term skills development and upgrading has moved many Californians from welfare to the ranks of full-time working poor, a "broken ladder" with few career advancement opportunities. The growth of employment centers in newer developed areas, and disinvestment in many urban neighborhoods and inner suburbs, have led to a spatial mismatch between jobs and workers and diminished quality employment opportunities for those workers.

## The Need for Regional Solutions.

California's economy is essentially regional, based on competitive "industry clusters" and a much more mobile workforce. The economic issues facing the Sierra Nevada are dramatically different from those facing the Gateway Cities in Los Angeles, and San Diego has different challenges in its bi-national region than the agriculture-based great Central Valley. Yet despite these differences, each region must, in its own way, be positioned to:

- ✱ Provide economic and job growth matched with projected population growth
- ✱ Create or expand businesses and value-added jobs that are competitive in the global economy
- ✱ Improve public education as the foundation of a productive workforce and high quality of life
- ✱ Invest for a trained workforce in the growth sectors of the economy, to enable workers to have satisfying careers, with income and assets sufficient to support a high quality standard of living for individuals and families
- ✱ Ensure sufficient economic opportunity at the lower end of the labor market to close income gaps, expand the middle class and avoid a permanent underclass

## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

Now, as the national recession deepens after the September 11 terrorist attacks, California is faced with the additional challenge, perhaps opportunity, of linking strategies for long-term economic growth with short-term economic recovery. Working with the federal government, we can and should stimulate business investment and consumer spending, put people back to work and restore business and consumer confidence. At the same time we must continue to advance the long-term strategies that will keep our regional economies and workers competitive through and beyond the normal business cycle, such as improving public education, repairing and building essential infrastructure, planning for future growth, and ensuring the viability, efficiency and accountability of essential state and local government services.

### Good Job and Careers for All

"There is an untapped and powerful potential engine for continuous education and training in California but it's at the regional level. It requires better regional coordination and financial support for the types of public, private partnerships which assure state and federal dollars articulate with private sources of education and training such as community colleges and university extension programs all of which work together in a manner that is highly responsive to the needs of regional employers as well as all skill levels in the workforce."

Mary Walshok



# SOCIAL AND ECONOMIC PROGRESS

How will we enable poor families and poor communities to participate in California's economic and social opportunities, and close the poverty gap?

## The Growing Income and Assets Gap, and the Segregation and Isolation of Class and Race.

For generations of new Californians, whether impoverished "Okies" fleeing the dust bowl during the 1930's, or southern African-Americans leaving farm jobs for war industry jobs in the 1940's, or generations of Mexicans seeking work in the fields of the Central Valley, or Vietnamese and Cambodians escaping the collapse of nations in southeast Asia in the 1970's, or more recent immigrants from Central and South America, the California Dream has always centered on economic opportunity, and for millions of new Californians that dream came true.

But for many, the dream is fleeting. While California has emerged once again as a land of opportunity, structural changes in the economy and other factors have resulted in a deep and growing disparity in income and assets. The gap between rich and poor is growing, as is the gap between the rich and the middle class. Even after the past eight years of unprecedented economic growth, California's poverty rate is the same as it was ten years ago (and still higher than the national average), and too many workers lack the skills needed for the state's high productivity industries. Increasingly, the rich choose to live in gated communities, the poor are isolated and abandoned in unsafe and unappealing neighborhoods, and working families scramble to find affordable housing wherever they can get it. The dream of economically integrated communities is increasingly illusory.

Addressing this widening disparity of opportunity must be an integral part of answering the questions of "how will California grow" and "how will California prosper economically." It is not only a concern with how more Californians will benefit from the state's prosperity, but also with how this gap, if left unchecked, most certainly will undermine California's long-term sustainability, security and success.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### The Need for Regional Solutions

In decades past, government stepped in boldly to “fix” or at least mitigate the structural flaws in our economy and society. Labor laws; the social safety net; subsidized education, health, housing, and social services; civil rights enforcement; urban reinvestment; community-based housing and commercial development; and other strategies were remarkably successful for many, but fell short for many others. Voters and elected officials seem reluctant to expand these strategies, and, in any case, the reality of a “permanent, isolated underclass” requires new strategies.

Leading thinkers working on this challenge have determined that, because the economy and many of the social networks that support the economy and our quality of life operate at the regional level, new *regional* approaches to economic opportunity and poverty reduction are essential. According to a recent PolicyLink report: “The advancement of equity in regions means linking residents of all neighborhoods to institutions outside of their immediate communities and addressing the racial barriers to regional participation. It means...undoing the current practices of isolating certain communities.”

“A strategy without equity will shipwreck your regional competitiveness and your dignity.”

**Manuel Pastor**

## BUILDING BETTER COMMUNITIES:

How will we plan and design our new communities, and redesign and reinvest in our old communities, to make them more livable, even as the population grows and changes?

*"Smart Planning for California's Future: California must accommodate another 12 million people in the next 20 years. Local communities and the State must work cooperatively to support this growth and protect the quality of life in California, especially in the face of prior unplanned growth. Well-planned growth is the best way to stimulate job creation, forge new transportation and housing options, and continue California's economic prosperity."*

Governor Gray Davis,  
*Governor's Budget Summary,*  
January 2000

### A Legacy Unraveled.

Prior generations of Californians, most notably the public and private sector leaders in the 1950's-60's era of Governors Earl Warren and Pat Brown understood that to accommodate population growth, the state needed to plan for and invest in the major systems that support modern economies and society: land use and housing, water supply, roads and transit, ports and airports, K-12 schools and higher education facilities, parks and open space, and adequate funding for local government to deliver high quality police, fire, health, and social services. With vision, leadership and sacrifice, California led the world in producing the needed infrastructure, the foundation for our prosperity and quality of life.

Since that time, however, the state has failed to maintain and expand these systems. Today California faces an "infrastructure deficit" estimated at well beyond \$100 billion. During the same period, we all but abandoned California's world class approach to large scale planning. We took fiscal "home rule" away from local governments and failed to encourage coordination with regional agencies, though these are the public institutions on the front line of planning for growth.

## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### A Daunting Future.

As California looks to the future, the question we face is not one of “growth” or “no growth.” Growth is unavoidable and its pace is predictable. During the next 20 years, California’s population will grow by an estimated 12 million people—primarily from births, not immigration—an increase of approximately one-third over the current population of 34 million. Yet even as we face this enormous challenge, we start at a disadvantage, most especially because we haven’t had a serious public dialogue about that growth.

### CASE STUDY:

#### Metropolitan Livable Communities

The Metropolitan Livable Communities Act of 1995, passed by the Minnesota state legislature, relies on incentives to promote walkable neighborhoods, affordable housing, and brownfields cleanup. The funds for the program come from a reallocation of existing tax sources. The Metropolitan Council, a regional planning agency, administers the program. Communities that apply for funding through the program must first choose to participate in a housing incentives program and work toward housing goals developed in cooperation with the council. To date, the program has awarded \$69 million in financial support for projects throughout the region, which has resulted in almost \$2 billion more in additional public and private housing.

Source: Urban Land Magazine, April 2001

The question on the minds of the general public and public officials alike should be: how can we accommodate this growth and maintain and improve our quality of life and our economic prosperity? We need a California dialogue about:

- \* How our already overburdened schools, roads, water systems and other infrastructure will accommodate the projected increase in population.
- \* How to conserve and generate enough energy and water to support our growing population, economy, environment and other needs.
- \* How to produce a sufficient supply of housing affordable for all income levels.
- \* How our patterns of land use can be guided by more thoughtful large-scale planning and investment and result in more sustainable development and conservation—particularly with respect to avoiding the creation of new suburbs that lack infrastructure and services and often use land inefficiently.
- \* How to redirect our capital investments, public and private, to reverse the thirty-year abandonment of many urban core areas, the isolation and fragmentation of communities, and the resulting barriers to economic opportunity for residents of inner cities and older suburbs.
- \* How to take into account major demographic changes, including a “tidal wave” growth in the number of children under age 18 and those over 65 and the impact of increasing cultural diversity, on housing, mobility and other lifestyle choices, including smaller family sizes.
- \* How to better serve our quality of life needs, including better schools, safer neighborhoods, parks and open space, quality medical care, accessible and affordable childcare, efficient transportation choices, and effective workforce training to prepare for the ever-changing demands of the economy.
- \* How to maintain a competitive business sector, with innovative and productive entrepreneurs, workers and investors.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

### The Need for Regional Solutions.

Californians know that there are no simple solutions, and experience has created a deep distrust in the ability of our public sector to do better; hence the widespread resort to “ballot box planning” through local initiatives. Increasingly, policymakers, planners, practitioners from many fields, and the general public recognize that the question of “how California will grow” can only be answered by approaching it in strikingly new ways. Because the “big systems” that support our way of life are often much larger than single, local jurisdictions, or, even for large cities like Los Angeles, cut across jurisdictional boundaries, we need multi-jurisdictional cooperation to devise and implement effective regional solutions.

Further, the state and federal government often make growth-related decisions in isolation from each other and from local governments and regional agencies. The complexity and interconnections among the growth issues require a more integrative approach than is now afforded by the many single purpose federal, state and local agencies, each of whom only looks at a piece of the puzzle. To address our infrastructure deficit and plan for new population growth, we need a new commitment to collaboration at the region by all levels of government.

There have been some promising experiments in this new direction, for example, in federal transportation planning, coupled with state legislation to encourage regional planning (SB 45), but regional collaboration is not yet the expected and routine behavior of our various state, federal, and local government agencies. Neither state policy, nor state funding of local government, nor state agency operations and regulatory behavior, systematically support collaboration to plan for growth at the regional level. *Sadly, we are simply not prepared for the challenge ahead.*

# ENHANCING ENVIRONMENTAL QUALITY NOW AND FOR THE FUTURE:

How will we recover from our environmental degradation; invest and manage to keep clean our land, air and water systems, and protect and manage natural landscapes and wildernesses our legacy for future generations?

Californians, even more than Americans generally, are deeply committed to the environment. For many, the natural beauty and recreational opportunities are a part of the California lifestyle, the reason they moved here or stayed here. Much of the state's economy, historically and today, is based in natural resources, and in particular farming, ranching, and fishing which require resource conservation and renewal to be viable. The restoration of the California condor has been a source of great pride for all Californians, and a model for protecting endangered species. Out of necessity, because of its extraordinary pollution challenges, California has led the nation in its early interventions to clean the air and water.

## In Search of a New Environmental Paradigm

The first generation of modern environmentalism was grounded in national action on the environment, in the 1960's and 1970's, through a series of important and remarkably successful national laws to promote clean water, air, and land; recycling; environmental review; energy conservation; and endangered species protection, among others. Funding or subsidies sometimes accompanied these laws, but in general it was expected that the perpetrator of environmental misdeeds would pay.



THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

Over time, regulatory complexity, legal impasse and mounting costs with fewer federal resources have stymied progress on many fronts. In response, over the past decade the federal government has experimented with devolution, partnerships and market-based incentives to try to reach better outcomes. But even this approach is fundamentally flawed in three very important ways:

- \* There is insufficient “horizontal” integration across different environmental fields of interest, to avoid conflict at the least, and, at best, to improve coordination across worthy environmental goals.
- \* There is very little “vertical” integration of environmental planning, enforcement or other public sector interventions. As a result federal, state and local governments often work at cross-purposes.
- \* Environmental goals are not sufficiently balanced and integrated with other economic and social goals.

### The Need for Regional Solutions

As it turns out, using the region, whether defined as an air basin or watershed or habitat, can be an organizing principle for addressing the three flaws of environmental protection. First, because most environmental protection has some defining regional spatial dimension, which can be mapped, it is the logical starting point for “horizontal” integration. Second, though the federal government is more challenged in this regard than state and local government, the region is a reasonable level for fostering collaboration among the three levels of government. And finally, because the region is also the scale at which the economy operates and the basis for much of our social relations, it is also the setting for better economic and social integration with environmental goals and strategies.

# COLLABORATING FOR EFFECTIVE 21ST CENTURY GOVERNANCE

How will we reform our governance policies and practices to unleash a more collaborative, effective and accountable *regional stewardship* form of governance appropriate to the challenges of the new century?

## A Quick History of California Governance and Regionalism

California has always been a state of regions – natural regions and economic regions – but their nature and manifestation have changed over time. Accordingly, California's governmental structures and policies have had an evolving, sometimes volatile, romance with regionalism. Our current county structure, for example, was a legitimate attempt to organize governmental services at a broader level than the small town and was appropriate to the resource-based economies of the 19th century: resource extraction, waterborne commerce, and incremental urban development. At the turn of the 20th century, when California's greatest cities were beginning to emerge, California's Progressives, in a response to corrupt state government, paved the way for California's unique brand of "home rule," based in the belief that government decision-making closest to the citizens produces cleaner and better government. In that time, the city was the "region."

In part the result of rapidly increasing population growth after World War II, and encouraged by a strong "pro-growth" climate, in the 1950's and 60's, California planned and implemented major infrastructure projects, including our major highway systems, the California Water Project, and even the Master Plan for Higher Education, recognizing that certain kinds of large-scale issues required large-scale regional and state planning to be resolved. In that same era, and driven by many of the concerns that motivate this Commission (particularly population growth), Governor Pat Brown's 1960 Commission on Metropolitan Area Problems was the first attempt to rationalize growth and minimize the effects of unplanned suburbanization. In the 1960's and 70's, Local Area Formation Commissions (LAFCOs) and Councils of Government (COGs) were formed to create opportunities for more strategic and collaborative regional planning.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

During the same period, spawned largely by the environmental movement, the state recognized that protection of vital resources, such as the coast, the San Francisco Bay and Lake Tahoe, required large-scale planning, new institutional forms, and new policy frameworks. And California joined the rest of the country in regional approaches to the national environmental challenge to clean the air, land, and water and protect endangered species.

In 1978, one of the unintended consequences of Proposition 13 was the shift of control for property taxes from local government to state government, which led to a local reliance on sales taxes and fees, thus removing the incentive structure for rational local land use planning. An early 1990s effort to achieve regional decision-making through a consolidation of regional agencies into a single multipurpose planning agency foundered on the resistance of local government to give up their last vestige of local control, and on the general apathy and disinterest of the public. When billions of property tax dollars were shifted from local coffers in the recession of the early 1990's, local collaboration often was displaced by local competition for sales tax dollars, thus distorting the land use decision-making process even further.

The 1980's also brought devolution of much federal responsibility to the state government, but for most programs, devolution stopped there, and in many program areas, local governments, particularly county governments, are for all practical purposes extensions of state government operations (often a love-hate relationship). The one field in the late 1980's and early 1990s that embraced a regional approach is the federal transportation program, and in many of California's regions, this has been a major impetus and model for better regional decision-making. Even here, however, integrated planning with local and regional land use decisions was not required, and happens too infrequently, and usually because of the exceptional leadership of regional agencies, local elected officials and community activists who "stretched" the program to make it happen.



## The Current Situation

Constraints on State and Local Government. Though California's challenges need regional solutions, today we are left with a hodge-podge of governmental rules, fiscal policies, and institutional frameworks that often discourage regional collaboration, and rarely encourage it.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES







# THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

## What Constrains Government?

- \* Local jurisdictional boundaries that are not a good fit for the regional scale at which some problems need to be solved.
- \* Multi-purpose governments (counties and cities) that have too little control over their own revenues, and therefore are forced to chase land uses, such as shopping malls that produce tax revenues, instead of affordable housing or parks or job-generating economic development; that put fees on things that are desired (like housing development), making them less affordable; that to export unwanted land uses, for which they have little political or fiscal support, to communities (often low-income) that cannot fight back.
- \* Very few instances of systematic, coordinated, integrated state-regional-local planning, for land conservation and development, for example, with the ability to direct resources from all levels of government in support of these plans.
- \* Very few instances of multi-jurisdictional discretionary funds that can be used for broad regional purposes (such as open space protection or urban redevelopment).
- \* Reliance on stop-and-start bond financing to meet infrastructure needs, which is more expensive than pay-as-you-go techniques and problematic for continuous execution of comprehensive plans over many years.
- \* Single-purpose special districts (including school districts and redevelopment agencies) that make decisions that affect regional outcomes but that do not necessarily involve regional consultation and joint planning.
- \* Regional councils of government (COGs) that often are important settings for regional deliberation, and in the case of those with control of transportation funds, the potential for putting funds behind better regional decisions. But because they are voluntary associations, and there are too few financial or other incentives to produce better regional outcomes, it is difficult for them to reach solutions that are more than a collection of local interests.
- \* State agencies with regulatory oversight for regional outcomes, such as for housing production, that do not have sufficient tools to encourage compliance (including the ability to sufficiently stimulate or reward outcomes through the “carrot” of state resources) that result in the absence of enforcement (until recently) and difficulty in securing collaborative compliance.
- \* State agencies and, often, even legislators, that are without the staff capacity to engage effectively at the regional, multijurisdictional level.
- \* Interest groups that are traditionally organized at a very local level or at a state level, and usually narrowly drawn fields of interest.
- \* General public apathy and alienation from government and the voting process; the distorting effect of money in politics; and an insufficient regional civic infrastructure to have major influence over local, regional, or state decisions.

Though better governmental decision-making at the regional scale is essential to making progress on all of California's major challenges, and the constituency for this change is growing and vocal, government is still the lagging sector, and public policy and practice is now the most significant impediment to success.

Many of California's civic, business and community leaders are anxious to move forward to address these challenges, but they know that fundamental reforms in the way in which state and local government and regional agencies do their work will be necessary if the better path is to be followed. This is not a "blame game." It is necessary to honor the role and commitment of public servants and public institutions, but that is insufficient, because the rules that govern public decisions and implementation are deeply inadequate to the challenge. Good people need good rules.



Steve Szalay, Executive Director, California State Association of Counties.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES

### The Need for and Promise of 21<sup>st</sup> Century Regional Solutions.

California is blessed with a new and promising movement of regional civic organizations, called Collaborative Regional Initiatives, which has spawned and advanced this concept of 21<sup>st</sup> Century Regionalism. Reflected in this Commission's Report, this concept embraces the idea of regional scale decision-making, but suggests that, across a broad variety of issue areas, this decision-making should be bottom-up, functional, data-driven, collaborative, integrated, and sustainable but need not result in changing governmental boundaries, nor in creating new permanent governmental structures. In fact, it stresses the opposite: its promise and effectiveness are found in its flexibility—the ability to define and redefine geographic scope in order to effectively address interconnected issues.

#### California's 21<sup>st</sup> Century ...

Regional stewardship is "a geographic area with common interests and needs in which people demonstrate careful and responsible management of that which is entrusted to their care."

Becky Morgan

## THE 21<sup>ST</sup> CENTURY REGIONALISM:

- \* Brings together different sectors—public, private, and nonprofit—in new, more collaborative and entrepreneurial ways.
- \* Starts from “bottom up” self-organizing and self-definition, using functional issues to define the scope and scale of regional problem-solving, such as commute patterns to define the jobs-housing imbalance problem (and solutions), or watersheds to define water supply and quality challenges or aquarian habitat systems.
- \* Optimizes regional self-sufficiency and organizes effective extra-regional (even global) working relationships.
- \* Draws all citizens into broad and informed regional dialogues about the future of their communities and implementation strategies.
- \* Assures that all solutions are measured against social and economic equity standards.
- \* Uses new techniques, such as GIS mapping, visualization, and community indicator reports, to envision and plan and to measure progress.
- \* Supports the allocation of local and state revenues in a manner that reflects the true cost of providing local infrastructure and services.
- \* Promotes resource efficiencies: land, materials, energy.
- \* Advances the idea of better government, not more government, or extra layers of government.
- \* Holds all sectors accountable for results—public, private, and civic—measures progress and yearns for improvement.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES

This Regionalism is not the enemy of localism, but its best friend. There are many matters that are best dealt with at a neighborhood or community level, through excellent local government agencies and an engaged and informed public. But even very local issues must be at least understood within its broad regional context if local solutions are to be supported and sustained over time.

This Regionalism acknowledges the need for sub-regional, inter-regional, and supra-regional strategies to address specific issues that are linked within smaller or larger geographic areas or cross regions that have more definable boundaries. For example, when certain infrastructure issues, such as airports and other forms of transportation, reach impasse, they may only be dealt with effectively on a supra-regional basis. Some issues, such as balancing the location of jobs and housing to reduce work commutes, require inter-regional partnerships. And other issues, such as California's future water supply, require working relationships among regions distant from each other.

Finally, this 21<sup>st</sup> Century Regionalism is led by regional stewards. These are leaders, from all walks of life, who are committed to the careful and responsible management and the long-term well being of the communities and regions that have been entrusted to their care.

Since its founding, California has been characterized by both the diversity and connectedness of its separate geographic areas. Today, however, with the challenges and opportunities associated with population growth, economic restructuring, and human needs, California requires a 21<sup>st</sup> Century Regionalism to set its future course.

And if all this weren't sufficient reason to explore and implement new regional strategies...



# ENHANCING REGIONAL SECURITY, REDUCING VULNERABILITY AND INCREASING SELF-SUFFICIENCY:

How can we best protect our families and communities from terrorism, and maintain our economy and quality of life?

The attacks of September 11<sup>th</sup> teach us that we are too vulnerable to horrible acts of destruction propagated by terrorists. This new kind of warfare relies upon an array of relatively easily deployed weapons of destruction against which we have not built strong defenses. This is our New Reality, which will unfold in unknown ways, and it will be with us as



Commissioners Becky Morgan, Keith Carson and Christopher Cabaldon

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

long as and until the terrorists can be contained or destroyed.

### **The Need for Regional Solutions.**

Though there are many ways in which the civilized world will need to organize itself in response to this New Reality, the role of regions may be central to the task:

- ✱ Because of the possible distribution of the terrorists throughout the country and the world, every region must optimize its own protection, and not be unreasonably reliant on the intervention of others for protection. Though national and international leadership, action, and support are necessary, they will be insufficient to protect our communities.
- ✱ Because terrorist acts can happen anywhere, the ability to respond to emergencies and recover from destructive acts will also require regional intelligence, planning and action.
- ✱ Basic infrastructure systems are at greatest risk of attack because they are the foundation of the modern economy and society. Because we cannot and will not retreat into caves, we must find new ways to organize our infrastructure systems that are less vulnerable and more resilient. They must be resource-efficient, so that they are more replaceable; closely distributed in a relatively small area (like a region), so that they are harder to attack and easier to protect; and redundant and diverse, so that no single act can bring a whole system down. Energy and water systems are prime examples. The cost of generating and distributing energy, or capturing and distributing water, in single modality systems, with large mainframes (dams and power plants, for example), connected across broad geographic areas (aqueducts and power grids, for example), makes us very vulnerable to terrorist attack. Moreover, we are reminded of the cost and geo-political risks of over-reliance on imported fossil fuels. Optimizing regional self-sufficiency would appear to be our best defense.

Though the Commission has not had time to study this issue thoroughly, it does believe that regional strategies may be key to addressing successfully this terrible "New Reality."

# GUIDING VALUES AND PRINCIPLES

## VALUES

This values statement was adopted by the Commission and guided our work:

- \* Our shared responsibility to use this opportunity to help California move closer to the envisioned California.
- \* Our understanding of California's long natural and human history, taking what was good and preserving it, and what was not and improving upon it.
- \* Our intention to bring independence of mind, fairness of judgment, clarity and creativity of ideas, and collaborative deliberation to our work.
- \* Our intention to reach out for a wide variety of perspectives, thereby to engage many, many Californians in this effort, so that its products reflect the rich diversity of Californians' ideas, experiences, and aspirations.
- \* Our willingness to be visionary and practical in our recommendations, understanding that change will be incremental, even if on the pathway to bold and provocative end-goals.
- \* Our collective commitment to carry forward the good work of this Commission beyond its brief existence.

## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES

## PRINCIPLES

The following principles framed the Commission's approach to the problems addressed and the recommendations offered

- \* Education is the basis for all progress on economic and quality of life issues.
- \* The 21<sup>st</sup> Century is dynamic and complex, and, accordingly, requires that strategies and actions be interconnected and responsive to new circumstances.
- \* The public sector must engage in a new kind of collaborative, entrepreneurial leadership that is responsive, flexible and innovative, and in true partnership with the private and philanthropic sectors.
- \* Public policy should be goal driven and measured for performance outcomes.
- \* Financial and regulatory incentives are more likely to succeed than mandates.
- \* Incentives should leverage matching support from the private and philanthropic sectors, and should be calibrated to fit the extent and degree of "reach." The higher the ambition or risk of the action, the higher the reward.
- \* Bond financing and pay-as-you-go financing should be well-fitted to purpose, with the former suited for one-time capital expenditures, and the latter for long-term, continuous capital expenditures.
- \* Invest in capacity up front to produce better planning and strategies, and reward for performance after the fact to produce better outcomes.
- \* If new public resources (tax revenues or user-based fees) are required to advance California's economy and quality of life, they should be provided, but allocated on the basis of "return on investment" analysis.
- \* The public sector and philanthropy should enter into more explicit, mutually beneficial partnerships.
- \* Not more government, but better government.
- \* Public sector responsibilities should be restructured to reflect actual responsibilities and capacities, and centered on the concept of "regional home rule."
- \* Planning and strategic partnerships should be multidimensional: multi-issue, all levels of government, and all sectors.
- \* Decision making processes should assure access and capacity of all Californians to participate effectively, including those low-income community residents often excluded from such processes.

## The Nature of the Report's Recommendations

The recommendations offered in this report are inter-dependent, though their adoption and implementation will be incremental and practical.

### The "No Magic Bullet" Approach

The Commission was charged by the Speaker with taking a comprehensive approach to the question of how regional strategies could help improve our economy, our environment and economic opportunity. We took that direction seriously, which is why we offer recommendations in an unusually large number of fields of activity. Based on what we heard around the state, and from experts, the approach to be taken to advance the 21<sup>st</sup> Century Regionalism is as much about aligning a series of actions with each other as it is about any single policy reform. Usually commissions of this sort focus in a small number of areas, and offer a few reform proposals, based on the judgment that too many proposals will diffuse the effort. But a "no magic bullet" approach realizes that all major policy influences must be identified, then reformed and aligned with each other, in order to have the desired cumulative effect. For example, it will do little good to reform fiscal policy if the planning rules and capabilities do not exist to take advantage of a new system of financial incentives. Therefore, even if the reforms are adopted and implemented along different timetables and with varying emphases, optimal coordination of related reform agendas will be needed over time.

### The "Integrative" Approach

Further, though the Commission has selected ten fields of activity, virtually all of them ought to be understood in relation to each other, and the policy reforms should optimize integration of these ideas with each other. So, for example, state-local finance reforms that create incentives for better planning could well fail if they are not accompanied by improvements and capacity building in the planning process itself, and creation of a more informed and involved regional citizenry.

### Goals and Performance

The Commission believes that government and public-private partnerships should be explicit about setting goals, and accountable for reaching them. Though this report identifies elements of specific outcomes to be achieved, it does not itself set numerical or concrete goals. These should be the result of collaborative consultation among those involved (in negotiated regional compacts, for example).

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Experiment and Consultation

Many of the Commission's proposals call for a substantially different approach to decision making. Because the needs and capacities of California's regions vary quite significantly, and because there will be varied applications and unforeseen and unintended consequences, the traditional top-down, mandate approach will not work. Rather, the Commission's ideas should be seen as opportunities for voluntary experimentation, for broad consultation on the lessons learned in the approach, and for adjustment and refinement of policies and practices over time.

### Sustained Action

The complexity and long-term, incremental nature of the approach suggested by the Commission also requires sustained interest and action, and this in turn is dependent upon establishing public and private institutional interest in these questions in a manner that can carry forward the ideas (and the new learning) far into the future.

# POLICY PATHWAYS FOR A BETTER CALIFORNIA

In the following sections of this report, the Commission presents its findings and recommendations across ten fields of activity that we believe are essential to meeting our challenges and reaching the New California Dream. We hope they will inform, stimulate, provoke, and mobilize policymakers and the public to take the actions proposed. We present:

- ✱ Goals: where should we be going?
- ✱ Specific indicators of success: how will we know if we got there?
- ✱ Key issues: what are the major challenges?
- ✱ Barriers: what's standing in our way?
- ✱ Government policy and program strategies: how can state and local government remove those barriers?
- ✱ Shared responsibilities: who else should help?
- ✱ Timetable for action: how do we get started?
- ✱ Other supporting strategies: how do these ideas link to ideas in other sections of this report?

The recommendations in these ten sections should be understood as an inter-connected set of policy recommendations, as well as able to stand on their own. The Commission has tried to avoid redundancy in their presentations, but their inter-dependence is real and fundamental, especially the importance of fiscal reform to better planning, and better planning to better infrastructure investment, and all of them to new models for better governance.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

# ECONOMIC PROSPERITY FOR ALL SUCCESSFUL REGIONAL ECONOMIES

### Goal:

To have thriving and sustainable regional economies across the entire state that are competitive globally and provide a strong quality of life and shared prosperity for all Californians. The health of our regional economies depends on the quality of the natural and social environments, including livable communities, the integrity of the natural environment, and equitable access to opportunity.

## Specific Indicators of Success:

- \* Regions build, sustain, and renew highly competitive industry clusters, based on the natural or invented advantages of the region.
- \* Businesses provide jobs and careers with income sufficient to support a family in the same region, and the ability to accumulate assets.
- \* Regional economies provide job and career opportunities for all, including those who have been persistently poor and outside the mainstream economy. The gap between rich and poor is reduced in each region and in the state overall, and the proportion of the population living in poverty steadily decreases over time.
- \* Entrepreneurs and workers steadily improve their productivity through a high quality K-12 and public and private post-secondary education and training and apprenticeship system that matches local workers' skills to jobs and careers in regional growth clusters; reduced importation of workers to fill jobs.
- \* Clusters optimize environmental goals, such as energy and materials efficiency, and use of the land; environmental innovation is encouraged.
- \* Regions plan and provide sufficient infrastructure, affordable housing, transportation choices, good schools, parks, and other quality of life amenities to attract and retain an excellent workforce. Regions continue to improve across a range of "quality of life" indicators (housing affordability, transportation mobility, educational achievement, etc.).
- \* Regions optimally capture public and private investment capital from within the region, and a fair share of investment capital from outside the region and its application is equitable across the region (and especially with respect to "emerging markets" in low-income neighborhoods or communities).
- \* Regions have the capacity for basic and applied research and development sufficient to keep innovation and productivity improvements flowing into the regional clusters.
- \* Economic disparities between the state's regions are reduced, so that regions with long-term or "structural" unemployment, for example, are enabled to compete effectively for investment capital and competitive industries.

## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

## Key Issues:

Over the long term, California's ability to create wealth and high-quality jobs—to provide shared prosperity for all Californians—depends on the competitiveness and productivity of the businesses and workers in our regions and the quality of life of our communities. The regional industry “clusters” (such as agriculture, biotechnology, telecommunications, computers, entertainment, software, tourism, and trade) are the backbone of the State's economy. Their competitiveness depends on the opportunity for all workers and firms to improve their productivity through technology and innovation, and for businesses to retain or attract a high value-added workforce by improving the quality of life in their regions. In turn, the quality of life is determined by the condition of core infrastructure systems such as education, housing and transportation. These, in turn, are largely dependent on an adequately financed and highly effective set of local governments and school boards. The state government is either directly or indirectly responsible for many of these factors that determine our long-term prosperity.

## Barriers:

Unfortunately, state government, under current policies and practices, is constrained from optimally supporting our regional economies.

### Economic Leadership Capacity

The state government has no permanent, proactive, public/private entity that reviews and considers fundamental, long-term economic issues; that analyzes and distributes long-term economic data; that informs, coordinates and mobilizes state agencies behind long-term supportive economic strategies. The Economic Strategy Panel, created with bipartisan support for this purpose in 1994, and an effective tool in helping the state move forward out of the recession, currently is inert.

### Economic Advice

The state also does not have a means of addressing short-term economic issues, such as the role of the state during the phases of the business cycle. Although California is the 5th largest economy in the world, it does not have a continuing body that is the equivalent of a Council of Economic Advisers, to provide the Executive and Legislative branches with sound economic advice.

### Data

The state lacks an ongoing process or framework for tracking, understanding and disseminating information about changes in the regional economies, with respect to research and development and applications; industry clusters; investment trends; workforce requirements; capital flows; and other key issues. This absence is particularly felt at the regional level, where this information could be crucial to public and private sector decision-making.

### Inter-regional Economics

The state has no policy framework or standing institutions for addressing inter-regional economic issues. The recent Jobs-Housing Balance Improvement and Inter-Regional Partnership programs are a good first step in this direction. The state could play a leading role in helping regions to do collaborative inter-regional economic planning and development, particularly where growth exceeds infrastructure capacity (as was true in recent years in the Silicon Valley) in one region and the economy is underdeveloped in an adjoining region (as in the Central Valley). If it makes sense to do so, the state and regional partners could encourage companies to expand in adjoining regions, thus bringing jobs closer to housing without driving them out of the state or country.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Structural Challenges

The state has no policy framework or standing institutions for addressing the deep, structural, economic challenges facing many of our rural, resource-dependent regions, many of which have been left out of the "New Economy." Parts of the Central Valley and far northern California, as well as the Imperial Valley, have structural issues that require special attention and policies, and long-term economic growth strategies tailored to their particular needs. Nor does the state have a policy for addressing the pockets of poverty within our metropolitan areas.

Recent economic events, both before and after September 11th, are a wake-up call as the state and its regions re-learn the economic facts of life, apparently forgotten during the boom years of the late 1990's: neither California nor the nation are immune from larger market forces and the business cycle, and the economy cannot be taken for granted. But California is a state of distinct economic regions, and economic strategies must be tailored to fit regional needs and capacities, with respect to cluster advancement; investment in the physical infrastructure and education/workforce development systems; and provision of high quality regional and local government planning and services. The state and its regions must continue to compete if we are to be prosperous now and prepare for new opportunities in the future.



David Fleming, Of Counsel, Latham & Watkins and commission member



## Government Policy and Program Strategies:

The State should have a permanent long- and short-term economic strategy and implementation process.

### Economic Leadership

Reinvigorate and expand the role of the Economic Strategy Panel to obtain timely information on the emerging issues and needs of regional economies so as to encourage data-driven public policy and investment decisions. Update, through a “regions-up” process, the state’s economic strategy. Assure, perhaps through a Council of Economic Advisors, that the state receives the best possible advice from a diverse range of economists on the short- and long-term projections for California’s regional economies.

### State Inter-agency Coordination

Provide assistance and oversight to all state agencies and other partners to align state resources with state and regional economic strategies, and to drive resources closest to the “customers” in the regions, using and enhancing existing service delivery networks. Create a mechanism for State interagency planning and coordination on economic development issues.

## State Support of Regional Economic Development:

### Assist Regions

Provide data and technical assistance to regions to enable them to develop and implement economic strategies for their industry clusters. Support partnerships between state government and the regions through negotiated regional compacts and other approaches.

### Jobs-Housing Balance Improvement Program

Establish it as a permanent state program, and broaden the scope to include a range of inter-regional economic growth issues, not just those involving jobs-housing imbalance.

### Special Regional Needs

Establish a permanent entity, not unlike the Appalachian Commission, to assist regions to be competitive that are now characterized by structural unemployment and under-investment. Continue and expand the state’s investment in basic research through our systems of higher education, and especially through creative public-private partnerships.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

### Centers of Innovation

Continue and expand this program at the University of California and at our leading private research universities, to assure a continuous flow of basic and applied research in support of economic innovation.

### "Think Tanks"

Draw more extensively from the innovative research of California's "home grown" think tanks, such as the Public Policy Institute of California, the Hoover Institution, the Milken Institute and the many extraordinarily productive research centers in our public and private universities.

### A Sustainable Economy

Identify and invent economic development opportunities through environmental leadership, including energy conservation, renewable and self-sufficiency strategies; investments in "green" infrastructure (urban parks, open space, economic restoration, etc.); and promoting environmentally sustainable businesses practices.

## Shared Responsibilities:

The economy is and always will be driven primarily by the private sector. But there are important roles for government, and particularly the state government, to play that will help make the state's regions more competitive. Every state agency is involved, because most state agency decisions have economic implications. Each of the ideas suggested above also will require a strong partnership between state government and others: business and labor, private investors, economists, community-based organizations and private philanthropy. In addition, though there are things that only the state can do, regional partners must lead: cities and counties, economic development groups and regional agencies, non-profit networks and civic organizations.

## Timetable for Action:

Some of these ideas will require new appropriations. Given the current state budget situation, they should be adopted as policy, with implementation subject to future appropriation. But certain of the ideas, such as building a new public-private entity on the model of the Economic Strategy Panel, can be implemented immediately.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

## Other Supporting Strategies:

Organizing public and private capital to invest in "emerging market" opportunities in California's low-income communities.

*"The new, knowledge-based economy uses technology and intellectual capital...as its primary inputs...knowledge-based firms in this new economy locate where educated and skilled workers live, where opportunities for lifelong learning exist, and where quality of life is valued...State government needs to transform itself to provide a supportive environment for businesses and citizens to prosper."*

National Governors Association

*State Strategies for the New Economy, 2000*

# GOOD JOBS AND CAREERS

## Goal:

To attain a highly productive education and workforce investment system that assures regional prosperity by providing workers with the skills needed for jobs and careers in regional growth industries. This enables them to earn wages sufficient to support their families, to accumulate assets, and to pay taxes to support public services for a sustainable community.

## Specific Indicators of Success:

- \* The K-12 education system is highly successful; steady improvement in graduation rates and the academic achievement of K-12 school children, to exceed national and meet world-class standards. All young Californians have the opportunity to pursue post-secondary education that meets their needs and interests.
- \* All workers have the opportunity to train for higher skills to fill jobs and pursue careers in high growth regional industries and to receive support services if necessary to enter and complete training.
- \* All workers can earn income and accumulate assets sufficient to support a family in the region in which they live and work, with easy access to jobs-housing proximity or affordable transportation options.
- \* Increased reliance on regions' indigenous workforces, thereby reducing the need to import workers from other regions or beyond to fill jobs in the region, which increases population growth pressures and reduces disparities among regions in workforce skills and readiness.
- \* High levels of labor force participation; reduced unemployment and underemployment rates in regions with "structural" unemployment; reduced time that jobs go unfilled; reduced gap between rich and poor; and a reduction in the poverty rate.
- \* Jobs and careers are available to all without discrimination on the basis of gender, ethnicity, race, religion, disability or sexual orientation.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Key Issues:

California's overall economy has changed dramatically and permanently over the past decade. The speed of change, globalization, technology and new knowledge are transforming jobs in all industries, not just high tech. Quality and productivity rather than low cost (including low labor costs), are now a primary determinants of economic success, with value created by the "knowledge" worker, one who can succeed in an information-based economy. This worker is key to individual, company and community success. And the specific skills sets needed, and therefore the different education and training resources needed, are determined by the characteristics of the core industries of each regional economy.

### Regional Variations

Contrast these two regions: the Silicon Valley, which has an unmet skills gap estimated to cost between \$3 billion and \$4 billion annually (lost productivity through unfilled jobs, worker training costs, higher salaries necessary to import workers, etc.); and the Central Valley, which in many areas has had persistent, double-digit unemployment rates through the entire "boom" period, and which can't attract enough businesses because of the low level of worker education and skills.

### Structural Challenges

There are still many jobs (60 percent of them in the top 25 occupations projected from 1998-2008), about one-third of all new jobs, that require only short-term training, but pay wages that are just too low to support families in most (high-cost) regions of the state. Upward mobility and career advancement are clearly the best answers for workers in these jobs. But there must be new innovative policy strategies to improve income and assets or reduce household expenditures (such as for housing) for those for whom "move up" isn't feasible, or takes a long time. (See the Equity section of this report)

## Barriers:

### No Comprehensive Policy

While some state education and workforce development and education initiatives have begun to focus on creating a more effective workforce investment system, this is still the exception, not the rule. There is no comprehensive state workforce investment policy to guide the broad array of public education and training investments and programs.

### Service Fragmentation

Service delivery is fragmented vertically among levels of government, and horizontally among different public and private sponsoring agencies and education systems and among funding streams. This is especially problematic when trying to match training programs to the needs of a regional economy.

### Business v. Service Focus

Workforce service delivery systems are traditionally seen as a social service rather than economic investment, and have difficulty adjusting to the demands of a competitive economy.

### Data

Information about the regional labor market, particularly with respect to occupation and skills information and career options and progression is either not readily available or not well used by workforce agencies at the regional or local level.

### Mismatch of Institutional Cultures

In a word, state and regional workforce systems are simply not sufficiently nimble, focused, and sophisticated enough to keep up with the ever-changing skill demands of the new economy.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES







## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Government Policy and Program Strategies:

The state government is the major investor in education and workforce investment systems and programs (including the pass-through of federal funds). But its policies and practices must be realigned to support effective regional workforce investment strategies.

#### A World-class Education System

The best investment for the workforce of tomorrow is the education system. Too much workforce preparation is compensatory for the failures of the public K-12 school system. Continued improvement in educational achievement, through public school reform and public charter school innovations, is the first priority.

#### Workforce Investment: A State Priority

Elevate the importance of workforce investment policy as a fundamental economic development strategy.

#### Cabinet Status

All workforce-related agencies, such as the Employment Development Department, the Department of Industrial Relations and the Employment Training Panel should be linked together under the direction or coordination of a Cabinet-level workforce department.

#### State Policy

The California Workforce Investment Board, a public-private advisory body now limited to overseeing the implementation of the federal Workforce Investment Act, should develop and propose to the Governor and Legislature a comprehensive, regionally sensitive Workforce Investment Policy for the entire state workforce development system. This will require periodic updating based on new information about the economy and workforce.

#### Universal System for Career Advancement

The policy should be based on a state/regional integrated, customer-driven workforce development system for all Californians, with a focus on lifelong learning opportunities and “move-up,” rather than categorical programs, specific service populations, and “work-first.” This “career pathways” approach is the focus of new initiatives by the Employment Development Department, the Employment Training Panel, the Community Colleges, and The James Irvine Foundation, among others. All Californians – current, displaced and entry-level workers—should be able to use this system to gain and upgrade skills.

### **"Countercyclical" Funding Strategy**

It is precisely during the down period of the normal business cycle that training and placement services are needed, and therefore funding strategies must be developed that protect these services from budget cuts during periods of economy-driven state budget deficits.

### **Performance-Based Funding**

Training programs, whether based in community colleges, nonprofit organizations or elsewhere should be funded based on their success in training people for skills in regional high growth industries with career advancement potential.

### **Economic Development Incentives**

State economic development incentives, such as the new Jobs-Housing Balance Improvement Program, should be targeted to industry clusters whose jobs provide good wages and benefits and move-up opportunities.

### **Data as the Driver**

The state government should produce high quality data and information tools, continually updated, analyzed, and readily accessible; and focused on changing regional economies and emerging skills requirements, mismatches, and unmet needs. It should match industry cluster job and skill needs with the full array of regional training programs, including community colleges, community-based employment training, workplace training, apprenticeship and other union-based programs, and university-based continuing education programs.

### **Regional Integration**

The regional One-Stop Centers, single entry-point systems, in which California already has a significant investment, should be the building block for realigning and integrating the resources of the education, employment and training and economic development service delivery systems to meet the needs of both workers and businesses at the regional level.

## **THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES**





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Shared Responsibilities:

The responsibility for a responsive and effective workforce development system rests with partners at all levels. Because the Commission's recommendations would fundamentally reform the traditional employment training systems, strong leadership will be required by the Governor and the Legislature to bring it about. Local partners and constituency groups in particular will need to set aside individual stakeholder interests to attain truly integrated regional systems that serve the needs of all Californians. All partners, including K-12, the community colleges, and higher education, will need to invest resources in systems similar to the One-Stop Centers created under the Workforce Investment Act. Business and labor should ensure that regional skills gaps are identified and resources directed to appropriate skills development. Regional labor councils have a particularly good opportunity to address regional workforce needs and system responses. The public sector should partner with the private sector, higher education systems, including university extension programs, and labor to improve K-12 education, leverage resources, increase training opportunities, and learn from creative models. Government, business, labor and community-based organizations should assure easy and affordable access to jobs through job-location or transportation strategies.

### Timetable for Action:

System re-building is a long-term process with many incremental steps. Governance and organizational changes can be initiated in the upcoming year. Ongoing economic data collection, analysis and access can be enhanced immediately.

### Other Supporting Strategies:

K-12 reform is a fundamental requirement so that students graduate with requisite basic skills, and so that the workforce investment and post-secondary education systems can focus on true skills upgrading rather than "second chance" basic education. Smart growth policies that bring jobs and residents closer together, improve mobility for job access, and reinvest in economically distressed communities, will improve employment opportunities for those most in need and support sustainable communities.

# ECONOMIC PROSPERITY FOR ALL

## ACHIEVING SOCIAL AND ECONOMIC PROGRESS

This section addresses what the Commission believes to be a foundational issue. If all else is achieved, but we fail to provide adequate social and economic opportunity for disadvantaged people and communities, then the achievements will be without moral authority or completion. There are references to equity issues throughout the Report, but they must be addressed separately as well.

Moreover, though all the other issues addressed in this report are presented from a regional point of view, and though we believe there are important regional decision-making and action opportunities to advance equity goals, they are also different: equity is about people as well as place. Therefore, a parallel *and linked* set of human development strategies will need to be advanced. They should focus on building human capital, human confidence and efficacy, human caring and compassion, human tolerance and mutual respect and love, if we are to achieve the kind of California in which we can take pride. This challenge is beyond the scope of this report, but it is not beyond the capacity of human innovation and will.

### Achieving Social and Economic Progress for All

"Regional solutions like those proposed in this report provide a critical opportunity for achieving equity. Equity can only be realized if it is pursued deliberately, strategically and democratically. Moreover, the tough issues of race, unwise public policies and the lack of political will must be tackled head-on. To become a reality regional equity must be embraced by a broad-based alliance that crosses geographic and sector boundaries."

Angela Blackwell

## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Goal:

All Californians have equal access and capacity to secure the benefits of prosperity, a high quality of life, and an improved standard of living, and all barriers to income and racial integration of our communities are removed. Low-income communities are redeveloped without displacement of residents or community-based businesses.

### Specific Indicators of Success:

- \* Family poverty, especially child poverty, is gradually but steadily reduced over time; persistent poverty is eliminated.
- \* An increase in family and community well-being across all of the “quality of life” or standard of living measures, including decent, affordable housing and health care coverage and improved health outcomes.
- \* Low-income individuals and families have fair access to the essential opportunities that predict economic success: education, training, employment, capital, and social and economic networks. Increased educational achievement for low-income children and job and career advancement skill sets for low-income adults.
- \* Increased labor force participation, particularly among the persistently poor.
- \* The income and assets of workers are accorded a fair share of economic growth based on their contribution to that growth. Fair wages sufficient to support a family in the region in which the person works.
- \* Those unable to work by virtue of disability or other impeding conditions are enabled to live with a decent standard of living. Discrimination is removed as a barrier to a happy and prosperous life.
- \* Communities and neighborhoods with concentrations of low-income households are redeveloped as mixed-income communities, affordable to all, with desirable community amenities, and without displacing current residents or community-based businesses.
- \* Low-income community residents participate and lead in decision making at the neighborhood, community and regional levels.
- \* People- and place-based strategies are linked and integrated.

- ✱ Equitable access to public and private capital investments for low-income communities and neighborhoods, with benefits targeted to the residents and businesses of those communities.
- ✱ Reduced economic and social disparities among the communities and neighborhoods within a region, and among regions.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES







## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Key Issues:

During the last half of the 1990's: California enjoyed an unprecedented increase in prosperity, the result of the explosive performance of the economy, but not everyone benefited from this prosperity. There were strong increases in overall average wages, but the distribution of this gain was terribly uneven, favoring the high side of the scale. Labor force participation rates increased strongly, but much of the employment was contingent; too many adults had to work more than one job to support their families; and the proportion of workers protected by labor contracts continued at a low level (with some sectoral exceptions). The state's overall unemployment rate plummeted to historic lows, but not in all regions: the San Joaquin Valley had persistently double-digit unemployment rates throughout this period. The proportion of families able to buy a home increased, but the state still had among the lowest homeownership rates in the nation. The economy experienced extraordinary levels of private investment but concentrated in only a few regions and at the same time, our poorest neighborhoods experienced continued substantial public and private disinvestment. For state government, increased revenues produced record surpluses, but too often this was used for regressive tax relief rather than for improving programs to help Californians to become self-sufficient and escape poverty.

New strategies for achieving equity start with improving public education, with heightened expectations for success by all schoolchildren. For adults, it must include targeted skills development to assure participation in the growth sectors of the economy; new asset-accumulation tools that enable families to enter the middle class and maintain that standing; and new capital markets that are open to poor neighborhoods and neighborhood-based businesses. Though many of these approaches require the helping hand of government regulation and subsidy, they aim to operate in alignment with the fundamental precepts of the market economy. Getting these new concepts right is the first step in the "new paradigm" of regional equity strategies, implementing them effectively is the next step, and going to scale is the "prize."

## Persistent and Pervasive Poverty among Individuals and Families

Too many California families have been left behind, mired in persistent poverty, and this is especially true for former welfare recipients, single-parent working families, older persons on Social Security or other fixed incomes, but also even for large numbers of two-earner working families. As we enter a deepening recession, those at the lower end of the income scale and career ladder are always hurt first and worst. The cost of living in many California cities is among the highest in the nation, and in recessions, incomes decrease faster and farther than household expenses. Of particular importance is the disparity in asset accumulation, which is so essential for middle-class families in weathering episodes of unemployment and the business cycle.

## Communities and Neighborhoods Left Behind

California's poor families are concentrated in particular neighborhoods, often isolated from the mainstream economy and society. For example, in the nine-county Bay Area, 46 neighborhoods have been identified as high-concentration poverty areas. Concentrated poverty has myriad, complex causes, but its spatial impact in specific neighborhoods can be devastating, and reinforcing. These neighborhoods (and many of our state's inner cities and older suburbs fit this description) are not only poor, but have decaying infrastructure, and are often under-served by public services, whether policing or bus service or parks or schools. The middle class flees such places, and a downward spiral of public and private under-investment and inattention begets more flight and disinvestment. And, though gentrification has begun a "turnaround" in many places, it often results in displacement of the current residents and businesses, rather than the mixed-income neighborhoods to which we claim to be committed as a society, and we have too few tools to accomplish "gentrification without displacement." Too rarely are neighborhood residents encouraged to be actively involved in the decision-making that affects the future of their communities.

## Race and Poverty

California recently became a majority-minority state, but this statistic masks a deeply isolated and economically segregated (and therefore ethnically separated) society. Because traditional ethnic minorities, especially African-Americans, Latinos, and Southeast Asian-Americans, are over-represented among low-income families and often cannot afford to leave poor neighborhoods, income-based neighborhood isolation also often becomes racial or ethnic segregation.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Regional Inequities

Some regions, by virtue of the nature of their economies and demography, are more persistently poor than others. This is, of course, true of parts of the Central Valley and the extreme northern, northwestern and southeastern regions of the state. But the particularities of poverty may also vary from region to region. "Housing poverty" is extreme in the Bay Area and the Silicon Valley and parts of southern California. "Transportation poverty" is extreme in Los Angeles. "Skills and education poverty" is extreme in the San Joaquin Valley. "Health coverage poverty" is extreme in Los Angeles. "Limited English proficiency poverty" is extreme in much of Los Angeles and San Diego. This means that state policies to address poverty and help people to attain middle class self-sufficiency must be tailored to the particular needs of places.

### The "Two Californias"

Put simply, our challenge is to answer the question: how can we close the gap between the "two Californias?"

## Barriers:

### Commitment

California as a society and economy has not made a sufficiently strong moral commitment to increasing economic opportunity and success and to reducing poverty.

### Stratagems

The old “paradigms” for increasing economic opportunity, the civil rights struggle against discrimination and the federal government commitment to income support and redistribution, though certainly still important foundations for progress, are insufficient to yield a new break-through in poverty reduction, yet a new paradigm hasn’t yet fully emerged. In the new “opportunity” society, with employment and income based on the competitive advantage of workers and businesses, individuals lacking the educational, social and/or work skills to compete have little or no safety net, nor sufficient ladders to success.

### Isolation

The spatial mismatch between housing and jobs, inadequate and unaffordable transportation choices, and the isolation of low-income communities and their residents from supportive social and economic “networks” combine to impede the path to economic opportunity, even where the individual will and capacity exists.

### Disinvestment

Many generic public investment programs, such as infrastructure investment (transit, public facilities siting, school construction, etc.) bypass low-income communities. Many programs targeted for poor communities, such as redevelopment, are inadequately structured to provide appropriate and well-distributed community benefit in a regional context.

### “Double bottom line”

Low-income communities or neighborhoods are misunderstood by the marketplace, and therefore undercapitalized, certainly in relation to their potential for providing a significant return on capital investment. Moreover, whole regions, or sub-regions, are overlooked and undercapitalized by public and private investment.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

### Community Capacity and Leadership

Public participation processes, for community or regional planning, often exclude the working poor; nor are there education, capacity-building and informational programs to enable them effectively to participate in the processes that determine the future of their communities and regions.

## Government Policy and Program Strategies:

In general, policy ought to be guided by a full and comprehensive state commitment to reducing poverty and increasing social and economic opportunity, and measured by progress toward this goal. The Commission believes that this progress can be advanced through the new paradigm of “community-based regionalism.” This approach suggests that California’s next wave of social and economic progress will be made through regional approaches to the problems of racial discrimination and economic injustice.

## For Individuals and Families:

For those who are dependent and unable to support themselves, the state government should ensure that the income, services and supports they need (often delivered at the county level) are available regardless of the local jurisdiction in which they reside. Experiments in regional strategies to address homelessness, for example, should be expanded. And because our tax dollars are drawn from our regional economies, the burden of supporting those who are dependent should be borne on a regional basis (or inter-regional, where severe regional economic disparities exist).

For those in the workforce, state government should encourage regional education and employment training strategies (addressed in the prior section), and transportation and child care policies that acknowledge the regional nature of work and career opportunities.

Because California is and always will be a high cost state, the state government should aggressively pursue cost reduction approaches to poverty reduction, as well as increasing income and assets. Examples already underway include the Healthy Families program, providing lower-cost health insurance for moderate-income working families, and down payment subsidies for first-time homeowners. Inclusionary zoning and cross-subsidized multifamily housing provides affordable housing without requiring deep public subsidies. Some communities have income sensitive transit and transportation policies. These approaches should be encouraged by the state across all the major expenditure categories of the typical working family budget.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### For Neighborhoods and Communities:

The state government should re-examine the basis of the redevelopment law to determine whether, in addition to local redevelopment strategies, planning and funding ought to encourage and support local collaboration at the regional level. This could take the form of rewarding localities that carry a greater responsibility for removing blight and creating economic opportunity by sharing with them a greater proportion of the region's overall redevelopment-generated tax increment.

The state should create an "emerging markets" fund, as has been proposed by the State Treasurer, to leverage private and philanthropic capital investments in California's poorer neighborhoods and communities. In particular, the state should partner with existing and emerging regional investment funds such as the Community Capital Investment Initiative in the Bay Area. Investments should be targeted to benefit community residents.

The state should ensure that its public facilities siting policies, its direct infrastructure investments, and its incentives to local governments result in investment in poor communities in a manner that benefits those communities and without displacing current businesses and residents. This policy is especially important for state-financed school construction (see the section on "Schools and Universities as Centers of Communities and Anchors for Regional Development").

The state government should assure adequate access and capacity for representatives of low-income and under-represented communities to participate in the regional and local planning processes that influence the future of their communities, particularly land use, housing, transportation, and parks/open space planning processes.

## Shared Responsibilities:

Government programs to achieve economic and social opportunity are rarely effective when they don't partner with others, most especially the representative of low-income families and communities themselves. But many leaders in the California business and labor communities have re-committed themselves to an agenda of social equity, and are willing partners in the effort. California is also blessed with a large and strong philanthropic and nonprofit community, and here is the source of most innovation in social equity strategies in recent years. State government will be well served especially to partner with this community, which can try fresh approaches, test and evaluate them, and help improve public policy in the process.

## Timetable for Action:

Because this is a field in which major new ideas and experiments are in order, and because poor families and communities suffer the most in a down-cycle, there must be a recession-proof commitment to advance the new "community-based regionalism." Though all policy change takes time, each day that passes that a poor child misses school, goes hungry or suffers family break-up is a day that cannot be recaptured. Time is of the essence.

## Other Supporting Strategies:

The Commission believes that there is and should be an equity perspective and approach throughout our recommendations, and they should be aligned with each other, through the prism of "community-based regionalism."

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





THE NEW  
CALIFORNIA  
DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

# BUILDING BETTER COMMUNITIES, PRESERVING OUR NATURAL LEGACY

## EMPOWERING REGIONS THROUGH FISCAL REFORM AND RESPONSIBILITY

### Goal:

To improve planning and sustainable development on a local and regional basis through fiscal stability and adequate revenues for local governments, and through financial incentives to encourage and support collaborative regional planning and implementation.



Fred Silva, Senior Advisor, Government Relations, Public Policy Institute of California

## Specific Indicators of Success:

### Fiscal/Financial

- \* The certainty and stability of the local revenue base is assured through greater reliance on the property tax and other revenue sources sufficient to support public services and reliable enough to weather the economy's cycles.
- \* Local government no longer makes land use planning decisions driven by over-reliance on retail sales tax receipts and developer fees.
- \* Local governments, working together, utilize regional funds, either through tax sharing or new revenue sources, to be used for mitigation of sales tax-property tax swaps; for redistribution to cover the unevenly allocated true cost burdens of local governments; and/or to invest in regionally significant infrastructure and meet other regional needs.
- \* State budget and capital expenditures are aligned with locally based regional decision making.
- \* State and local governments achieve greater return on investment through enhanced, collaborative, comprehensive planning.
- \* Discretionary state funding of local governments is based substantially on performance and outcomes.

### Planning:

- \* Planning decisions that foster more sustainable development are made on a local and regional basis in existing communities and new communities.
- \* All regions produce a supply of affordable housing and commercial/industrial developments commensurate with population and economic needs, as well as regionally significant amenities such as open space preservation.
- \* There is a better distribution of unwanted land uses within regions based on need and capacity rather than driven by fiscal distortions and environmental injustice.
- \* There are fewer conflicts between development and conservation, and less litigation.

### Governance:

- \* "Regional home rule" is established, that is, decision making on a bottom-up basis that meets long-term and broad state goals but that reflects the needs of the state's diverse regions, collaboratively determined.
- \* Public confidence in government planning decisions is restored, with less need for "ballot box" planning.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Key Issues:

California is the most highly urbanized state in the nation, and the projected population growth portends yet further development battles. Conflicts over land use decisions are rife, litigious and expensive. The regional implications of local decisions are often either not apparent, or not made relevant to the actual local decision-making process. Inefficient use of the land is too common. Though there are many reasons for this state of affairs, the structure and operations of local and state finance are a major determinant.

### Barriers:

#### Local Government Fiscal Instability, Uncertainty and Distortions

An unintended consequence of Proposition 13, adopted in 1978, is that local government finances are at the mercy of the state. Since that time, and especially during the recession of the early 90's, when state revenues declined, the state shifted local property taxes to meet its obligation to support K-12 education and retained a greater share of property taxes to balance the state's own budget. It has also "re-aligned" some governmental responsibilities by shifting the administration of certain programs to local government but with fewer funds than the state previously spent on that same program.

To compensate for the loss of control of property taxes, localities have been forced to compete for sales tax revenue. This has often resulted in unsound land use decisions, building more retail than we need and much less housing than we need. Or localities have resorted to levying fees to obtain revenue, often on housing, thus further reducing housing affordability. Moreover, there is no fiscal incentive for local government to repair infrastructure, so it must rely on new development to generate income. Counties, due to their status as agents of the state, have few locally controlled taxes to be used for local government services. Property taxes are levied county-wide, but the state determines its allocation among cities, counties and special districts. Counties can levy a half-cent sales tax, but only through a two-thirds majority vote. Any other county levies can only be collected in the unincorporated areas of the county. In other words, despite the fact that a county service may be provided throughout the county, only sources outside the boundaries of the cities can be tapped to pay for that service.



## Regional Inequities

The cost of services is borne disproportionately across regions, either because of household income and property value disparities, or disproportionate distribution of housing, commercial/industrial or “unwanted” land uses, such as landfills. But there is no incentive for local governments to come to agreement on a regional distribution of some of local revenues to address disproportionate shares, nor to create new regional funds, from which compensation might be made.

## Mis-Match between Local and Regional Planning and State Capital and Budget Expenditures

The state government itself, in its direct expenditures for state operations, or capital expenditure for infrastructure, is unaccountable for aligning expenditures with regional plans (except in the case of transportation, and even here the requirement is not always honored). As a result the state government often is not a good funding partner with local governments and regional agencies, and they sometimes work at cross-purposes with each other.

## Local Debt Finance Vote Threshold Too High

There is a mis-alignment of vote threshold requirements for the financing of debt service for infrastructure purposes. State bonds require a simple majority, local education bonds require a 55% majority (thanks to action by the voters last fall), but local bonds for other infrastructure purposes, such as transportation and parks and open space, require a two-thirds majority. While a super-majority may be wise, to ensure that current voters don't easily commit future voters and taxpayers to large expenditure obligations, the two-thirds majority is simply too high a bar for most local governments and their voters to pass.



Chris McKenzie, Executive Director,  
League of California Cities

## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

## Government Policy and Program Strategies:

To increase the power of local governments to finance local services, plan soundly and promote sustainable development:

- \* Amend the Constitution to protect locally levied taxes from being reallocated for state purposes. That portion of property taxes allocated for local government services would be considered locally levied.
- \* Reduce the ERAF property tax shift by \$1 billion over ten years. This reduction should be conditioned on the adoption and implementation of regional and local sustainable development policies.

To revise the local finance system to neutralize the effects of fiscal considerations on urban growth policy choices:

- \* Within each region, local governments should, within a specific period of time, choose one or a combination of the following fiscal systems for the purpose of reducing the fiscal impacts of growth policy choices. The choice made should reduce the fiscal incentive for retail over housing, industrial and other important land uses; assure equity in outcomes, based on tax capacity and service expenditure needs; and protect local governments from extreme or unfair negative consequences:
  - \* Swap with the state a portion of the locally levied sales tax for a larger share of the property tax.
  - \* Transfer all or a portion of the 1% locally levied sales tax to the counties. While maintaining a minimum share of the property tax in each county, replace the reduced city sales tax with property tax from the county and the state through the state school finance system.
  - \* Establish a split property tax allocation by land use category by increasing the amount of property tax that a city receives for specific land uses. To implement this policy, state statute would increase the share of property tax from all residential development that would go to the city providing municipal services. The increased share would come from the school share of the property tax and would be made up through the state school finance system.

To provide a governance and finance framework for the establishment of “regional home rule” through a regionally developed, negotiated and voluntarily chosen method for financing and implementing regional growth policies:

- ✱ Within each region establish a Sustainable Development Regional Resource Allocation Fund. It would facilitate local tax sharing by ensuring that local governments within a region have the power to enter into tax sharing agreements. It could be used for projects or infrastructure of regional significance; regionally important amenities such as open space or housing; to reward localities carrying a disproportionate share of unwanted land uses; or to offset the negative consequences of the move from situs to non-situs sales tax receipt (see above).
- ✱ The fund would be financed by the following:
  - ✱ Set aside a portion of the year-to-year growth in one or more locally levied taxes. The tax used and the amount of growth set-aside would be locally determined. This regional set-aside would be matched with state funds based on an expressed state interest, as adopted through a collaborative state, regional and local planning process.
  - ✱ A new regional revenue source, as agreed upon by local governments and voters.
- ✱ Authorize through constitutional amendment the development and adoption of a regional compact that would specify the governance and fiscal choices of the region including the choices offered, not to displace existing government, but to make it more effective. A comprehensive regional plan should be developed on a collaborative basis involving all of the region’s communities.
  - ✱ If there is a unified capital expenditure plan, the voters may approve general obligation bonds for capital purposes and tax increases dedicated to specific purposes by a 55% vote.
  - ✱ Grant countywide revenue raising authority for counties to support countywide services at 55% voter approval.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Shared Responsibilities:

These recommendations would restore local home rule, establish regional home rule, and produce better outcomes for the state government as well. But the private and nonprofit sectors, including especially the for-profit and nonprofit development community, will need also to reshape their programs and practices to align with the realities of these new fiscal and planning rules.

### Timetable for Action:

Because these fiscal reforms are fundamental, they are more likely to be accomplished when the state's coffers are overflowing than when in drought (as is currently the case). Nevertheless, those recommendations that involve substantial cost should be adopted now, with implementation subject to future appropriation. Those that do not involve direct cost, such as realignment of capital expenditures with comprehensive regional plans, or lowering the vote threshold for local and regional infrastructure bonds, should be adopted as soon as possible.

### Other Supporting Strategies:

Because these policy changes will require broad adoption of commensurate changes in practice and public understanding, technical and training assistance for local elected officials and agency professionals will be required, as well as broad public education.



# BUILDING BETTER COMMUNITIES, PRESERVING OUR NATURAL LEGACY

GROWTH: MORE LIVABLE  
COMMUNITIES FOR  
46 MILLION IN 2020

## Goal:

To ensure that all of California's neighborhoods, communities, and regions support a high quality of life, affordable housing, parks and open space, accessible schools, efficient and affordable transportation systems, and globally competitive companies and jobs. Though many factors will contribute to achieving this goal, none is more important than sound comprehensive, integrated planning, at the local, regional and state levels, through public-private-civic partnerships, and linked to incentives sufficiently strong to produce the desired outcomes.

### More Livable Communities ...

"The quest for more livable communities begins with a vision and commitment to achieve the 3 Es—Prosperous Economy, Quality Environment, and Social Equity - and embraces public-private-civic partnerships forged in a regional context. Successful initiatives also understand that housing is the linchpin of livable communities and strive to ensure a sufficient supply affordable to the total population."

Sunne McPeak

## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

## Specific Indicators of Success:

- \* More efficient use of our land and water in existing and new communities.
- \* Balance between land conservation for working landscapes (such as farming and ranching), parks and open space, habitat, and wilderness and urban and community development.
- \* Well-designed communities that protect historical and cultural character and provide a high quality of life, and that are characterized by economic and ethnic integration.
- \* Affordable housing located in walkable neighborhoods, and easily accessible through affordable transportation choices for work, shopping, recreation and other mobility needs.
- \* Integrated, multi-modal transportation systems – affordable and attractive options for those who wish to reduce single occupancy vehicle travel.
- \* Schools and universities that are located, designed and operated as “centers of communities” and as anchors for sustainable regional development (see next section).
- \* The alignment of revenue, budget and capital expenditure systems with better planning outcomes.
- \* Highly efficient infrastructure systems that are secure, cost-effective and energy- and materials-efficient.
- \* Improved capacity and ingenuity among public and private planners.
- \* Planning and implementation processes that engage a more inclusive and diverse citizenry in envisioning the future of their communities, and in general and specific planning processes.
- \* Project and plan decision-making is characterized by collaboration and optimizing mutual interest, and conflict and litigation are kept to a minimum.
- \* Federal, state, regional and local land use planning and infrastructure investment decisions are aligned and mutually supportive.



## Key Issues:

No one, whether a single family or a multinational organization, or state and local government, achieves its goals without careful planning. California was once the home to extraordinary feats of planning and execution: the California Water Project, the Master Plan for Higher Education, the freeway system (yes, many years ago, the freeway system), our state and national parks, all these were appropriate to their time, and envied across the country and the world. They were driven by the kind of vision and practical understanding that is required to plan for and sustain over time the foundational systems that support our economy and our quality of life.

Yet the will and capacity to plan, in a manner that builds consensus rather than contention, has diminished over the last three decades, at all levels of government. Nor has it been replaced or buttressed adequately by systematically thoughtful planning in the private or civic sectors. Large infrastructure systems, such as roads and schools and water systems have either deteriorated or failed to keep up with demand, leaving us with a major "infrastructure deficit," estimated to be more than \$100 billion. The energy crisis of 2001 is but the most recent example of a much larger planning problem.

## Barriers:

### Inadequate Planning Frameworks

Short-term, fragmented, or narrowly local planning has resulted in inconsistent, sometimes conflicting regional systems, so that, for example, jobs and homes are increasingly located at a great distance from each other, and not linked to transit options, resulting in longer commutes and shopping trips, and lost family time. Development plans are often adopted without an assured water supply. Open space is lost through piecemeal approaches, recalling the "tragedy of the commons." Unwanted land uses or even growth itself is exported to adjoining cities or counties, unfairly burdening some communities.

### Planning Inequities

Planning often results in decisions that further disadvantage already disadvantaged individuals and neighborhoods. (The failure to clean up or re-use contaminated "brownfields" in older communities is as much a planning failure as an investment failure, for example.)

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Under-funding

Planning in general is under-funded, but especially for general, holistic, large-scale purposes. Too much planning is constrained by the narrow purposes of categorical funding sources. Rural communities don't have the economic or tax-base to match the scale of the planning challenge.

### Enforcement

Planning is loosely tied to actual decision-making, often unenforced or unenforceable, and rarely linked with fiscal incentives sufficient to produce the desired result.

### Misused CEQA

Planning is sometimes thwarted by misuse of environmental laws such as the California Environmental Quality Act, thus enabling narrow special interests to over-ride broader community needs.

### Investment

Planning is not guided by a "return on investment" philosophy and associated performance standards and measures, thus often resulting in the waste of public tax dollars and capital investments.

These planning challenges would be serious if our population stayed at the current level of 34 million. We will grow to 48 million over the next twenty years, largely through births to California's own families, and the challenge thus looms as a daunting crisis, which, if not addressed, will result in California losing its envied quality of life and its ability to grow and retain a world-class economy and workforce, and its commitment to social equity.



## Government Policy and Program Strategies:

At the state level, California should:

### Goals

Through a statewide, regional and local consultation process, adopt clear and concise state goals, and concrete performance standards and quantifiable measures to hold state and local governments and regional agencies accountable for results.

### Fiscal Reforms

Adopt tax and fiscal reforms and capital expenditure strategies that require and adequately support sound planning at the local and regional level, including budget support for local planning agencies and departments.

### Inclusive Planning

Ensure “planning equity” through special support and capacity building for disadvantaged cities and for community groups representing “marginalized” populations.

### State Agency Collaboration

Ensure collaborative, interagency planning among its own agencies, and between those state agencies and local governments and regional agencies, and the public at large. For example, a reliable and well-managed water supply requires extraordinary planning coordination across a wide variety of agencies and interests, as demonstrated in the CALFED planning process.

### Regional Collaboration

Honor and support “regional home rule,” i.e., collaborative regional planning, among and between local jurisdictions, while ensuring the integrity of supra-regional systems like the water projects, optimal inter-regional cooperation and, overall, compliance with state goals.

### Decision Tools

Provide the essential “tools” of good planning: high quality, accessible data, especially geographic information systems data, and other planning technologies. Provide opportunities for skills development among planning professionals, especially those working in small and rural counties.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

At the regional level, California should:

#### **Collaborative Regional Planning**

Adopt as the primary approach to “big systems” planning what we call collaborative regional planning, i.e., across local jurisdictions and across fields of interest, such as land use, housing, transportation, and open space as the primary planning mode for “big systems” and projects of regional significance. The Riverside Comprehensive Integrated Planning project is a model for this concept.

#### **Regional Revenue Sharing/Regional Funds**

Adopt voluntarily those revenue-swapping, tax sharing and other “regional fund” strategies that will encourage and support sound, sustainable local and regional planning for land use, housing, transportation, open space and other regional systems.

#### **Visioning**

Engage the broad citizenry to understand, envision, and support (through local tax policy and other strategies) effective regional planning, with a special outreach emphasis on under-represented populations and communities.

#### **Agency Overlap**

Decrease the number of overlapping, duplicative agencies.

#### **Local decisions**

Leave to local jurisdictions those purely local or neighborhood-based planning decisions, though assuring consistency with broad regional plans.

## Shared Responsibilities:

Responsibility for carrying out these recommendations rests primarily with the state government, but the regional compacts will require participation by all levels of government and the private and civic sectors and community-based organizations (see subsequent section). If state government does not advance these recommendations, the voters through the initiative process could implement them. Many of these ideas, however, such as providing the “tools” of good planning, could be adopted through administrative policy and discretionary funding decisions within the Executive branch of state government.

## Timetable for Action:

Changing the nature and ground rules of the planning process is like turning an ocean liner in the water, and will take substantial time. These are major changes that will require thoughtful debate and deliberation to keep unintended consequences to a minimum. In fairness, there will need to be a long adjustment period for elected officials, administrative agency staff and the private and nonprofit sectors affected by these changes. Some of the changes will need substantial fiscal incentives to encourage “voluntary” action, and this will have to be phased in through good economic times, and not so good. Ten years is not an unreasonable horizon for fully implementing these changes, though this should be a consistently sustained effort, lest those who would resist the changes are tempted simply to outlast the proponents of change. Statutory changes should generally be preceded by thorough consultation among state, regional, and local officials and the general public, and pre-tested through “demonstration” projects.

## Other Supporting Strategies:

Many of these ideas are already being tested through demonstration projects supported by local government, private philanthropy, and private investment. This should continue and be expanded, particularly in the areas of 1) research and development of “best practices,” and 2) informing and engaging stakeholder interests and the general public.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

# BUILDING BETTER COMMUNITIES, PRESERVING OUR NATURAL LEGACY

SCHOOLS AND UNIVERSITIES AS  
CENTERS OF COMMUNITIES AND  
ANCHORS FOR REGIONAL  
DEVELOPMENT

## Goal:

Ensure that schools and university facilities serve as centers of communities, and conversely, engage communities as places of learning.

### Education Facilities Facts

- \* We need to build seven new classrooms for five years to keep pace with expected growth.
- \* In ten years, K-12 enrollment is expected to be 24% higher and higher education enrollment is expected to be 36% higher.
- \* About one in three California school children attends an overcrowded school or a school in need of modernization.
- \* One-fifth of California's population spends the day inside a school facility.



## Specific Indicators of Success:

- \* A new approach to planning, siting, designing, and operating schools and university facilities, as well as local land use decision-making processes and standards, is established, based on the idea of “schools as centers of communities.”
- \* Schools and universities become positive “anchors” for community development in local and regional comprehensive land use and transportation plans. This is especially important for older cities and suburbs.
- \* Schools and universities contribute directly to their surrounding regions by producing an appropriately qualified workforce
- \* Schools and universities more efficiently use land, energy, and materials for campus facilities. Joint use of school and university facilities becomes the norm.
- \* School and university construction and maintenance funds are aligned with this concept.
- \* Planning laws and zoning regulations conform to this concept.
- \* A new practice is established among planners, architects, builders, and others, that advances the planning and design ideas for the concept.
- \* All segments of the state’s higher education system educate a new generation of professional leaders committed to the theory and practice of schools as centers of communities.
- \* New leadership from the schools community, local elected officials and planning agencies, and the public at large, to sustain this approach. Education advocates adopt this concept as a vital element of the broader school reform agenda.

### Schools and Universities as Centers

“Education reformers and the “smart growth” movement must work together to assure that the next state school bond and accompanying regulations help create not only new schools, but better neighborhoods and more livable communities.”

David Abel

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Key Issues:

A high quality K-12 and post-secondary education is essential to the future of California's children, our economy, and our way of life. Elected officials and the general public understand this, and recent years have seen a major, all-hands-on-board school improvement effort. This has been focused largely on curriculum reform, teacher development and retention, adoption of performance standards, and new and increased public funding, and should be continued and expanded.

### School Facilities and Student Performance

Studies have also shown however, that the location and quality of school facilities is one factor in determining academic outcomes. It is common sense: schools that are modern, pleasant facilities will encourage teachers and students to teach and learn; schools located close to home or transit facilities require less travel time for students, thus providing more time for after-school activities and homework; and schools that are accessible to home or transit make it easier for our time-strapped working families to get involved with their children's schools. The community can and should be the locus of important experiential learning for school and university students.

### Schools, Universities, and Regional Development

Schools and university facilities are major public facilities, and their siting, design, and use can be important determinants of community development or decay. And the strength of our neighborhoods and communities is a factor in whether we have sound regional development, or instead promote "hopscotch" new development, fleeing older neighborhoods and even jumping over newer suburbs. Too often we have seen inner city or older suburban schools fall into disrepair or abandonment, even as new "sprawl" schools are built, that is, schools located away from existing population centers, on the edge of towns and cities or out in "greenfields," and without a broader community development planning context. Our land is a precious resource, and should always be used in a manner that supports sound physical, housing and commercial development and safe and walkable routes to school for children, and protects natural open spaces. Schools and university facilities should contribute, not detract, from that goal.

## Barriers:

Unfortunately, the statutory, funding, and regulatory environment for planning and operating school and university facilities is either explicitly contrary to this purpose, or often an enormous barrier to achieving this purpose, overcome only through extraordinary effort:

## Financing

State and local school facility construction financing (usually through bond funding) has been silent on this issue, thus encouraging “business as usual” in the competition among school districts and university campuses for scarce funds. Bond financing has led to a “stop-and-start” approach to school and university construction, which is inconsistent with long-term, steady development aligned with community planning goals. First-come, first-serve policies inherently discriminate against urban and older suburban districts with more difficult siting and construction challenges. Facilities funding is usually categorical (for schools, libraries, housing, parks, etc.), without reference to other facilities funding systems. The competition for these scarce public resources makes it more difficult to collaborate.

## Regulations

Regulatory regimes are also categorical, and not well integrated. The highly visible and expensive disjunction between schools planning and environmental cleanup regulation experienced with the LAUSD Belmont Learning Center is the extreme example of this endemic problem. Improved attention to this problem is essential, because environmental challenges are found in both urban school districts (brownfields) and rural ones (former farmlands).

## Planning Processes

School and university planning is largely exempt from local and regional land use planning requirements, thus making it more difficult to encourage planning agencies and schools to collaborate; conversely, local and regional planning agencies often do not take into account optimum school and university facility strategies when making housing, transportation and other development decisions (“if we build it, i.e., housing, they will come, i.e., schools”). Schools and housing often compete for the same land, rather than finding collaborative or joint use or compensatory strategies that make both schools and housing into “winners.” Large urban school districts may have too many local jurisdictions with which to collaborate effectively, and smaller local school districts often don’t have the capacity to collaborate effectively with large planning agencies.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Planning Capacity

School facility planners often do not have access to state-of-the-art planning and design technologies, nor the funding to support technical assistance and professional development.

### Operating Capacity

Either schools or their potential joint use partners often resist joint use of facilities largely because facilities management methods are unfamiliar to them or contrary to years of conventional practice.

### Special Considerations Regarding Higher Education

Though university facilities operate in a different mode (our large residential universities are among the best of our “master planned” communities), there often are important community consequences for on-campus as well as off-campus facilities, but few incentives exist for joint use or other campus/community efficiencies. This may be in part because, like most state agencies, none of the three segments of the state’s public higher education system is organized in a manner that encourages and rewards accountability to the regions they serve as well as the state as a whole.



David Abel, Director, Metropolitan Forum Project and commission member

## Government Policy and Program Strategies:

### Orientation of School Construction Funding

School and university facilities construction and modernization funding, whether state or local, should encourage and support the achievement of “schools as centers of communities.”

### Permanent, Reliable School Construction Finance

Over the long term, state financing for school and university construction should be based in one or more dedicated revenue streams, with bond financing used only to assure balanced allocation, design or use enhancements, or other special school construction financing needs.

### Joint Use and Other Efficiencies

All public facilities construction agencies, including schools and university facilities, should encourage joint use, and efficient use of land, materials and energy. Financial incentives should be provided for high performance outcomes.

### Smaller Schools

School reformers urge that children be taught in smaller schools to achieve better educational outcomes. This should be the norm for planning and design, and is appropriate for building in older cities and suburbs where land is scarce.

### Professional Skills

The state government should provide special funding and technical assistance to enhance the capacities of school districts to adopt this new planning model and to fast-track construction once it is well planned.

### Urban Reinvestment

Cities and redevelopment agencies should anchor their comprehensive community redevelopment plans around a network of schools, thus encouraging middle-class families to return to older neighborhoods.

### Comprehensive Planning

Local general plans should be coordinated and consistent in the siting and development of housing, transportation, parks/open space and other public facilities, particularly schools.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Shared Responsibilities:

The leadership role in changing the school planning paradigm should come from the Governor and Legislature, and the mainstream education advocates, using the “schools as centers of communities” principles in shaping state funding legislation, including bond financing. Of nearly equal importance, however, is the role of school administration, teachers’ unions, and other powerful education lobbies, in advancing these ideas among their constituencies and with policymakers. Moreover, the special interests around other community and facilities development strategies, including homebuilders, affordable housing advocates, parks and open space advocates, community-based organizations and transportation advocates, should join this effort in a constructive, collaborative manner. Certainly the State Architect is a powerful voice for this change, and should be a source of innovative ideas for policies and best practices.

### Timetable for Action:

A major school bond measure is likely to be placed on a 2002 ballot by the Legislature and Governor. It could be a mainsail, propelling forward the “schools as centers of communities” movement, or it could be an anchor, delaying progress for years to come. Other statutory and regulatory opportunities will present themselves in the years to come, but the key will be to build local capacity (school planners and community and regional planners) simultaneously with state incentives or requirements.

### Other Supporting Strategies:

The New Schools Better Neighborhoods coalition, led by members of this Commission, has been a civic effort largely supported by private philanthropy. This kind of civic engagement and constituency building around this change strategy is best funded and led in the private sector, and should continue and be expanded.



# BUILDING BETTER COMMUNITIES, PRESERVING OUR NATURAL LEGACY

## ENHANCING ENVIRONMENTAL QUALITY NOW AND FOR THE FUTURE

As with the equity issue, the Commission believes the environment to be a foundational issue. If all else is achieved, but we fail to preserve, protect and restore our natural environment, then the achievements will be without moral authority or completion. There are references to environmental issues throughout the report, but they must be addressed separately as well.

Moreover, though all the issues addressed in this report have been presented from a regional point of view, and though we believe there are important regional decision-making and action opportunities to advance environmental goals, they are also different. The environment is about place, but there are overriding, some would suggest daunting, global concerns which will never be solved on a region-by-region basis. Our challenge, therefore, is to act wisely on both levels, and to act from a single set of values and principles that will create a sustainable global community as well as sustainable California regions. Our challenge is to link the two sets of strategies to each other, so that we can truthfully claim that we “think and act, globally and regionally.” This challenge is beyond the scope of this report, but it is not beyond the capacity of human innovation and will.

### Goal:

A new framework for making and implementing effective environmental policy and funding that achieves regional environmental balance, and integration with social and economic needs and goals.

## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







# THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

## Specific Indicators of Success:

- \* Across all the state's regions: cleaner air, water and land, meeting or surpassing national and California standards.
- \* Optimal protection and management of the state's precious natural legacy, including wilderness areas, habitat, watersheds, parks and open space, species, vistas, and working landscapes.
- \* Improved environmental justice through reducing the disproportionate burden for environmental degradation carried by low-income communities and communities of color.
- \* More efficient use of the land in the state's urban and urbanizing areas.
- \* Improved "green infrastructure" in urban communities: parks, open space, pristine watersheds, and habitat.
- \* Alignment of public and private fiscal and expenditure policies in a manner that adequately places value on the "externalities" of the environment, and therefore builds market and public sector financing support for environmental protection.
- \* Improved data collection and analysis, planning, prioritization, and long-term financing of resource protection and management, through the California Legacy Project.
- \* Innovations in economic environmentalism that lead the world in the development and sales of environmentally sound goods and services.
- \* Reinforce the environmental ethic in all our institutions, public and private, and through effective environmental education programs. Educating our children is the only way to ensure long-term support for viable and sustainable environmental outcomes.
- \* Improved "carrying capacity," through reduction of California's disproportionate use of the world's non-renewable energy and raw materials and the reduction of California's disproportionate fouling of the planet's environment.

## Key Issues:

California and its people are blessed with a longstanding and deeply felt environmental ethic. As the national understanding of environmentalism evolves, and particularly the assertion of the new concept of sustainable communities, California has the opportunity to lead and demonstrate how a 21<sup>st</sup> Century environmentalism can take into account the needs of natural systems and human systems, including urban development and economic activity, and can thereby achieve a new certainty and longevity for environmentalism and environmental outcomes. There are several areas that, in particular, require state leadership: data collection and accessibility; improved regional planning to meet environmental goals; new enforcement models based on collaboration and the advancement of mutual interest; realignment of the fiscal incentive structure; and conducting research and education on the relationship between the economy and the environment.

### Enhancing Environmental Quality ...

The most successful examples of regional approaches to governance have been demonstrated by programs that protect natural resources, such as the conservancy aimed at maintaining the beauty of Lake Tahoe. Rural communities that are home to the state's farms, forests and rivers are most comfortable with incentives based approaches to regional governance. Flexible, self-organizing, and well defined regional efforts aimed at large landscape planning goals, such as protecting agricultural land or watershed restoration, will help increase acceptance at the local level, and to structure the state's involvement in these issues.

Elizabeth Martin

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Barriers:

#### Data Collection and Accessibility

The state does not produce detailed data on natural resources and regional bio-systems in California on a local and regional scale, nor is data easily and systematically accessible to state and local policymakers. It will be difficult, if not impossible, to preserve our existing, highest priority natural resources, nor to effectively clean the air and water and land, without a thorough and reliable inventory of current conditions, organized on a small area and regional basis. One area in which the state has made an important start in meeting this need, is the California Legacy Project, and it needs to be continued and expanded.

#### Local and Regional Planning

Planning systems in California suffer from both vertical and horizontal fragmentation. This is true of environmental planning, in which strategies to improve water quality, air quality, land cleanup, habitat conservation and other key goals, often is carried out in isolation from other systems, making it difficult to reach integrated and balanced environmental outcomes. Further, environmental planning often is separated from other planning processes, particularly land development and land use planning.

With 12 million more Californians anticipated in the next twenty years, planning for environmental protection and pollution prevention will be challenged in the extreme. This is a very significant environmental and land conservation issue, as well as a quality of life issue. The state needs a strategy that accurately anticipates the future and sets the state on a balanced course that will meet the need for built communities and conservation of working landscapes and natural lands. In particular, local land use, water, energy, transportation, and pollution prevention planning must address local needs within a larger regional framework so that neither neighboring communities and regions nor our precious natural resources are assigned to shoulder a disproportionate share of the "carrying capacity" burden.

## Outdated Enforcement Models

It is common knowledge now that the first set of environmental enforcement models, with a strong top-down regulatory component, enabled much progress on many environmental goals, but has stalled on others. Even as a necessary backdrop, the marginal rate of return from regulatory enforcement, expensive litigation, and piecemeal policy erosion, simply isn't adequate. In recent years, market-based incentives have served to move the agenda forward in new and interesting ways, but often this is expensive, and without sufficient constituency support. A new model for enforcement grounded in place-based (often regional) negotiated agreements holds great promise, and has been demonstrated in many varied conservation, pollution prevention, and multi-species habitat projects right here in California. However, it is still the exception, not the rule, and is not yet systematically supported in law and public finance, and therefore is not systematically applied.

## Fiscal Incentive Structures

The state's property and sales tax allocation system results in the fiscalization of land use, often at the expense of resource protection. This issue is dealt with extensively in the report's section on state-local finance. But it is important to recognize that this is a critical environmental issue as well as community planning issue, because the "safety valve" for unplanned growth is often open space, farm and ranch lands, or habitat for critical species. Better community planning should have important environmental outcomes.

## Economy and the Environment

There is insufficient understanding, among policymakers or the general public about the true costs and benefits of environmental outcomes. Therefore, neither the market nor public finance systems adequately account for these, and incentive systems are difficult to calibrate and implement; it is difficult to measure success, and hold ourselves accountable for results. Until this is resolved, progress toward environmental goals on a large scale will be difficult to achieve. In the worst sense, we will always be swimming upstream without a fin.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Government Policy and Program Strategies:

#### Regional and Local Data and Priority-Setting Systems

The state government should continue and expand support for regionally based information programs such as the Resources Agency's California Legacy Project. The Resources Agency initiated the Project to help state agencies and the state's nonprofit, philanthropic and business conservation partners to make better decisions to conserve the state's natural resources, using river basins as the region of analysis. The Project gathers, standardizes, organizes, and makes accessible data on our state's natural ecosystems and creates an analytical tool to help prioritize large areas of main ecological concern. The end result is an integrated process with which to set conservation priorities and assign fiscal resources within California's regions.

#### Environmental Justice

All of the state environmental agencies should make environmental justice a high priority, and in particular improve access to environmental data and resources for poor and minority communities. With respect to regional and local land use planning, when environmental justice is included in a community's vision, smart growth can become a way to target state resources, including informational resources, to revitalize disadvantaged neighborhoods.

#### Integrated, Comprehensive Planning

State and local governments should expand funding for programs that plan collaboratively and on a multi-stakeholder, multi-issue basis, to achieve conservation and development goals on a large-scale basis, including multiple species habitat planning. This will reduce fragmentation between levels of government and between local jurisdictions. A premier example is the Natural Community Conservation Planning (NCCP) program, which was created in 1991 to break the impasse between species protection and development. The program was designed to provide developers with a more predictable, streamlined regulatory process, while providing species, endangered and threatened, a more effective, ecosystem-based conservation strategy.



## Conservancies

State government should provide incentives for the creation of regional conservancies, such as the newly proposed Sierra Conservancy, to protect our natural lands and working landscapes, such as farms and ranches.

## Partnerships with Nonprofit Organizations

State and local governments should collaborate with the state's excellent nonprofits (The Nature Conservancy, Trust for Public Land, local land trusts and conservancies, and many, many others).

## Fiscal Reform

The Commission's recommendations on state-local fiscal reform should be adopted for environmental reasons as well as for better community planning and development. Three of the recommendations directly link to sustainable environmental protection and improvement:

- ✱ Eliminating the barriers to sustainable regional and local development. By eliminating barriers such as negative state tax incentives, local governments can make more environmentally sound policy choices while not sacrificing a strong economic base.
- ✱ Pursuing state strategies for local and regional sustainable development. By expanding state interest in local and regional planning and establishing a dedicated revenue source from state funds to increase incentives for sustainable development, the state could vastly improve the prospects for remaining open space and habitat.
- ✱ Encouraging capital expenditures for local and regional sustainable development. By investing in existing infrastructure, and planning for future sustainable infrastructure, the state can help local policymakers plan for California's projected population increase while keeping future development in balance with the ecosystem.

## Economic Environmentalism

State economic agencies should support analyses of the comparative advantage of environmental industry clusters and business practices; the return on investment of "green" building initiatives and energy conservation practices; and the regional economic value of various actions to protect the natural environment.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Shared Responsibilities:

Every level of government, business and individuals should join in a new “stewardship partnership”—to support planning and actions that will achieve our environmental goals in new, innovative ways.

### Timetable for Action:

While the economic benefit of a statewide, region-based environmental policy and program will outweigh the development and implementation costs, there will be those costs and, so, pursuit of such a program should be implemented as, and when, funds become available. Many of the recommendations, however, which have no or little cost (such as advancing the analysis of true cost accounting), should be implemented as soon as possible.

### Other Supporting Strategies:

The decisions of business and nonprofit organizations, and individuals themselves, are as important as public policy, and so a profound and sustained partnership across the sectors will be needed. As with other Commission recommendations, much of what is recommended here is new and experimental, and therefore the role of higher education and the philanthropic sector will be important to test and assess new strategies.

#### Enhancing Environmental Quality

“From the 1,100 miles of scenic coastline to the breathtaking peaks of the high Sierras, and the fertile plains and forests between, California has been blessed like no other place on earth with such extraordinary natural beauty and bountiful natural riches. Protecting the state’s land and waterways, diverse species and habitats, preserving its spectacular panoramas and scenic open spaces, and finding ways to coexist in greater harmony with nature is one of the more difficult challenges of the modern age. Our quality of life as Californians, ability to embrace a growing population and foster a thriving economy, our health and well-being all depend upon creatively addressing the challenge. This will be our legacy and we owe nothing less to our children, and children’s children.”

**Daniel Mazmanian**

# COLLABORATING FOR EFFECTIVE 21<sup>ST</sup> CENTURY GOVERNANCE

## WHAT REGIONS CAN DO: PERFORMANCE-BASED REGIONAL COLLABORATION

### Goal:

Through voluntary collaborative agreements, and based on the principle of “regional home rule,” ensure that local governments achieve optimal cross-jurisdictional, public-private coordination in planning, resource allocation, and other strategic regional decision-making, and thereby, better outcomes for their communities and regions.

### Case Study: Regional Integrated Planning

Riverside County Integrated Plan (RCIP) is a three year comprehensive, integrated planning effort to determine future conservation, transportation, housing and economic needs in Riverside County. This innovative project, the first of its kind in the nation, was developed as a response to the impact of rapid growth on the County's quality of life. Guiding principles are: project elements are related and integrated; financing is everyone's responsibility; and the process is stakeholder rather than government driven. The project simultaneously addresses what traditionally have been three separate planning efforts in the areas of conservation, transportation and land use, using a consensus rather than a traditional conflict model. RCIP will protect the natural environment, including watersheds, by conserving habitat and open space through a Multi-Species Habitat Plan. Traffic congestion will be addressed through the Community and Environmental Transportation Acceptability Process, a multi-modal effort. RCIP will balance land use by updating the County's General Plan.

Source: RCIP 2000

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

## Specific Indicators of Success:

- \* Throughout the state, local governments, state agency and regional agency representatives, together with civic and business leadership, routinely develop regional compacts for collaborative planning and action, addressing issues key to the future economy and quality of life of the region. Though these compacts might be single issue or time-limited, it is intended that they be used most often for the development of multi-issue, comprehensive, binding and incentivized regional plans and strategies. Within the near term, California's regions ought to be experiencing a wide variety of regional governance experiments, and over the longer term, this new model should be the norm for regional decision-making processes.
- \* Relevant federal, state and local funding allocations (revenue structures, budget incentives, and capital expenditures) are guided by the strategies developed and identified in regional compacts and driven largely by performance outcomes.
- \* The state laws and local statutes governing land use planning (and related laws covering transportation, open space and other regional systems) are reformed to align with this new regional governance approach.
- \* State and federal agencies will have changed their practices, perhaps even their structures, to enable them to participate more effectively in regional planning efforts.
- \* Data, particularly geographic information systems data, is readily available and used through a wide array of new information technologies to increase the thoughtfulness of professional planning and citizen participation at the regional level.
- \* The number and cost of conflicts, particularly over plans or project developments, are reduced considerably.
- \* New methods for measuring the outcome performance of planning and execution are developed, and widely used as the basis of funding relevant entities and projects.
- \* Public participation processes will have changed so as to increase the amount, diversity and effectiveness of citizen participation on a regional basis, with a concomitant reduction in "ballot box" planning.

## Key Issues:

California's system of local governments has been formed over its long history, and not seriously re-formed in nearly a century. When California was a state of small towns and cities surrounded by vast rural and open space regions, its economy dependent on the use or extraction of natural resources, and existing in isolation from the rest of the continent and the world, the system of counties and cities was an appropriate structure for planning decision-making. This is a 19<sup>th</sup> Century form, unsuitable to solving the state's 21<sup>st</sup> Century regional problems.

## Barriers:

Since the mid-20<sup>th</sup> Century, the following deep, structural impediments to regional collaboration have arisen:

### Fragmentation

Local government is increasingly fragmented among multiple jurisdictions and special districts.

### State Control

The state government increasingly imposes regional planning through its own infrastructure investments, or through statutory mandates, but this is largely top-down, and not always with salutary results for regions.

### Fiscal Disincentives

After decades of local home rule, Proposition 13 in 1978 removed the fiscal incentive for regional cooperation among local governments, an unintended consequence.

### Councils of Government

Regional councils of government do not have the regulatory power or fiscal tools (except in the case of federal transportation funds) necessary to drive or incentivize regional cooperation.

### Technical Capacity

Region-level decision-making and collaborative processes are unfamiliar territory for many local elected officials and planning professionals, and the data and technological tools that would make it work are often unavailable.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES

### Political Will

There is too little political reward for regional leadership among local elected officials. Public apathy and distrust of government is ubiquitous, ironically in part because government isn't solving the regional problems that it is not well-suited to solve.

In the 21<sup>st</sup> Century, California needs new policies and tools to secure high quality decision-making at the level at which crucial problems now present themselves: the region.



Senator Tom Torlakson



## Government Policy and Program Strategies:

### Multipurpose Regional Governments?

A new regional government may or may not be the answer in any given region. Historically, consolidating governmental authority at the regional level has been proposed many times, most recently by the San Diego Regional Government Efficiency Commission. However, consistent with the Commission's strong support for a "bottoms up" approach, any regional consolidation should be chosen freely by the voters of a region, and not imposed by state government. Any other approach is bound to be strongly resisted by local government officials and ultimately might well be ineffective.

### Collaborative Regional Governance

As it turns out, for regions that do not choose regional government or consolidation of regional agencies, another pathway is possible: a promising new form of regional governance that depends largely on voluntary collaboration and teamwork; cross-sectoral partnerships (public-private-nonprofit); explicit adoption of "stewardship" values and principles, and "sustainability" goals; incentives, not mandates; good information, well-used to plan and assess results; and a network of intelligent, watchful media and civic organizations.

"Cities can no longer prosper unless they consider their position in their region. What kind of services they offer, businesses they allow, housing they provide - all of these are now part of a regional economy and are affected by the decisions that their neighboring jurisdictions are making. In order to chart their direction instead of just react, they need to join together with their neighbors, both public and private, so that their local aspirations are realized and compliment each other - creating a robust region."

Jacki Bacharach

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

### Context:

- \* “Region” is a functionally defined geographic scope, irrespective of particular jurisdictional boundaries, and is driven by the shape and nature of the problem to be addressed, and the geographic scale at which it is best approached. The subject matters of this Commission’s report are the major functional “fields of interest” appropriate for regional decision-making and accountability, though certainly not limited to them.
- \* California is a state of many regions, some of them overlapping, depending on the issue to be addressed, and any state policy or financial incentive approach must be adaptable to the varieties of “bottom up” regional possibilities.
- \* Because the region is the level at which agreements should be reached, the state government must be “at the table,” and in a partnership rather than in a regulatory mode (legitimate state oversight and regulatory enforcement should be housed and staffed separately).
- \* Decision-making is best accomplished through negotiated compacts, which are formed through all-party consultations; time- and task-limited; underwritten by capacity-building financial support and rewarded by performance-based incentives (financial or regulatory relief); and “transparent” with respect to goals, processes and outcomes transparent, that is, to diverse, broad-based, informed and watchful civic institutions and the general public.
- \* On the other hand, for regions or local jurisdictions that are unnecessarily resistant to regional collaboration, some “forcing mechanisms” may be needed, ideally, devised within the regions themselves, and based on broad regional or statewide consensus. This could take the form of self-imposed deadlines or performance benchmarks with real fiscal consequences. Even stronger mechanisms than incentives may be required, for cost reasons, where the incentives needed to secure action are too high (“carrots big enough to be sticks”).
- \* The traditional democratic process for holding government accountable (elections for public office and ballot initiatives) operates at a level of general satisfaction/ dissatisfaction that is not well suited to the particularistic quality of performance-based accountability. The new governance requires greater fine-tuning and continuous adjustment than conventional processes permit. Therefore, new tools are emerging to meet this need, such as community progress indicators and periodic community visioning processes.

## Specific Recommendations:

### Negotiated Regional Compacts

State government provision of a broad set of policy and financial incentives to encourage and support the development, adoption, and implementation of regional compacts. This could be preceded by a series of state-supported pilot demonstration compacts, addressing a wide variety of regional issues in different regions, with an appropriate matching requirement from local governments as well. However, because local governments have varying capacities to provide financial support, it could be a “weighted” matching requirement, with some local effort, or an in-kind match, or both.

### Public Participation

Financial and technical support to broaden and deepen public participation in regional decision-making processes, with a particular emphasis on building the participatory capacity of “marginalized” communities (low-income, disadvantaged) through support of intermediary organizations, training and capacity-building, outreach through specialized media, and other techniques.

### Access to Data

Improved collection, storage, organization, and accessibility of data by state agencies, to support databased regional strategies.

### Performance Accountability

Additional research and development, and experimentation with performance accountability systems that fit with the processes of the new regional planning.

### The Federal Partnership Role

Advocacy with the federal government to ensure that major federal initiatives, in transportation, education, or other domains that are best addressed at the regional level, are drawn so as to align with California’s new regional approach.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Shared Responsibilities:

Though the enabling legislation and financial incentives for this new regional planning model fall within the purview of the Legislature and the Governor, advocacy for this new opportunity must come from local elected officials, regional agencies, and regional civic organizations. Ultimately, this new governance model is only as strong as its sustained public support, and that requires a cultural change, not just policy reform.

### Timetable for Action:

Many interesting experiments in the new regional governance are underway throughout California, often without sufficient financial support, an adequate "learning" component, or policymaker and public visibility. Additional pilot programs could be authorized immediately, but there ought to be a two to three year statewide and regional consultation process to develop the enabling legislation that would lead to widespread development and adoption of regional compacts. It should be the central purpose of the proposed California Partnership for Regions to initiate and manage that consultation process (see the Six Ways section below).

### Other Supporting Strategies:

As suggested above, philanthropy and civic organizations, which are part of and advocates for this new regional stewardship, should continue to play a leading role in experimenting with new governance models and drawing out the policy lessons to be learned from them.

# COLLABORATING FOR EFFECTIVE 21<sup>ST</sup> CENTURY GOVERNANCE

## WHAT THE STATE CAN DO: DEVOLUTION, ALIGNMENT AND SUPPORT

### Goal:

In the planning and implementation of governmental policies and programs on challenges that would benefit from a regional scale approach, such as housing, transportation, open space and economic development, the state government fully aligns itself with new regional forms of decision-making.



Assemblymember Patricia Wiggins

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES

### Specific Indicators of Success:

- ★ On matters of statewide significance and impact, the state government continues to play a leadership, oversight role. It sets and enforces broad state goals; when necessary to overcome impasse, it fosters the creation of supra-regional strategies on issues requiring multi-regional participation; and it supports inter-regional partnerships between and among adjoining regions.
- ★ On matters that are best handled at a regional level, the state assumes a new partnership role at the regional level with local government and the business and civic sector, and aligns its state agency functions accordingly.
- ★ State revenue, budget, and capital expenditures are aligned to support regional decision-making, either through direct devolution of fund decision-making to the regional level, or through alignment of state funding with regional plans and strategies.
- ★ Local conflicts on plans and projects of regional significance are handled effectively and fairly, without resort to lengthy and costly litigation.
- ★ State data is organized for regional analysis and is made easily accessible to regional partners.
- ★ State and local elected officials and agency personnel achieve a new level of understanding and efficacy on matters of regional significance.
- ★ Regional civic organizations flourish, and a new, more inclusive and effective citizen participation occurs.

### Key Issues:

The structure and governance of the public sector in California is largely driven by the state Constitution and state law and practice: how the state organizes itself to address problems, and how it allocates funds, including the property tax, as well as infrastructure investments, and operating subventions to local government (mostly to counties). Yet if California is a state of regions, decision-making on most essential economic and quality of life issues should be made at the regional level, through a partnership among all levels of government and the private and civic sector, as described in the prior section. If effective 21<sup>st</sup> Century governance requires state government partnership with regions, then, by means of devolution, alignment, or support, state government must fundamentally change its nature, role and function.



## Barriers:

### The Organization Chart

The state government is organized around issues, or fields of service, not regions. There are many, many sub-state, even regional jurisdictions within state agencies, but these are largely for administrative convenience, not for the purpose of better collaboration at the regional level.

### Funding

State government funding is driven primarily by program categories, often without discretion at the state level, or constrained by federal mandates, and unrelated to variations in regional needs or capacities. In the case of pay-as you-go infrastructure investments, such as in affordable housing or open space, state government may not be required to align spending decisions with regionally chosen goals and strategies, though often it chooses to do so voluntarily. The exception is the allocation of federal transportation funds, as governed by SB 45. But this statute does not preclude major project-based funding by the state, whether or not consistent with regional plans.

### Regulatory Oversight

State government has very little oversight responsibility in relation to local planning decisions, but even where it does, in the housing elements of general plans, for example, its “toolkit” is very limited. Regulatory oversight of housing production explicitly combined with financial incentives, for example, would be much more effective than oversight alone (and less litigious). The new Jobs-Housing Balance Improvement Program is a step in the right direction, but it does not yet have a regional consistency requirement, nor an orientation to comprehensive, integrated planning for housing.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

### Equity Inclusion and Engagement

Compared with local governments and civic organizations, state agencies typically have few access points for leaders from under-represented communities.

## Government Policy and Program Strategies:

Substantial state government devolution, alignment and support will be necessary for authentic collaborative regional decision-making. To accomplish this would require the state to share power, funding, and accountability with local governments and regional agencies, and in a manner that is fully collaborative, without surrendering the state's proper oversight role. This complicated and deft reform would require a fundamental shift in the role and function of state government.

### State Goals

In consultation with local governments, regional agencies, state agencies and the civic, business, labor and community sectors, the state should adopt as policy a set of broad goals to frame California's interest in better regional planning and outcomes. These goals should be limited in number and detail, so as not to result in "micromanagement," but clear enough to provide guidance. They should include explicit numerical goals, for example, such as the amount of affordable housing units at all income levels that will be needed to accommodate the state's growing population. Regions should likewise establish goals and be held accountable for performance consistent with these state goals, with financial incentives tied to such performance.

### Devolution of Funding Authority

The state should consider devolving to the regional level many of the funding decisions that are better made at that level (regardless of the source of funds); however, retaining and allocating enough resources to 1) support programs and projects with larger-than-regional significance, 2) assist in balancing regional inequities, and 3) incentivize excellent regional performance. Examples could include affordable housing construction subsidies, energy conservation incentives, and funding for community technology centers.

### Negotiated Regional Compacts

The state should encourage negotiated regional planning compacts that would operate as the setting in which broad, multi-issue regional planning and implementation can take place (see prior section). These are agreements whereby city and county governments, and state agencies, along with business, labor and community organizations come together to meet their housing, employment, and transportation needs. These compacts should be encouraged through fiscal incentives from the state government and tax and capital expenditure incentives to reward good regional planning and achieve positive outcomes (see the Report section on state-local finance).

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES

### State Oversight

The state should provide oversight for self-certification to ensure that the regional compacts advance state goals and conform to state law and regulations.

### Data

The state should support these compacts, and other efforts at regional collaboration, through improved and affordable access to data, provision of state of the art technologies, and training and technical assistance.

### Innovative State Programs

The state should continue, expand and improve the Inter-Regional Partnership and Jobs Housing Balance Program, to ensure that inter-regional questions (beyond jobs-housing balance) are addressed effectively.

### Breaking Impasse

For supra-regional issues, such as airport capacity and creating permanent protection for resource-critical lands, in which the state has a broad and over-arching interest, and as a last resort after local impasse has been reached, the state should create and implement supra-regional strategies, and provide fiscal and regulatory incentives to offset locally negative consequences of over-riding decisions. Such authorities should “sunset” when the impasse has been resolved permanently.

### Regional Civic Infrastructure

The state should provide financial support to regional civic organizations that assist the public sector by on-going and broadly inclusive citizen engagement in the regional collaborative planning process, including regional “visioning” projects.

“California does not have a regional planning framework or a state plan comparable to those in the five case study states. Efforts to create regional government or regional planning in California over the last century have failed. The sheer size of California, regional differences in political culture, and a strong home-rule tradition have militated against uniform, top-down regional planning. In California, much good planning is done at the level of individual jurisdictions. But decision-making to solve regional problems is weak.”

Richard T. LeGates, *The Region is the Frontier: Frameworks, Goals, & Mechanisms for Regional Decision-making in 21-Century California*

## Shared Responsibilities:

It is unlikely that new collaborative governance at the regional level will be fruitful without the serious and continued participation of most, if not all, stakeholders. Of particular importance (and potential resistance) is the participation of state agencies themselves, holding themselves accountable to regional planning decisions. Further, it will be essential in many compacts to involve federal agencies as well, given the broad regulatory oversight role of many federal agencies including especially those dealing with air and water quality and endangered species.

## Timetable for Action:

The major changes in the role and function of state government in relation to its regions will take many, many years to implement, but the effort can begin now. It should be possible to move quickly to adopt legislation authorizing voluntary regional planning compacts. A process to develop state goals for adoption could begin at once, perhaps under the guidance of the California Partnership for Regions (described below), but the consultation process should take two years or more. Ideally, fiscal incentives should be provided to encourage and support the compacts, but will require a major change in the way in which the state funds local government and infrastructure expenditures, and therefore will take many years. Moreover, the combination of fundamental reforms and the incentive approach requires that “carrots be big enough to be sticks,” and therefore will have to be fully implemented when the state budget permits. However, the incentive policy framework could be adopted now, subject to future appropriations.

## Other Supporting Strategies:

The recommendations offered by the Commission in the other planning-related sections of this report will be important if the fundamental reforms in this section are to be adopted and sustained. In the meantime, it will be important for local government, regional agencies, and the philanthropic and civic sectors to continue to experiment with the ideas advanced in this report.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES

# COLLABORATING FOR EFFECTIVE 21<sup>ST</sup> CENTURY GOVERNANCE

## WHAT CITIZENS CAN DO: A RESURGENT REGIONAL CIVIC SECTOR

### Goal:

Develop and connect to each other and to policymakers an informed, engaged, and broadly diverse regional citizenry and supportive civic organizations, willing and able to support the political and policy change required for the new governance model.

### What Citizens Can Do

*"Citizens— excellent regional citizens — plus networks— effective regional decision-making networks — and compacts— equitable neighborhood growth regionwide — result in successful regional communities, ones that will have the regional governance capacity to achieve the triumph of the regional commons."*

**Bill Dodge**

*The Triumph of the Commons*

## Specific Indicators of Success:

- ✱ Increasing numbers of business, civic, and community leaders are informed about regional issues and involved in regional civic activities, and regional public decision-making processes.
- ✱ Regional civic organizations expand and strengthen, and engage a broader and deeper array of citizens in stewardship leadership activities.
- ✱ In particular, increasing numbers of people from under-represented groups, reflecting the demographic and economic diversity of the California populace, are involved in these activities.
- ✱ Local elected officials feel empowered to become regional stewards.
- ✱ All regions regularly conduct regional “visioning” projects, to engage a broad, and broadly inclusive, array of citizens in thinking about and discussing with each other the long-term physical and economic development of their regions and to reach agreements.
- ✱ Public, private and nonprofit organizations increase substantially the use of new information technologies and techniques, such as visualization surveys, geographic information systems, decision-process tools, on-line citizen participation, regional resource centers, and other electronic participation innovations to increase the knowledge base and active involvement of citizens in regional decision-making.
- ✱ The regional electronic and print media regularly take responsibility for educating and involving their viewers and readers in regional issues and processes.
- ✱ School children and post-secondary students are knowledgeable about their regions, and about ways to become involved in their regions.



Becky Morgan, Founder, Morgan Family Foundation and commission member

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES

## Key Issues:

Public opinion polls and surveys in recent years have been generally discouraging about the extent of current civic and political involvement by Californians, and about the potential for substantial positive change in years to come. Though there has been some fluctuation up and down in voter participation, by many indicators, such as those used by the scholar Robert Putnam in "Bowling Alone" to measure our nation's "social capital," the nation and California, are clearly in a long-term social capital "trough." In California this distancing from conventional political and civic processes is exacerbated by demographic changes, and the challenges associated with being the nation's first state to come to grips with the "new pluralism."

It is against this backdrop that the Commission considers whether and how we might encourage and support enhanced civic and political engagement at the regional level. Surprisingly, we are optimistic over the long-term. Over the years, there have been very successful models of civic participation, from the LA 2000 Project to Silicon Valley 2010.

If it is true, as we have heard from scholars and practitioners alike, that:

- ✱ regional strategies will improve our chances of actually solving some of our more daunting problems, such as traffic congestion and long commutes; unaffordable housing; widening poverty gaps; loss of open space and farmland; and an uncertain economic future, and that
- ✱ these regional strategies require a new, more effective governance model, and that
- ✱ the new governance model depends in part upon a strong stewardship ethic among our civic, business and community leaders, and broadened civic participation, and that
- ✱ broadened civic participation will help our residents to feel that they are contributing to these solutions, then, perhaps...

...this 21<sup>st</sup> Century regionalism is *a pathway to restore public confidence in the public sector and its ability to solve problems*, and a new source of confidence among our citizens in their own ability, through participation, to help determine the future course of their neighborhoods, their communities and their regions.

## Barriers:

### Informed Participation

There are too few civic, business, labor and community-based organizations systematically involved in regional public policy, planning and funding issues, for lack of knowledge, time, or a sense of efficacy.

### Equitable Capacity

In particular, there are insufficient settings for training and capacity building for under-represented groups to understand the importance of regional issues, and how they can be effective in trying to influence those processes.

### Public Processes

State and local public decision-making processes regularly discourage such participation.

### The Media

With important exceptions, too few media institutions, particularly the electronic media, understand and cover long-term, complex regional issues. Though it is often suggested that viewers and readers are resistant to such coverage, there are enough examples otherwise to suggest that it can be done, if there is a will.

### Education

School children and post-secondary education students rarely have the opportunity to learn explicitly and systematically about their regions, and about the role they can play as leaders and citizens in their regions.

### CASE STUDY: ENVISION UTAH

Envision Utah is a public/private community partnership focused on the effects of long-term growth in northern Utah. Formed in 1997, the partnership includes 130 leaders from state and local government, businesses, developers, conservationists, landowners, academics, church groups and citizens. Strong public input is key to development and implementation of the State's Quality Growth Strategy. The partnership is supported by Quality Growth Efficiency Tools, a technical committee made up of representatives from key department heads of state and local governments, regional planning agencies and the private sector, to assist in the analysis of trends, projections and alternative scenarios. The Partnership provides the tools, training and resources to public and private sector planners to implement the strategies. A public education campaign is a core part of the mission – "Envision Utah, It's a difference we can make TOGETHER."

**Source:** Envision Utah.

## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

### Government Policy and Program Strategies:

#### Restoring Public Confidence in Government through Participation and Accountability

Public policies at the state, regional and local level must encourage and support effective civic participation and new means of transparent performance accountability for our governmental planning and operations.

#### Participation by All

State and local government policies must pay special attention to the effective involvement of traditionally under-represented groups and communities, through capacity building strategies and new participation processes.

#### Collaborative Regional Initiatives

The new regional civic organizations, and traditional organizations just discovering the new regional realities, should continue and expand their efforts to inculcate regional citizenship through their governance, programs, and activities.

#### Technology Supporting Participation

New information technologies, such as geographic information systems, which are particularly good at providing accessible visual spatial analysis, should be further developed and disseminated for use by ordinary citizens, perhaps through web-based programs, accessible through the home, schools, libraries and community technology centers. Physical and virtual regional resource centers could be the specialty support system for the application of these new technologies.

#### Curriculum

Schools and universities should include the fundamentals of regionalism in economics, political science and other social science foundational instruction and course offerings.

#### Role of the Media

The media, particularly the regional print media, have a special obligation and opportunity to inform their readers on regional issues and the regional analysis of local issues.

## Shared Responsibilities:

As suggested above, developing this new “regional citizenship” is more a cultural change than a policy reform. It certainly can be enhanced through policy support, but the basic support must come through all the institutions (family, schools, the media, voluntary and civic associations) by which we transmit our culture to the next generation, to new immigrant citizens, and to those who’ve been disaffected from civic and political life and who must be brought back through the new regionalism. There is a special leadership role to be played here by the state’s philanthropic institutions, especially private and community foundations.

## Timetable for Action:

This is a long-term agenda, and broadly focused, which means that it could easily be lost, in favor of more immediate and targeted Commission recommendations. The Commission believes this work is so important, however, to sustain the new regional strategies for decades to come, that research and development on how best to inculcate the values of regional stewardship should be a major function of the California Partnership for Regions.

## Other Supporting Strategies:

Public participation in all the democratic processes, including especially voting, would enhance and be mutually supportive of regional civic participation. Elected officials, local and state-level, who are challenged to speak out on regional issues, as Speaker Hertzberg has done, can help immensely in raising public awareness and encouraging regional civic participation.

### What Citizens Can Do

“Stronger regions grow not only from good regional policies, but also a strong regional citizenry. Our future hinges on personal attitudes and behaviors; different choices about waste, race, and life-style. We can play our part by educating ourselves about regional issues, and then holding ourselves and our politicians accountable for better choices.”

**Denise Fairchild**

## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





## THE NEW CALIFORNIA DREAM REGIONAL SOLUTIONS FOR 21<sup>ST</sup> CENTURY CHALLENGES

# SIX WAYS TO ACHIEVE AND SUSTAIN FUNDAMENTAL REFORMS

Ordinarily a Commission of this sort gathers information, analyzes options, and develops and delivers findings and recommendations. How do we keep those ideas from settling comfortably on a dusty shelf? To advance the policy framework and the specific policy reforms proposed, California must have a supportive and effective civic and political culture, with individuals and institutions committed to carrying these ideas forward. The Commission identifies the following broad conditions necessary to create such a supportive culture:

1. Political leaders who support the 21<sup>st</sup> Century regionalism (particularly the Governor, legislators, and city, county and school elected officials), and are held accountable for results. Ordinary citizens, political parties and nonpartisan political organizations, campaign contributors, campaign workers, the media, and others involved in the election process should expect and demand that candidates for public office declare themselves on the issues raised in this Report. They then should hold them to account on the campaign promises they make, and on their actual accomplishments in office, when seeking re-election.
2. Individual and institutional capacity to focus on regional strategies and advocate implementation of these strategies. Civic and nonprofit organizations interested in growth, economic, and equity issues, including business councils, labor unions, community-based organizations and other key private sector institutions, can and should educate themselves and their constituents on these issues, and help them to get more involved. And they themselves should seek out opportunities to practice the regional, cross-sectoral collaboration the Commission has urged on the public sector.



3. **Sophisticated communications strategies, particularly through the regional print media.** Regional newspapers are in a critical position to help their readers understand regional issues, develop informed opinions, and move to action. Strong regions are a commercial as well as civic interest of regional newspapers, so this is not just an exercise in “civic journalism.” We should expect our media to provide us with critical information on key regional issues and events, and let them know, as advertisers and subscribers, if they fall short of the mark.

4. **Curriculum that makes these values and ideas subject matter for K-12 education and university teaching.** Over the long-term it will be essential that our school children grow up as regional citizens, which means learning about their regions in school, and the linkage between their neighborhoods and communities and broad regional trends and institutions. This can be presented and discussed in an age-appropriate way to virtually all school children.

5. **Sustained research, analysis and discovery to learn how to improve upon these 21<sup>st</sup> Century regionalism values and ideas.** The ideas presented in this report are in the early, formative stage of development, and require much deeper fact-finding and analysis if they are to be the foundation of our public decision-making processes. The Commission’s work has benefited tremendously by the scholarship of the Public Policy Institute of California and a number of other individuals from universities and independent think tanks, who presented us with their best thinking. Our great research universities can practice the stewardship that this Commission urges on all of us, if the scholars and scientists on our campuses take a greater responsibility to help improve the regions in which they exist, through research on the great questions facing our regions. Though some might think this an honorable way for universities to “give back,” to their regions, for most of them it is also a matter of competitive survival, for over the long term they will be no stronger than the communities and regions in which they exist.

Philanthropy can play a very special role in continuing to support this kind of research, and delivering the results to the policymakers who are so much in need of this kind of independent, thoughtful analysis.

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

6. A California Partnership for Regions (CPR), an on-going forum for advancing the ideas addressed in this Report. To continue and deepen the work now begun, and to exemplify the new kind of public-private stewardship the Commission has proposed, we believe that the state government, in partnership with the private and philanthropic sectors, ought to create a California Partnership for Regions.

# California Partnership for Regions

## Rationale

Many of the ideas proposed by the Commission are readily adoptable and indeed should move forward in the policy process at all deliberate speed. Many others require systematic dialogue and debate before implementation. Some will need further research. And, of course, new ideas will emerge over time that will also require research, dialogue, and action. Only a permanent institution, created to serve this purpose, can ensure that this important work will go forward.

## The Entity

There are many organizational forms that CPR could take: a fully private, non-profit entity or a fully public entity, housed in the Governor's Office or in the Cabinet. To model the kind of new governance this report discusses throughout, however, the Commission recommends that CPR be a publicly chartered, private, nonprofit corporation, supported through a small but dedicated stream of public funds, and by grants and contributions from private philanthropy. How specifically it is governed and staffed would be a matter for determination in the legislative process, but its governing body should include a diverse set of economic and social interests: local government, regional agencies, business, labor, education and region-based and community-based leaders. This would ensure a balanced and thoughtful mix of skills and experiences to set policy for the organization.

## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES

## Functions

Though specific program activities would be determined by the CPR Board and staff, its chartered mission should include:

- \* Research and development on regional strategies, institutional arrangements, and performance standards and measures.
- \* Convening a multi-year consultation process that will lead to the enabling legislation for regional compacts, and other convening duties going forward.
- \* Communications, using electronic and other means of communicating with broad, targeted audiences about regional issues and strategies.
- \* Advisory to the Governor and Legislature, performing such functions as are requested, usually in partnership with their own research capacities, to explore and develop regional policy options.
- \* Funding of regional civic organizations—through a competitive process, provide public support to regional civic organizations, thus enhancing their capacity, but without bureaucratic red tape.
- \* Advocacy, in conjunction with other California public and private entities, to encourage the federal government to align its policies and practices with 21<sup>st</sup> Century regional strategies.

## Funding Sources

Ideally, public support would be from a dedicated funding stream so that its continuation is not a matter to be decided in the annual budget process, and so it could plan and deploy its resources over appropriate periods of time. It may be that, given the immediate challenge of a major state budget deficit, CPR would have to be created with support from philanthropy, and joined by public funds when the state budget permits.

## Implementation

To move this idea forward, we urge the Speaker and his colleagues to draft legislation creating CPR, hold hearings in Sacramento and around the state to refine its conception, and adopt the legislation this year, but subject to future appropriations if funds are not available in the next fiscal year.

These are but a few ways to help build a supportive and effective civic and political culture for California's 21<sup>st</sup> Century regionalism. We would welcome additional ideas from readers of this report. Comments should be directed to the website: [www.regionalism.org](http://www.regionalism.org).

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES





## THE NEW CALIFORNIA DREAM

### REGIONAL SOLUTIONS FOR 21st CENTURY CHALLENGES

# A CALL TO ACTION

California is at one of the most important crossroads in its entire history. Down the path of “business as usual” is the deterioration of the economy and a continuing degradation of the quality of life for the average working family, the loss of our precious natural beauty, excess and ugliness in our built environment, political apathy and alienation, and the implosion of the California Dream. Down the path of policy and political reform is a New California Dream, now in a 21st Century context, where a vibrant economy provides decently for all, communities are livable and affordable for all, our natural legacy is left improved for future generations, and our faith in the efficacy of our governmental and civic institutions is restored...because a new generation of stewardship leaders helped make it so.

Decades of general California contentment have drawn down significantly the physical, economic, social, civic and political assets built by prior generations of Californians, but also have masked the underlying ossification of our policies and practices. Too many Californians are divided by class and race and cultural heritage and ideology, and even by physical isolation and distance. However, just as a century ago, when California’s Progressive movement emerged as a civic invention for its time, so too will California stewards have to create and mobilize policy and political change strategies appropriate to our time.

The Commission offers the idea of 21st Century Regionalism as one way to meet our many challenges, and to invent, build, manage and sustain...

the New California Dream.

Please join us.

# REFERENCES

## Economic Prosperity for All

Alliance for Regional Leadership, Leadership Forum Proceedings, May, 2001

Angelides, Philip, *Smart Investments: From Ideas to Action – the State of California's Debt Affordability Report*, Office of the California State Treasurer, October 2000

*A Policy Framework for Economic Growth*, 2000, Interagency Team, Department of Education, Trade and Commerce Agency, Health and Human Services Agency, and California Community Colleges

Bay Area Alliance for Sustainable Development, *Draft Compact for a Sustainable Bay Area: Economy, Environment, Equity*, July 2000

Benner, Chris; Brownstein, Bob; and Dean, Amy, *Walking the Lifelong Tightrope – Negotiating Work in the New Economy*, Working Partnerships USA and Economic Policy Institute, 1999

California Association for Local Economic Development, *Building Economically Competitive Communities through Greater State-Local Cooperation*, 1999

California Budget Project, *Making Ends Meet, How Much Does it Cost to Raise a Family in California?*, 2001

California Budget Project, *Maximizing Returns: A Proposal for Improving State Economic Development Funding*, forthcoming

California Business Roundtable, *Building a Legacy for the Next Generation*, 1999

California Center for Regional Leadership, *Building a Workforce for the 21<sup>st</sup> Century: Workforce Development Policy that Invests in California's "Human Infrastructure,"* 2000

California Center for Regional Leadership, *The State of California's Regions*, 2001

THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES







THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES

California Community Colleges, *Ladders of Opportunity*, Board of Governors Committee on Economic and Vocational Development, 2001

California Economic Strategy Panel, *Collaborating to Compete in the New Economy, An Economic Strategy for California*, 1996

California Economic Strategy Panel, *Collaborating to Succeed in the New Economy: Principles from the La Jolla Retreat*, September 1999

California Economic Strategy Panel, *Findings of the Survey of Regional Economic Development Professionals*, 1999

Center for the Continuing Study of the California Economy, *Shared Prosperity and the California Economy*, 2001

Center for the Continuing Study of the California Economy, *Smart Public Investments for the California Economy*, 1999

Collaborative Economics, *Innovative Regions: The Importance of Place and Networking in the Innovative Economy*, 2001

Dardia, Michael and Luk, Sherman, *Rethinking the California Business Climate*, Public Policy Institute of California, 1999

Dean, Amy, *Changing Work Arrangements in the New Economy: Building Community Based Careers, Working Partnerships*, presented to the Speaker's Commission on Regionalism, April 2001

Henton, Doug and Walesh, Kim, *Linking the New Economy to the Livable Community*, Collaborative Economics, 1998

Joint Venture: Silicon Valley Network, *An Analysis of the Workforce Gap in Silicon Valley*, 1999

Kleinman, Neil and Collier McAuliff, Andrea, *The Skills Crisis – Building a Jobs System that Works*, Center for an Urban Future, Summer, 2000

Koehler, Gus, *State Economic Development Programs*, California Research Bureau, 1994

LeRoy, Greg and Hinkley, Sara, *Opportunities for Linking Movements: Workforce Development and Smart Growth*, Funders' Network for Smart Growth and Livable Communities, Translation Paper Number Two, June 2000

Levy, Stephen, *Land Use and the California Economy*, Center for the Continuing Study of the California Economy, 1998

Levy, Stephen, *The Outlook for the California Economy*, Center for the Continuing Study of the California Economy, 2001

National Governors Association, *State Strategies for the New Economy*, 2000

National Governors Association, Center for Best Practices, *Transforming State Workforce Development Systems*, 2001

Pastor, Manuel; Dreier, Peter; Grigsby, Eugene; and Lopez-Garza, Marta, *Growing Together: Linking Community and Regional Development*, University of Minnesota Press, 1999

Porter, Michael E., *Clusters and the New Economics of Competition*, Harvard Business Review, November-December 1998

Ross, Jean and Rothstein, Jesse, *Will Work Pay? Job Creation in the New California Economy*, California Budget Project, April 2000

Walshok, Mary L. and Lee, Carolyn W.B., *Alternative Paths to Competency Through Continuing Education & Lifelong Learning*, presented to the Speaker's Commission on Regionalism, June 2001

### Building Better Communities, Preserving our Natural Legacy

Carpenter, Candace M., *Tension & Ambiguity: A Legislative Guide to Recent Efforts to Reform California's State-Local Fiscal Relationship*, Senate Local Government Committee, March 2001

Glickfeld, Madelyn, *California Continuing Resource Investment Strategy Project: In the Regional Context*, California Resources Agency, presented to the Speaker's Commission on Regionalism, July 2001

Jones, Martha, *Revenue Trends for California Cities, Counties and Special Districts 1975-76 to 1997-98*, California Research Bureau, California State Library, September 2001

Newman, Matthew; Hays, Eric; and Wassmer, Rob, *An Analysis of Regional Revenue Restructuring Proposals*, November 2001

## THE NEW CALIFORNIA DREAM

REGIONAL SOLUTIONS  
FOR 21ST CENTURY  
CHALLENGES





THE NEW  
CALIFORNIA  
DREAM  
REGIONAL SOLUTIONS  
FOR 21<sup>ST</sup> CENTURY  
CHALLENGES

Riggs, Jessica, *Environmental Excellence: Balance and Integration*, Speaker's Commission on Regionalism, September 2001

Silva, Fred, *Local Finance Reform from a Regional Perspective*, Public Policy Institute of California, April 2001

Collaborating for Effective 21<sup>st</sup> Century Governance

Barbour, Elisa and Teitz, Michael, *A Framework for Collaborative Regional Decision-Making*, Public Policy Institute of California, May 2001

Dodge, William R., *The Triumph of the Regional Commons: Governing 21<sup>st</sup> Century Regional Communities*, October 2001

Jones, Martha, *Effective Regional Collaboration Survey*, California Research Bureau, California State Library, September 2001

LeGates, Richard T., *The Region is the Frontier: Frameworks, Goals & Programs for Regional Planning in 21<sup>st</sup> Century California*, October 2001

Miszynski, Dean, *A Brief History of Regional Scale Governance in California*, California Research Bureau, California State Library, June 2001

Mazmanian, Dan, *Discussion Memorandum on "Regional Governance"*, School of Policy, Planning and Development, University of Southern California, June 2001

Teitz, Michael; Silva, J. Fred; and Barbour, Elisa, *Elements of a Framework for Collaborative Regional Decision-Making in California*, Public Policy Institute of California, September 2001

Waste, Robert J., *Drawing Lessons from Regional Successes: "New Regionalism" and the Prospects for Regional Cooperation in California*, January 2001