

October 25, 2001
Bay Area Alliance for Sustainable Development
Business (8:30 – 10:00 a.m.) and Public (10:00 a.m. – noon) Meetings
Metro Center; 101-8th St.; Oakland
MINUTES

Dr. Eugene Leong, Executive Director of the Association of Bay Area Governments (ABAG), opened the meeting, **welcomed** everyone and provided introductory remarks.

Business Meeting: Updates were provided on Bay Area Alliance activities.

Public Outreach Processes: Updates were provided on three public outreach processes – the *Draft Compact* outreach and feedback, the governmental liaison activity related to the *Draft Compact* and the Bay Area Regional Livability Footprint/Smart Growth Strategy workshops.

Andrew Michael of the Bay Area Council reported that since the end of March, the Bay Area Alliance has been actively reaching out to the public through the media and the working caucuses to encourage input on the *Draft Compact*. Outreach has included several articles in newspapers and Op Ed pieces, interviews on several radio stations and discussions with city councils and county boards of supervisors throughout the Bay Area. None-the-less, the number of feedback forms received has been less than hoped, as is the diversity of respondents. Generally the people providing feedback are older (74% are 40-69 years old), male and Caucasian.

The support from respondents has been overwhelmingly positive, with approximately 92% supportive. A number of suggestions for improvement have been received addressing such topics as changing the American dream, i.e., lifestyle and the way we want to live, population control, etc. Potential conclusions that can be drawn from this early review of the feedback to date range from one extreme of such wide acceptance of the commitments to action that people don't feel the need to formally comment, to the other extreme that people don't know that their comments/feedback are encouraged. Andrew encouraged all meeting attendees to spread the word about the *Draft Compact* and encourage others to provide feedback. The time for feedback has been extended until early December. He also mentioned that Contra Costa County TV prepared a video public service announcement that will run on cable and public access television.

The **local government liaisons** have contacted virtually every city and county in the Bay Area. To date, 51 of the 101 cities and six of the nine counties have formally endorsed in principle the provisions of the *Draft Compact* and the process undertaken by the Bay Area Alliance. The cities and counties have also provided formal feedback, which is currently being summarized. A common comment is that the *Draft Compact* is too general, i.e. respondent's seek more specifics. We see this as a positive, since additional specifics are the next step in the *Draft Compact* process. Andrew reminded us that our intent was to seek agreement on the directions and the generalities before attempting to identify all the specifics. After adding specifics, implementation plans will be developed and executed.

In response to a question, it was agreed that the list of cities/counties that have endorsed in principal the *Draft Compact* and the process underway would be posted on the Bay Area Alliance website.

Surlene Grant, the leader of the governmental liaison team retained by the Bay Area Alliance, provided further detail on successes and challenges in the governmental sector. She cited San Mateo and Sonoma counties and their cities, the City and County of San Francisco and the cities of Santa Clara County as particularly fruitful areas. Napa and Solano, and to some degree, Marin counties on the other hand have not been as successful. Additional meetings are scheduled in Contra Costa and other counties in November and early December.

The Bay Area Alliance will continue to get input from the municipalities and the public on the *Draft Compact* until December 7. The input will then be distilled, summarized and released, perhaps through a press release.

Victoria Eisen of ABAG reported on the **Bay Area Regional Livability Footprint/Smart Growth Strategy** workshops. The workshops are jointly sponsored by the five regional agencies (ABAG, Metropolitan Transportation Commission, Bay Conservation and Development Commission, Regional Water Quality Control Board and the Bay Area Air Quality Management District) and the Bay Area Alliance. The workshops are intended to get public input on how each of the nine counties should grow, i.e., density and location of new housing, etc.

The first round of workshops, one in each of the nine counties, has been completed. There were 932 participants in the workshops. When computer operators and group/workshop facilitators are included the total number of people participating exceeds 1,000. Among the participants were about 75 elected officials.

At the inaugural workshop in Alameda, 165 people participated. Most (92%) found it time well spent and indicated their willingness to participate in follow up workshops (83%). Participant feedback suggested a greater basis in reality was needed. Accordingly, the materials were modified for the remaining eight workshops. Some people that participated in Alameda also attended subsequent workshops. They expressed their satisfaction with the changes made. Victoria reminded us that this is the beginning and not the end of the process. This is the time for people to express their dreams/visions of how they would like to see their counties grow and what regulatory changes and fiscal changes are necessary to realize those dreams/visions.

Next is the distillation phase of the project. This will entail reducing the 123 countywide smart growth visions developed during the first round of workshops to a manageable number of regionwide visions so they can be analyzed. This distillation will include elimination of redundant ideas and identification of themes that are consistent across counties. (Victoria noted that while these themes may be consistent across counties, the implementation ideas for the themes will likely vary.) Staff, consultants and working groups will develop three feasible, thematic regionwide alternatives. In December planning directors and representatives of the three E's from throughout the Bay Area will meet to review these three thematic alternatives to ensure that they make sense and to determine how they might play out in each county. These alternatives will then be further analyzed and presented along with ABAG's base case as input in the second round of workshops in the Spring. Participants in these workshops will be asked to choose and develop from these alternatives a smart growth scenario for the Bay Area.

Community Capital Investment Initiative (CCII): Trina Villanueva of PolicyLink (and Community Council Manager of the CCII) reported that two of the three funds in the family of funds have had a first closing. The Smart Growth Fund closed at approximately \$50 million and is ready to make investments and the California Environment Redevelopment Fund closed at approximately \$40 million. The three co-chairs of the Community Council are PolicyLink, the

National Economic Development and Law Center and the Urban Habitat Program. The Community Council had its second meeting recently and agreed on the decision-making structure for the 30 organizations involved to ensure equitable representation of the 46 neighborhoods in the nine-county Bay Area that are targeted for CCII activity. The Community Council is focusing on four activities:

1. Reaching out to neighborhoods to increase awareness of the CCII and the Community Council;
2. Identifying potential keystone projects. This will include providing technical assistance to community developers who have potential projects but may not be ready to present the projects to the family of funds;
3. Monitoring and evaluating CCII; and
4. Establishing a new fund that focuses on community capacity building (tentatively called the Community Development Fund).

Andrew Michael reported that the Business Council of the CCII is being expanded to include representatives of the investors in the family of funds and other members of the business community and will be meeting soon to identify keystone projects. The Community and Business councils have been working together to determine potential projects within the community and develop a framework for a monitoring and evaluating process for CCII and the use of the funds.

Jim Myers of HUD (and Government Advisory Council Manager of the CCII) reported that the Government Advisory Council has met with and secured commitments from 12 federal and 12 state agencies to participate. The state Technology, Trade and Commerce Agency has agreed to lead the state effort. The first meeting of the Government Advisory Council will be in January 2002. The federal Department of Energy is funding a professional facilitator for this meeting.

Peter Melhus of the Bay Area Alliance reported that the **Indicators Project** is moving ahead on reporting on the 35 indicators included in the *Draft Compact*. The Bay Area Alliance and the Bay Area Partnership are finalizing an agreement to jointly pursue their indicator refinement and data gathering activities. The two organizations will also work jointly to establish a publicly available, on-line “data central” for sustainability-related data and indicators for the Bay Area. The Bay Area Alliance is finalizing contractual discussions with two consultants who will gather data and draft the inaugural indicators report. The draft report is expected to be available by March 2002, contingent upon securing adequate funding.

Michele Perrault of the Sierra Club introduced Sierra Club Senior Conservation Fellow Susan Gladwin who provided an update the on **Best Management Practices** project. A previous senior fellow at the Club developed the draft *Faces of Sustainability* document. Susan expressed the hope that we can get at least two projects per county and have a reasonable representation of the Three E’s. Participants and others are encouraged to contact Susan at the Club if they have additional suggestions.

Dialogue with members: Peter Melhus opened the dialogue by presenting several framing questions. Specifically, is the Bay Area Alliance meeting the needs and expectations of its member organizations? What should the Bay Area Alliance emphasize or do differently as we move forward? Following are the comments expressed:

- Don Miller, of the Interfaith Coalition for Green Planning, said the process and dissemination of information seems to be going well, and the Interfaith Coalition intends to stay involved.

- Scott Edmondson, of the City /County San Francisco, asked if the Bay Area Alliance is meeting its original purpose. He doesn't have the sense that this is a genuine region wide dialogue on the *Draft Compact*. He suggests the Bay Area Alliance redouble its efforts to increase engagement throughout the nine counties, partner more with the media to publicize participation in and results of forums, have more letters to the editor and Op Ed pieces, etc.
- Tim Thomas, of the Emergency Services Network, opined that a difficult task for the Bay Area Alliance as well as the Social Equity Caucus is to engage with those members of the community that are dealing day-to-day with survival, e.g., the homeless, etc. Outreach should not be limited to the media.

Regionalism and sustainable development are not part of the regular consciousness of homeless service providers as they try to feed and house their clients. While applauding the members of the Bay Area Alliance for their efforts to reach out Tim stressed the need for support and funding to support these homeless service efforts. One effect of the September 11 tragedy is that less money is available from government and there have been fewer contributions to meet the housing and food needs locally.

- Surlene Grant, Governmental Liaison Team Leader, expressed concern about the feedback on the *Draft Compact* coming largely from older, white males. This is consistent with the demographics of the city councils and county boards of supervisors with whom she and her group have been communicating. There are a lot of people that we in the Bay Area Alliance are not reaching and including in the process. We need more media and grassroots community outreach. Several cities have expressed an interest in having public workshops and public hearings. While this makes the task of outreach even more difficult, it would allow for additional engagement. Surlene suggested that when unveiling the final *Compact* the Bay Area Alliance consider doing it in large community meetings similar in scope to the workshops for the Smart Growth Strategy/Regional Livability Footprint. At these meetings, the footprint and the CCI should also be publicized to demonstrate that money has been raised and actions are underway. These actions will likely engage additional people.

Gerry Raycraft, of ABAG, acknowledged the insufficient representation of the social equity sector at the workshops and the intent to intensify efforts along these lines during the second set of workshops.

- Sherman Lewis, of the Regional Alliance for Transit and the Sierra Club, pointed out that the *Draft Compact* is the result of several years of dialogue and negotiation. With the workshops, CCII and feedback process for the *Draft Compact*, we're "now moving from the conceptual to the concrete." As we make this transition we should expect additional conflict. Sherman questions the wisdom of the apparent strategy of the regional agencies to produce scenarios in isolation from the Bay Area Alliance caucuses. Specifically, he would like the opportunity for the Environmental Caucus to produce a "sustainability plus smart growth" scenario.
- Mary Griffin, Governmental Liaison Team Member, shared the difficulty she experienced as she tried to engage with elected officials and their staffs to discuss the *Draft Compact*. Some officials and staff didn't want to engage at this point. Those that didn't agree with the provisions of the *Draft Compact* didn't participate. It is essential to go to the cities in advance of finalizing the *Compact*, to ensure that their input is reflected in the final product. Financing the activities in the *Draft Compact* is a major issue for municipalities. Other issues include revenue sharing and ABAG's regional housing allocation process. Many cities want a

stronger statement on equity. There was also debate on surface transportation vs. public transit. Dialogue is critical.

Surlene corroborated Mary's experience and the importance of language, e.g., some elected officials equate "social equity" with "socialism."

Michele Perrault, of the Sierra Club, drew on her experience with the President's Council on Sustainable Development and suggested that we emphasize the "metropolitan area" rather than the "region/regionalism," i.e., what we might do better and what additional resources we might garner when we think of ourselves as a metropolitan area.

- Jim Myers, of HUD, responded to the need to better engage the social equity sector. He suggested that we lead with the CCII project in lower income neighborhoods and then tie the CCII back to the Footprint and the *Draft Compact*.
- Scott Edmondson opined that many people see the *Draft Compact* and footprint processes as something "coming down from on high." The Bay Area Alliance needs to help people see how thinking more regionally, or from a metropolitan scale, will help their neighborhoods.
- Steve McAdam, of the Bay Conservation and Development Commission, said that these efforts would work only if people understand how they affect them. While we are clearly addressing city councils, etc., are we reaching out to neighborhoods? Andrew Michael pointed out that we have used newsletters, etc., that target specific neighborhoods but we really don't know how effective they have been. Steve emphasized the need for both political and popular support if the efforts of the Bay Area Alliance are to be successful;
- Sunne Wright McPeak, of the Bay Area Council, observed that the Bay Area Alliance concentrated its outreach efforts through the media and professional media firms. The effort was major, but the "return" was not, especially as measured by the print media response.
- Greg Harper, from AC Transit, suggested that the Bay Area Alliance has not clearly articulated where this effort is going. How or will this go beyond an academic exercise? When we take the *Draft* and *Final Compact* to the public policy arena, "it gets serious." Mobility in the Bay Area is acknowledged as unsustainable, yet many people see mobility as the primary sustainability issue. What would the Bay Area Alliance offer in the Regional Transportation Plan? Perhaps the Bay Area Alliance could facilitate discussion among the numerous transit agencies in the Bay Area.

While Mary Griffin supported the substance of Greg's comments she cautioned against the Bay Area Alliance using the language "we are here to help you." The Bay Area Alliance needs to facilitate discussion, not bring the answer(s) to the discussion.

Scott Edmondson supported Mary's concern and opined that this was the direction that the Bay Area Alliance has consistently pursued.

- Jane Bergen of the League of Women Voters of the Bay Area shared her experiences with her organization. The LWV has been involved with the Bay Area Alliance since its creation in 1997 and has participated regularly in both quarterly meetings and the workshops. Favorable reports were received back from LWV representatives attending the workshops. While the lack of ethnic diversity at the workshops was cited as a shortfall by LWV attendees, the diversity of opinions was seen as a strength. However, since the LWV is a local grassroots

organization, the concept of thinking regionally, i.e., a metropolitan scale, is a “hard sell.” Smart growth is much like sustainability in that many interpretations are valid. The nexus of smart growth and social equity will be the theme of the LWV annual meeting in January. The LWV believes that this nexus is a critical one. Jane suggested that the Bay Area Alliance focus on one aspect of *Draft Compact* at a time, it would help people understand the need and the benefits for pursuing it.

- Tim Thomas identified civic engagement as another critical factor. Currently much of the citizenry in the Bay Area is disengaged, especially poorer people. The Bay Area Alliance deserves credit for bringing and keeping people of diverse perspectives at the table of discourse. The Hewlett Foundation is an exemplar that has brought together people in East Palo Alto, Mayfair and West Oakland to build community capacity. This is an example of “Mr. Do” rather than “Mr. Say.” The CCII provides the Bay Area Alliance with action-related effort and should lead the effort in the 46 neighborhoods. The “Mr. Do” of the CCII contrasts with the “Mr. Say” of the *Draft Compact*.
- Gwen Regalia of ABAG and the City of Walnut Creek followed on Sunne’s comment regarding the need to engage the print media. Gwen spoke with the San Francisco Chronicle Editorial Board. While the Editorial Board was cordial and engaged in the discussion, Gwen came away with the sense that they saw the *Draft Compact* as “a nice piece of theory, but where’s the practicality?” Notwithstanding Gwen’s translation of the *Draft Compact* into on-the-ground actions in her city, nothing has yet been printed about it.

On another topic, Gwen pointed out the passion for these issues amongst the people participating in the process and in the room but observed that most people in the Bay Area are not interested. In Walnut Creek, people have been invited to “community conversations.” More than 300 people have participated. Interestingly they fit the same demographic of those providing feedback on the *Draft Compact*. Many traditional organizations are having difficulty attracting younger members.

- Rich Morrison identified a natural tension between big picture issues and getting something done in the short term. It’s essential to satisfy both constituencies He recommended that the Bay Area Alliance find something that is happening now and get out in front of it in a leadership position.
- Michele Perrault observed the natural segue of Rich’s comment to the public portion of the meeting, in which the panel will discuss the state initiatives related to smart growth and local government finance.

This concluded the business portion of the meeting.

Public Meeting: The public meeting consisted of a panel discussion focusing on statewide legislative and other initiatives related to local government finance and smart growth. Four panelists addressed the issue:

- Senator Tom Torlakson, Chair, Senate Local Government Committee
- Assemblymember Pat Wiggins, Chair, Smart Growth Caucus
- Steve Keil, Legislative Coordinator, California State Association of Counties
- Chris McKenzie, Executive Director, League of California Cities

As the panel discussion moderator, **Christopher Carlisle** Executive Director of the Speaker's Commission on Regionalism, opened the discussion with a few remarks. The Speaker's

Commission on Regionalism is now completing its process of holding meetings throughout the state and writing its final report.

In 1997, Speaker Hertzberg authored legislation that established the Commission on Local Governance for the 21st Century to review existing Local Agency Formation Commission (LAFCO) statutes that set policies and procedures for city, county and special district boundary changes. The Commission has recommended that LAFCO policies be strengthened to prevent sprawl and to preserve agricultural and open space land.

These recommendations were introduced as AB2838, legislation that has been hailed as a major first step in controlling unplanned growth. If we don't make efforts to control sprawl, voters will take matters into their own hands as evidenced by the ballot measures in three East Bay communities two years ago that would have required a public vote on any development greater than 10 (in two of the three cities) or 20 units (the so-called CAPP initiatives- see Public Comments section). Last November there were approximately 60 land use ballot measures throughout the state. Land use decisions should not be made via the ballot box. They require careful consideration and deliberation.

Carlisle made three observations:

1. The current structure of government in California is outdated and poorly equipped to deal with many of the issues we confront today.

California today has 58 counties, 476 cities and nearly 5,000 special districts, each with its own purpose and completely disconnected from each other. There is no coordination or strategy as each unit of government caters to its own narrow interest rather than to the interest of the region. Many problems today extend beyond the boundaries of an individual governmental entity, e.g., jobs/housing balance, air pollution, etc. Problems spill over from city to city and county to county.

2. The winners in the new economy will be the people and businesses in well run regions.

Two-thirds of the new manufacturing jobs are being created in small cities and rural areas without ties to a central city, e.g., the foothill cities outside of Sacramento where HP, Intel and others have located. Bay Area cities and other regions need to find new ways to cooperate if they are to avoid a grim future.

3. Because the new economy will reward successful regions it's time for California to give regionalism a new look.

Establishment of a state agency or commission on regions is being considered. This agency would coordinate the efforts of state agencies such as CalTrans, Parks Department, etc. Another strategy under consideration is the adoption of a constitutional and statutory framework with financial incentives to encourage and support the development, adoption and implementation of regional compacts by local governments.

The Commission is also considering a recommendation related to moving away from a "point of sale" sales tax, i.e., the "situs rule," to a more equitably distributed sales tax mechanism. Fiscalization of land use is a problem that must be addressed.

Carlisle concluded his remarks by noting that today's speakers will be focusing on specific aspects of smart growth.

Senator Tom Torlakson started by expressing his confidence in the resilience of the Bay Area economy and hailing its many natural and other assets, but pointed out the negative effect on family life and the environment of long commutes resulting from housing built further from job centers. He acknowledged the work of the Bay Area Alliance, its framework of the three Es of sustainability and the 10 commitments in the *Draft Compact*.

Senator Torlakson chairs and reported on two Senate committees, the Bay Area Local Infrastructure Committee and the Local Government Committee. While legislation has been proposed in the past that attempts to address the fiscalization of land use, the lack of incentives for local government to build additional housing in general, affordable housing or housing near transit hubs and job centers, not enough has been done. As a result, land is being underutilized and billions of dollars are being spent for additional “lanes and trains” that might not be needed if housing and jobs were in closer proximity. Many cities that could build affordable housing and transit oriented housing choose not to do so.

Senator Torlakson expressed some opposition to the proposed move from situs rule of sales tax, citing the potential for some cities that are building housing along with retail facilities effectively subsidizing other (wealthy) cities that choose not to build at all. This perverse incentive might be avoided by some “tweaking” of the formula.

Since Governor Davis vetoed the ERAF Bill, several senators and assemblymembers have been working together to resolve the issue. Torlakson believes the Governor is open to new ideas and approaches on this issue to develop new partnerships with local governments.

The legislature is currently considering a bill that would return a significant amount of property tax money (perhaps one half to one billion dollars annually) to cities and counties that are doing “the right thing” with respect to their “fair share” of regional housing, using land around transit hubs and job centers, and maximizing the carrying capacity of the existing infrastructure. Torlakson prefers a positive approach to a “club,” i.e., penalty, to encourage smarter growth in cities and counties.

In the budgetary crisis environment in which the Legislature finds itself, the legislators will also be looking for ways to streamline requirements on local government. This might include requiring reports only once every three or five years rather than annually and the elimination of other red tape. Eliminating the regional fair share housing update element however, as was done in the last state budgetary crisis, is not a viable option. Eliminating that process was a mistake last time.

In the Bay Area Infrastructure Committee, Torlakson intends to convene a hearing to address the subject of a Bay Area regional government/agency that includes all the issues around air pollution and air resources, and water, planning, housing and transportation infrastructure. We must have integrated thinking about land use, housing and transportation and we should use transportation dollars as incentives if we are to maintain our wonderful quality of life.

Assemblymember Pat Wiggins noted that the Bay Area Alliance has well encapsulated in its mission what “we’re all working for.” She supported Senator Torlakson’s remarks and proposals. The fiscalization of land use is an issue of great import. All the plans and strategies will not work if local governments don’t have financial resources, if they are resistant and if they have no incentives to build affordable and other housing. The equitable distribution of money to local government as incentives for doing the right things is critical.

Businesses are aware of the jobs/housing balance and affordable housing issues, they are expressing their views to legislators and they are trying to help resolve the issues as evidenced by the work in Silicon Valley.

Wiggins noted that everyone agrees that the Bay Area needs more affordable housing. The issue is how to go about it. The traditional role of the state government on the affordable housing issue is to a) provide funding, and b) require regional and local government to plan for affordable housing through the housing element of the general plan. Wiggins suggests that only the “hammer” remains in state law as incentives for local governments are being eliminated as proposed in SB910 (Dunn). She suggests that we “improve the flaws in the process” before resorting to such penalties. As a result, she and others are working with Senator Dunn to turn the bill into a two-year bill. This will provide time to address the flaws in the housing element and identify appropriate penalties and incentives.

At a more local level, Wiggins convened a meeting of the local governments in Napa County. Some of these local governments have been “at war” for years. Wiggins suggested that the local governments develop a countywide housing strategy, especially now that the state is contemplating penalties for failing to certify countywide housing elements. Not only did the Napa County local governments agree to work on a countywide housing strategy but also on a countywide land use strategy. They agreed to put their disputes behind them and focus on how they can help each other. They understand their interdependence. Wiggins suggested that the Bay Area Alliance might be able to stimulate similar cooperation among local government in other counties in the Bay Area.

Chris McKenzie, Executive Director, League of California Cities, started by thanking Senator Torlakson and Assemblymember Wiggins for all of their hard work on issues that are significant to cities and counties. This work is especially important in the wake of the September 11 terrorist attacks, since cities and counties are truly the first lines of homeland defense. The average city in California is devoting about three-fourths of its discretionary budget to police, fire and EMS services.

McKenzie provided some perspective on the ERAF and state budget problems. He reported that the Governor is expecting a \$10-14 billion “problem” in the budget next year. Through ERAF, local taxes in the amount of about \$4 billion per year are shifted to the state in order to fund schools. Therefore, these funds are no longer available for other essential local services.

McKenzie characterized two eras of California local government finance as “pre” and “post” Proposition 13 (1978). In addition to controlling the amount of property taxes, Proposition 13 also gave the state legislature the power to allocate property taxes, e.g., transfer local taxes for the funding of schools statewide. Before Proposition 13, property taxes were California cities’ third most important source of revenue. After Proposition 13, property taxes dropped to fifth. Sales tax on the other hand grew in importance, from the fourth most important to the third. In 1976, property taxes constituted 15 percent of the average California city’s budget, while today it makes up seven percent. Proposition 13 also locked in the percentage of property tax that local governments receive. Based on a consultant’s study of three cities in southern California, this percentage varies widely, e.g., 19 percent in Santa Ana and 10.7 percent in Anaheim. No one can justify this situation today. Yet it effects the extent to which housing can justify itself, e.g., compensate for the cost of police, fire and public works services.

This financial situation has significant impact on housing decisions made by elected officials. Neighborhood groups often oppose construction of multifamily housing, citing their concern for deteriorating quality of life. City staffs who indicate that the construction of multifamily housing will

require a subsidy from other parts of the city's budget often bolster this opposition. It makes it tough for an elected official to approve such housing. Cities are faced with declining property tax support and no financial incentive to approve housing.

McKenzie's experience is that local officials often believe that intergovernmental system partnerships result in more requirements on local government and less state (and therefore more local) funding. Accordingly, cities are hesitant to talk about changing the rules that affect their revenues, e.g., the situs rule on sales tax. In order to overcome this hesitancy, we must constitutionally guarantee that cities get to keep what they have today. Cities are, however, interested in talking about a trade for future revenues.

McKenzie closed by emphasizing the need for cities to be able to continue to fund critical police, fire and other public works services.

Steve Keil, Legislative Coordinator for the California State Association of Counties, opened his presentation by citing recent cooperation among CSAC and the League of California Cities. On the issue of Smart Growth, CSAC and the League have been working with the governor's Office of Planning and Research (OPR) to identify potential legislative efforts for a second Davis Administration. The group solicited input from local officials through a series of meetings throughout the state. Among the messages heard:

- The need for fiscal reform as discussed earlier today has been one of the strongest messages that OPR has heard. Without some stable source of predictable revenue, it is virtually impossible to have any sort of long-term planning or regional commitments among local governments.
- The negative impact of sales tax on the fiscalization of land use has also been a strong message. Sales tax needs to be replaced with other reliable sources of revenue that complement local planning efforts.
- Shared revenues, a "third rail" issue in recent times, would be considered if it were done prospectively, especially as efforts to jointly purchase and preserve open space become even more prevalent.
- Positive incentives are more helpful than negative incentives. For example, a city building affordable housing might receive a higher percentage of property taxes to offset the initial subsidy and the ongoing service costs associated with the housing.
- In order to maintain open space around the state, in addition to fiscal incentives, we must enforce infill and zoning requirements to ensure sufficient density in urban areas to reduce pressure to grow in the remaining open spaces.
- Independent siting of schools is perceived as a problem, as is the need to do something about urban schools. Deteriorating schools in urban areas is one of the reasons that people move from inner cities.
- The state's role in infrastructure funding has declined substantially. In the 1960s the state spent about 20 percent of its general fund on infrastructure. Today, it's about three percent. This is a serious issue, especially in this time when local agencies have enormous problems providing adequate infrastructure.

- The state's Housing and Community Development Department (HCD) is perceived to be one of several state agencies acting contrary to local planning issues. An example is HCD pressure on counties to build low income housing in unincorporated areas that counties have designated as no-growth areas and where no infrastructure exists. Similar comments were made related to CalTrans, CalFed and other state agencies. There is a need for some kind of coordination among state agencies with land use impact and local zoning issues.
- Employers should be incentivized to move jobs to some of the housing rich areas, e.g., the Central Valley.

Keil closed by briefly discussing the state budget issue. The state will have budget deficits this year, next year, and probably the year after. "There's a well-beaten path to local government" in times of state budgetary problems. CSAC is developing strategies and recommendations to the state to mitigate the impact of the state's budget shortfall. There's "no getting around" however, that "we're (cities) going to get hit." This presents an opportunity to start discourse on sharing both the "pain and the gain." Statutory promissory notes may be a mechanism to achieve this. These notes would guarantee future programmatic changes when the state is in a more prosperous situation.

Q&A

In response to a question regarding the state Senate and Assembly role in encouraging interagency cooperation, Senator Torlakson cited the need for basic information management systems and integrated databases at the state before the state can have an integrated plan. However, Bay Vision 2020 illustrated that some officials are concerned with the state having this additional integrated information. Assemblymember Wiggins added that OPR was gutted in the mid-1990s and is being rebuilt now with leaders who care about planning around principles similar to those of the Bay Area Alliance. She has sponsored legislation to coordinate state agencies' activity related to land use, jobs/housing balance, etc. With the current budget crunch, legislators' constituents must continue to pressure their legislators if we are to keep this planning issue on the front burner.

In response to a question regarding incentives for local governments to pursue smart growth, Assemblymember Wiggins recommended development of a series of incentives and penalties that would lead to stable sources of local government revenue related to housing. Senator Torlakson expressed the need for the Legislature to continue to work on the construction defect issue and fast track approaches to transit hub/job center development that allow for full public input without a three to five year process. State-provided master planning money and infrastructure money would also help. Councils of Government need more resources to plan for their regions. If we don't want the state to tell the city to do the right thing, we need some regional "jury of peers" to encourage cities to move in the right direction.

In response to a question on how the state could keep from injecting itself in the minutiae of planning while still encouraging regional planning, Chris Carlisle suggested that the state set up a framework for planning with incentives and funding. One of the first things lost after Proposition 13 was planning and planning departments. These departments are critical in a smart growth scenario.

Public Comments:

- Sherman Lewis of the Citizen's Alliance for Public Planning (CAPP) corrected the record on the CAPP initiatives in the East Bay. These ballot initiatives, if approved, would have required a vote on projects greater than 10 (or 20) units only if the general plan was being changed as a result of the project. The general plans allowed for a considerable amount of infill growth in the Livermore/Pleasanton/San Ramon area. Measure D, approved by voters in the following year, achieved significant protection of open space, the objective of the CAPP.

On other topics, Sherman recommended three things:

1. develop a better definition of jobs/housing balance;
2. a jurisdiction's housing element should be based on the extent to which the jurisdiction creates a housing need;
3. the influence of developer money on local government must be reduced if we are to reduce excess development. Such an influence reduction would also mitigate the need for voter initiatives.

Sherman complemented the panel speakers and suggested that the discussion was very helpful in addressing fiscal and land use issues but the discussion seriously overlooked auto dependency.

The meeting **adjourned** at noon.

BAY AREA ALLIANCE MEETING ATTENDANCE SHEET

DATE OF MEETING: **Thursday, October 25, 2001**

LOCATION OF MEETING: **MetroCenter, Oakland, CA**

Abelson, Janet – El Cerrito City Council
Bergen, Jane – League of Women Voters – Bay Area
Binger, Gary – Urban Land Institute
Campbell, Alexandra – Project Manager, WSP
Carlisle, Christopher – Exec. Dir., Speaker's Commission on Regionalism
Carroll, William J. (Bill) – ABAG President/Solano Supervisor
Cha, Kathleen – ABAG/L&GO
Cheng, Ichin – Sierra Club
Edmondson, Scott – City /County San Francisco
Eisen, Victoria – ABAG
Feldman, Gail – Feldman and Associates, Berkeley, CA
Flynn, Dan – Staff, Assemblymember Patricia Wiggins
Gaston Huey, Sara – Quinlan Gaston Huey Associates
Geraghty, Tracy – Staff, Assemblymember Patricia Wiggins
Gladwin, Susan – Sierra Club
Grant, Surlene – Envirocom Communications Strategies/Local Government Liaison
Griffin, Mary – Local Government Liaison/Bay Area Alliance
Harris, Robert – PG&E
Harper, Greg – AC Transit
Hazen, Chris – ERM
Hearne, Stana – League of Women Voters of the East Bay
Hood, Heather – Institute of Urban and Regional Development
Jones, Margaret – League of Women Voters
Kahn, Kelley – City of Oakland
Karr, Theresa – California Apartment Association
Keil, Steve – CA State Association of Counties (CSAC)
Kimball, Kristi – Surface Transportation Policy Project
Kittermaster, Carol – Sustainable San Mateo Co. – Tides Center
Leong, Eugene – ABAG
Lewis, Sherman – Regional Alliance for Transit and Sierra Club
Liu, Donna – NRDC
Madsen, Jeremy – Greenbelt Alliance
Manuel, Vincent – Contra Costa County
McAdam, Steve – BCDC
McGlashan, Charles – Natural Strategies
McKenzie, Chris – Exec. Dir., League of CA Cities
McPeak, Sunne Wright – Bay Area Council
Melhus, Peter – Bay Area Alliance for Sustainable Development
Michael, Andrew – Bay Area Council
Miller, Don – Interfaith Coalition for Green Planning
Misseldine, Carol

Morrison, Jason – Pacific Institute
Morrison, Rich
Mussen, Irwin – Urban Habitat Program
Myers, Jim – HUD
Odland, Bob – Robert Odland and Associates
Pagels, Marcia – Sustainable San Mateo County
Perrault, Michele – Sierra Club
Randolph, R. Sean – Bay Area Economic Forum
Raycraft, Gerry – ABAG
Regalia, Gwen – ABAG/City of Walnut Creek
Scandone, Ceil – Association of Bay Area Governments
Smith, Michael - ABAG
Squire, Kate – City of Berkeley
Thomas, James – Emergency Services Network
Torlakson, Tom – Senator, CA State Senate, District 7
Villanueva, Trina – PolicyLink
Wiggins, Pat – Assemblymember, CA District 7
Wilbur, Marguerite – Joint Venture: Silicon Valley Network