

May 1, 2003
Bay Area Alliance for Sustainable Development
Quarterly Meeting (8:30 – noon)
PG&E 245 Market Street, San Francisco
MINUTES

Wendy Pulling, Director Environmental Policy for Pacific Gas & Electric Company, opened the meeting and **welcomed** all attendees.

Bay Area Alliance Activities Update:

Ceil Scandone (Association of Bay Area Governments) shared with attendees the status of the *Compact for a Sustainable Bay Area (Compact)*, the vehicle by which the Bay Area Alliance developed and articulated the common vision of its member organizations, its plans for tracking progress, etc. Since late last year when the *Compact* was sent to all Bay Area Alliance member organizations, 20 of the 40 members of the Bay Area Alliance have affirmed it. We hope to have affirmations from the remaining members in the next few weeks. We expect to print approximately 1500 copies of the final *Compact* in the next several months. The *Compact* is posted on the Bay Area Alliance website (www.BayAreaAlliance.org).

Peter Melhus (Bay Area Alliance) reported that the Bay Area Alliance and the Northern California Council for the Community (NCCC) have jointly released their sustainability indicators reports for the Bay Area. The Bay Area Alliance's report, entitled *Bay Area Indicators: Measuring Progress Toward Sustainability*, is available on the Bay Area Alliance website. We are still working to get all the supporting data online.

The Bay Area Alliance and the NCCC had a meeting on April 9 with leaders of Bay Area foundations and media. Also in attendance were representatives from the United Way of the Bay Area and United Way Silicon Valley, co-sponsors of the reports. The thrust of the meeting was to emphasize the importance of having indicators, the cooperation of Bay Area Alliance and NCCC on a broad range of indicators, and the need to collectively take action to positively influence the indicators over time. Another presentation is scheduled for May 15 at the Commonwealth Club in SF.

Melhus also reported that the first installment of *Faces of Sustainability*, describing a number of sustainability efforts ongoing in Napa County, will be uploaded to the website shortly. The *Faces of Sustainability* series is a volunteer effort undertaken by Sierra Club Senior Fellows which highlights how people are making their communities better places to live, protecting their natural environment, and conducting business in ways that promote quality of life for subsequent generations. Future installments will feature profiles of other Bay Area counties. Michele Perrault (Sierra Club) thanked Susan Gladwin and Frank Marquardt for putting together the Napa County profile and welcomed Leif Johnson as a new member of the team.

The Bay Area Alliance is seeking for inclusion in future installments stories about individuals, organizations, businesses, public agencies or programs in the Bay Area community that are employing sustainable practices. Information regarding these efforts should be sent to InfoBAA@BayAreaAlliance.org.

Trina Villanueva (PolicyLink) described the **Community Capital Investment Initiative (CCII)** as one of the ongoing implementation efforts of the Bay Area Alliance. CCII is a regional effort to attract private investment to the 46 most impoverished neighborhoods in the Bay Area. Through its three investment funds (Smart Growth Fund, California Environment Redevelopment Fund and Community Equity Fund), the CCII has raised almost \$150 million to be available for investment. Governance of the CCII is provided by three councils – the business, community and government advisory councils. The current focus of the CCII is outreach and technical assistance, that is, helping community developers access the available funds. Both the Smart Growth Fund and California Environment Redevelopment Fund have already made investments.

Gerry Raycraft (Association of Bay Area Governments) described the process of the **Bay Area Regional Livability Footprint/Smart Growth Strategy** project since the final report was published. The original steering committee for the project (the five regional agencies and the Bay Area Alliance) transferred responsibility for oversight of the implementation strategy for smart growth in the Bay Area to the Regional Agencies Coordinating Committee (RACC), comprised of ABAG, the Metropolitan Transportation Commission and the Bay Area Air Quality Management District. The RACC has since expanded to include the Regional Water Quality Control Board and the Bay Conservation and Development Commission as well as the equity, environment and business communities as represented by the Bay Area Alliance.

The implementation strategy focuses largely on dialogue, engagement and outreach. ABAG, as lead agency, recently conducted a workshop where more than 100 staff members from Bay Area cities and counties discussed “second units” on a property as a means of increasing the housing stock. Although there are varying degrees of acceptance by Bay Area communities, the workshop was timely since a new law which becomes effective on July 1, 2003, requires local governments to administratively approve second units. The workshop provided information to help governments accommodate this new law.

Identifying incentives for addressing housing issues is common both to the RACC in its role of overseeing the implementation of the Regional Livability Footprint/Smart Growth Strategy and to ABAG in its role in the **Interregional Partnership** between Stanislaus and San Joaquin counties in the San Joaquin Valley and Santa Clara, Alameda and Contra Costa counties in the Bay Area. The Interregional Partnership, now institutionalized by state legislation, is a pilot project designed to create opportunity zones focused on bringing jobs to areas with surplus housing and housing to areas with surplus jobs. The Interregional Partnership has established 10 such zones within the five-county area and is now focused on developing incentives to help ensure success in this pilot. The connection between jobs-housing balance and smart growth is now clear.

The work of ABAG and the Bay Area Alliance has led to the next logical step of working with the Legislature on smart growth incentives. Legislation (SB723) sponsored by Barbara Matthews from the Central Valley would establish the use of tax increment financing, traditionally reserved for redevelopment, for such jobs/housing balancing opportunities.

The key point here according to Raycraft is that ABAG and the Bay Area Alliance have moved from discussions to the point where legislation is being considered. Raycraft concluded his remarks by announcing that the Urban Land Institute is finishing a report related to implementation strategies for smart growth. ABAG and the Bay Area Alliance will be working with ULI to develop the rollout strategy.

Eliot Hurwitz of the National Oceanic and Atmospheric Association noted that land use authority remains and will continue to remain at the local level. He reported that the member organizations of the **Sustainability Roundtable** will offer support to local government decision makers and decision recommenders as they consider projects that support the alternative growth vision that came from the Smart Growth Strategy. Ideas being considered include a speakers bureau and a modular package that can help stimulate local civic engagement around sustainability-related issues.

Environmental Goals and Policy Report (EGPR) and Assembly Bill 857:

Tal Finney, interim director of the Governor's Office of Planning and Research (OPR), provided his thoughts on the EGPR and AB857 as the kicking off point for the panel discussion. He opened his remarks by noting that California is currently in the most comprehensive revisiting of state planning practices in 25 years while it is simultaneously in the midst of its worst financial crisis in history.

AB857 (Wiggins) was signed into law in 2002 and requires that all state programs address smart growth and environmental justice. AB857 also articulates the state's planning priorities as (a) promoting infill development, (b) protecting environmental and agricultural resources, and (c) encouraging efficient development patterns. As a result of these changes, OPR is developing a new EGPR. While it looks ahead 30 years, the EGPR is a living document since by statute it must be revised every four years. All state government departments must comply with the EGPR. Therefore, the EGPR helps ensure that state agencies speak with a single voice and operate under consistent goals and policies. As such, the EGPR will also be a valuable resource for local government, since it will help them plan and act in a manner consistent with state law and policy. The revised EGPR is due in December.

Concurrent with developing the new EPGR, OPR is working on (a) revising General Plan Guidelines (due July 1), (b) issuing guidelines for the Local Agency Formation Commissions (LAFCO) (expected to be released in the fall), (c) amending the California Environmental Quality Act (CEQA) (currently on the Governor's desk for signature), (d) providing input on the state water and transportation plans, and (e) participating in developing CalEPA's new environmental justice strategy.

The simultaneity of these efforts is serendipitous since it allows the current Administration to reshape state planning practices into the future. OPR is working to ensure that environmental justice, economic sustainability and smart growth are included in all these documents. Finney sees civil rights laws as a mechanism for integrating environmental justice principles into all aspects of planning law.

In responding to questions, Finney noted the following.

- The new EGPR will reflect the importance of regionalism since it (regionalism) has become a reality in the way business is conducted in California, especially in non-governmental collaborative efforts such as the Bay Area Alliance.
- The new guidelines for LAFCOs will change the current prevailing LAFCO culture to one of openness and cooperation and will provide clarity on LAFCOs important role in ensuring good regional planning.
- The state is in desperate need of major tax reform, especially related to revenue streams. The current system is overly reliant on capital gains. Downturns in the stock markets result in less capital gains and therefore less revenue for the state. He welcomes input from the Bay Area Alliance on this issue.
- OPR also welcomes input from the Bay Area Alliance on how CEQA might be modified to reflect the inherent environmental advantages that high-density infill development and affordable housing have over greenfield development.

Panel Discussion The Bay Area Alliance Smart Growth Policy Dialogue:

The panel was comprised of five people: (1) Rachel Peterson, consultant and former director of Urban Ecology; (2) Michele Perrault, International Vice President of the Sierra Club; (3) Janet Stone, Livable Communities Program Director for Greenbelt Alliance; (4) Andrew Michael, Vice President Sustainable Development for the Bay Area Council; and (5) Stephen Haase, Director of the Planning, Building and Code Enforcement Department at the City of San Jose. The panelists were asked to address the Bay Area Alliance's smart growth policy dialogue, EGPR and AB 857.

Rachel Peterson provided a summary of the multi-stakeholder policy dialogue on smart growth. The objective of the dialogue is to articulate specific policy options that the Bay Area Alliance might communicate to the Governor's Office of Planning and Research and the Bay Area legislative delegation. These policy options are intended to be more specific than the provisions of the *Compact* and the vision emanating from the Smart Growth Strategy project. It is this specificity that has led to some tension among the stakeholders.

Peterson suggested a metaphor, that you "can lead a horse to water, and although you can't make him drink, you certainly can put salt in his oats!" The Bay Area Alliance can lead the region toward smart growth but it can't make the region "drink." It can however ask the State to apply stricter compliance standards to its housing production, and penalties with respect to its infrastructure funds if it fails to meet its regional needs in ways that are affordable and adhere to smart growth standards. Said differently, the Bay

Area Alliance could make a powerful statement if its caucuses and stakeholders come to agreement on incentives and new revenue to add to land use planning and transportation investments that would lead to the reshaping of the region's growth patterns.

Peterson also articulated several inherent tensions in the Bay Area Alliance multi-stakeholder process. Tensions can result from differing (1) levels of consistency in attendance of people in meetings over time, (2) levels of comfort on agreements on broad principles than on specific statements/ policies, (3) caucus beliefs on what is realistic, e.g., meeting growth projections with infill, etc., and (4) levels of satisfaction with small increments of progress while allowing bigger issues to remain unresolved. As a result Peterson offered a "gentle critique" to each of the caucuses.

The activism of the Economic Caucus in the policy dialogue has been exemplary but other caucuses have not been as consistent in attendance of their representatives. The Economic Caucus needs to work to ensure that all caucuses actively participate.

The members of the local Government Caucus should be more flexible when they hear the words "penalties" and "regulatory reform." Sometimes incentives are not an option and therefore sanctions must be brought to the fore.

The Environmental Caucus needs to come to greater internal agreement on growth in the Bay Area. There is a persistent and unresolved tension in the environmental community between limits on growth and a region where there is housing and employment opportunities for everyone.

Finally, the Social Equity Caucus should be more accepting of the private market to deliver some of the social goods that it wants (rather than relying only on government subsidies).

Peterson closed her remarks by drawing on the metaphor with which she began. The aim of the Bay Area Alliance is to lead the region toward smart growth. Although it cannot make any city, county or regional agency drink from the trough of smart growth, the stakeholders can help design a mixture of "salt and sugar" (incentives and sanctions) to add to the state's "oats." The hoped-for result is a change in the way the region accommodates the one million new people and jobs expected over the next 20 years in a way that meets high standards for social equity, environmental protection and economic vitality.

Michele Perrault noted that many international visitors with whom she meets marvel at the multi-stakeholder participation and the democratic integration of different interests within the Bay Area Alliance.

The Environmental Caucus does not represent all environmental groups in the Bay Area, nor is the caucus of a single viewpoint. Generally it is the larger environmental groups that participate in the caucus, those that focus on the entire region. Most environmental groups are more geographically- or issue-focused, e.g., watershed, electronic equipment

recycling, etc. While the scope of viewpoints within the Environmental Caucus impedes progress in some cases, some areas of agreement are clear. Among them are:

- Incentives should exist for housing and not “big box” retail;
- Local government should be allowed to retain a greater portion of property taxes in exchange for keeping a lower percentage of sales tax;
- A county or regional sales tax sharing system should be instituted to spread the benefits of jobs and housing growth.

Other issues that might be considered favorably by both the Environmental and Social Equity caucuses include giving cities incentives for smart growth, providing affordable housing (20 percent inclusionary zoning), transportation choices, raising bridge tolls, and urban growth boundaries in all Bay Area communities.

Areas lacking agreement within the Environmental Caucus include the extent to which “adequate” housing can be accommodated with infill rather than edge development and lowering voter threshold from two-thirds to 55 percent for bonds and sales tax measures that fund a combination of housing, transportation and open space protection. While most within the caucus agree with lowering this voter threshold, the Sierra Club has not yet taken a position on the issue.

Janet Stone noted the recognition of Greenbelt Alliance’s incorporation of social equity and livable community perspectives into its work as evidenced by the invitation for Greenbelt Alliance to address the social equity perspective.

Any organization addressing smart growth and livable communities must include affordable housing in its platform. A livable community must be livable for everyone. Cooperation between the private and public sector is critical to livable communities. Government subsidies alone will be inadequate. Parking requirements, for example, must be addressed in order to deal with affordable housing since it is the single largest cost for housing development in the central cities.

Zoning for sufficient densities is another example. Cities and government can do far more than merely support financial subsidies. Job-housing linkage fees and housing trusts funds are also useful tools. In this time of financial crisis it is especially critical to keep transportation options at the forefront of the debate. Yet, free bus passes for low-income students are on the chopping block. (In response Patricia Piras, AC Transit Board Member, described the choice faced by AC Transit’s Board as one of taking away the free passes or keeping them but not being able to operate the buses; neither being a good alternative.)

Andrew Michael characterized the smart growth policy dialogue as the logical next step following the Regional Livability Footprint/Smart Growth Strategy since it focuses on developing consensus on policy options that will lead to smarter land use and growth pattern decisions. The central tenet adopted by the dialogue participants was a sufficient supply of housing for all income levels located as close as possible to job centers. The dialogue hopes to reach consensus on what the region’s footprint should look like while

planning for and accommodating the housing needed within the region. Towards that end the group is looking at:

- providing incentives for local government to build infrastructure, transportation, open space and other amenities important for livable communities,
- lengthening the time horizon used by local government to plan for housing, i.e., sufficient supplies of land must be designated and appropriately zoned for longer term housing needs,
- reforming local government finances to provide more consistent revenue sources and to encourage smarter growth, e.g., swapping sales tax for property taxes, etc.

Michael closed by noting that the excruciatingly slow pace of progress is tempered by his optimism that a broad-based consensus will be reached in the policy dialogue.

Stephen Haase provided the local government perspective, the place where all of these competing interests must be reconciled. As he looks at the enablers and disablers in that process he sees the ULI report as an excellent start to many enablers for housing development in the Bay Area. Local government doesn't produce housing; it tries to accommodate it in the pursuit of quality communities and the infrastructure that goes along with them, e.g., schools, parks, libraries, quality retail (some communities cannot currently attract a grocery store), etc.

While Haase acknowledged that some local governments may on occasion seem to be irresponsible as they try to manage the myriad competing interests, he questioned the responsibility of regional agencies that pursue their singular objectives without regard to land use planning, affordable housing, or other issues. Local government needs the support of regional agencies if infill development is to be achieved and sufficient housing built. Regional regulatory agencies, state government and local government need to work together. The latest example of the lack of sufficient cooperation is the disproportionate share of the current budget crisis that local governments are shouldering. The fiscal system is broken, yet it influences local decisions.

Dialogue with Members on Strategic Planning:

Larry Orman distributed a summary of the strategic planning work to date. As a reminder, the strategic plan addresses the areas where the Bay Area Alliance should focus its efforts in the 2003-05 time period and how it should be organized.

Orman posed four questions. First, is the Bay Area Alliance's agenda politically and financially feasible? Second, will the proposed programs create the kind of outcomes the Bay Area Alliance needs to continue its work and get support from its stakeholders? Third, are there other strategies that should be pursued that are not included in the draft plan? Finally, are there improvements to the organizational structure proposed?

The strategic plan is "long-term-vision-driven but near-term-program focused" to recognize the dynamic environment in which we operate. The plan continues the current organizational structure but responds to the scaled down funding availability that is reality in the current world. Four planned programs of focus are proposed:

1. Acting to implement the *Compact* and Smart Growth Footprint, e.g., legislation, policies, demonstrations, etc. (Bay Area Alliance role is to negotiate content, not lobby);
2. Building civic agreement and capacity, e.g., understanding across sectors, new alliances, etc.;
3. Supporting regional efforts of others; and
4. Educating key audiences on sustainability, smart growth, etc.;

Acting and building (numbers 1 and 2 above) would consume approximately 80 percent of Bay Area Alliance resources. CCII continues in the plan and other opportunities would continue to be sought. The plan emphasizes a strength of the Bay Area Alliance to date, i.e., facilitating broad-based consensus on difficult issues. The plan proposes helping other groups develop their own leadership in regional affairs, expanding caucus capabilities, stability and effectiveness and strengthening the Bay Area Alliance organizational structure.

Organizationally, the Bay Area Alliance is decentralized with self-organizing and self-operating caucuses and includes government in an adjunct role to the three core caucuses. The Steering Committee is the governance of the Bay Area Alliance with the membership playing largely an advisory role. The staff is coordinative and the budget is in the range of approximately \$250,000 per year, all from foundations since the Bay Area Alliance has no revenue raising opportunities.

Public Comments: Given the public's active participation in the meeting to this point no public comments were expressed.

The meeting **adjourned** at noon.

BAY AREA ALLIANCE MEETING ATTENDANCE SHEET

Date of Meeting: Thursday, May 1, 2003
Location of Meeting: PG&E, San Francisco

Alexis, Eva – League of Women Voters of the Bay Area
Bollman, Nick – California Center for Regional Leadership
Burmahln, Kim – City of San Jose
Clements, Kristen – Bank of America
Deibel, Dan M. – Regis Homes of No. California, Inc.
Finney, Tal – Governor’s Office of Planning and Research
Fisher, Tony - NUMMI
Gecils, Isabelle – Gecils Energy LLC
Gelobter, Michael – Redefining Progress
Gustafson, Heather – Bay Planning Coalition
Haase, Stephen – City of San Jose
Harris, Robert – PG&E
Hilken, Henry – BAAQMD
Holtzclaw, John – Sierra Club
Hurwitz, Eliot – NOAA
Johnson, Leif – Sierra Club
Jones, Tom – California Futures Network
Kavanaugh-Lynch, Margaret – City of Alameda
Kern, Bruce – EDAB
King, Mary V. – Shea Homes
Kittermaster, Carol – Sustainable San Mateo Co. – Tides Center
Lawler, Anya – Governor’s Office of Planning and Research
Lewis, Sherman – Regional Alliance for Transit (Sierra Club)
Logsdon, Terre – ENGAGE
Lydon, Peter - SPUR
Mackenzie, Jake – City of Rohnert Park
McConnell, Greg – The McConnell Group
McDowell, Susan – EPA
McPeak, Sunne Wright – Bay Area Council
Melhus, Peter – Bay Area Alliance for Sustainable Communities
Michael, Andrew – Bay Area Council
Milks, Linda – CAWA
Orman, Larry – Consultant
Page, Paul – F.T.A., Region 9
Palpallatoc, Gladys – Bay Area Council
Perrault, Michele – Sierra Club
Peterson, Rachel – Consultant
Piras, Pat – A.C. Transit
Prevetti, Laurel – City of San Jose
Raycraft, Gerry – ABAG
Rojas, Carmen – Urban Habitat

Sandoval, Herardo – IURD
Scandone, Ceil – Association of Bay Area Governments
Skarlatos, Candace – Bank of America
Smith, Karen – Alameda County WMA
Stone, Janet – Greenbelt Alliance
Travis, Will – BCDC
Villanueva, Trina – PolicyLink
Weiner, Jason - CCRL