



California Center for Regional Leadership

Central San Joaquin Valley Regional Economic Vitality Conversation

Fresno, California
September 23, 2004

Meeting Minutes

Welcome

Ashley Swearingin, Chief Executive Officer, *Fresno Area Collaborative Regional Initiative*: Thank you to Craig Schmidt and Pacific Gas and Electric Company for sponsoring this event and others like it throughout California.

Craig Schmidt, Public Affairs Director, *Pacific Gas and Electric Company*: Thank you all for being here today and taking the time out of your schedules. These Conversations are important to the Schwarzenegger Administration and to Pacific Gas and Electric. We feel that the economic vitality of this area is of the utmost importance. We recruit employees from this region and everything is connected - it is important to get the message to the right people and make sure that message is heard - through meetings like this, this is possible.

Ashley Swearingin: Thanks also to Stan Kataoka of PG&E

Trish Kelly, Program Consultant, *California Center for Regional Leadership (CCRL)*: CCRL is working with groups like the Fresno CRI to convene meetings like this at the request of Business, Transportation and Housing Secretary Sunne Wright McPeak. The Cabinet is taking a proactive outreach approach with people around the state. We have had excellent participation from the entire Cabinet at these Conversations. Thanks again to PG&E and to BofA for sponsoring this Conversation and other Conversations like this around the state. Thank you to the Fresno CRI as our lead partner for this Conversation and to the planning team for making this event happen. Thank you also to the Undersecretaries for taking the time out to be here today. At the end of our meetings we will prepare a summary that will be taken to the Governor and be broadly distributed.

The message we are hearing from the Governor and his Cabinet on the economy is that 1. The economy is important and we have to work at it all the time. 2. Economies are regional and we need to understand the regions to understand the different economies. 3. There are an important set of foundational supports for the economy – around the cost of doing business, infrastructure, etc. 4. There is an important role for the state government regarding the economy. 5. The voice of economy needs to be represented by the diverse regions at all times – the regions need to be at the table.

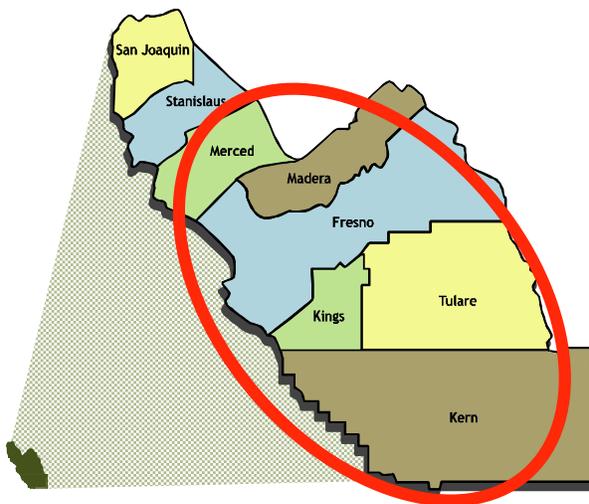


Economist Perspective: The Northern Central Coast - An Economic Perspective

John Lehn, Chief Executive Officer, *Kings County Economic Development Corporation*

California is on the edge to getting businesses back - pleased that the Governor went out with a moving van and got the first company back. All we need is a little bit of help to compete to get businesses to move back to California. As long as we are moving in the right direction we are in good shape.

First want to frame issues: Central San Joaquin Valley region starts with Merced County and goes to Kern County in the south:



Credits and data sources - this is not new information especially if you are involved with the RJI or the EDCs throughout the valley. Much of the information comes out of the California Regional Economies project, from the late Jim King who recently passed away. We will miss him very much. Also the CCEDC on behalf of Paul Saldana - pleased to be here. Thanks to CSU Fresno and to the Fresno CRI and Ashley Swearingin - appreciates the efforts going on at Fresno State - truly a regional effort.

Today's presentation will outline the challenges - Central Valley is not looking for a handout but there are challenges. Presentation will also focus on regional actions and activities now, getting the federal government involved and suggested actions that the state government can take.

The challenge - the Fresno Bee ran nice snapshots of the challenges of this region. They claim that the San Joaquin Valley is the most depressed region in the United States. This is our challenge.



Poverty - More than one in five San Joaquin Valley residents live in poverty. The poverty rate is more than twice the State average and the per capita income is 32% less than State average.

Health care - 140 Physicians per 100,000 population compared to 270 state average. One in six Valley residents does not have health insurance, and there are epidemic respiratory, diabetes, substance abuse and teen pregnancy problems in the region.

Air quality - This challenge will take backbone, in that 2/3 of the pollutants result from conditions outside the region's control. We draw the pollution in at night and it stays there. We are doing all we can - business is doing all it can. The EPA has declared the Valley an "extreme non-attainment zone." We are currently # 2, and the Valley is expected to be #1 in *worst air quality* in the nation by year-end.

Education - One third of students drop out, almost twice the State average. Almost 60% of unemployment claimants have no high school degree or GED. Percentage obtaining Bachelor's degree is about half the state average.

Crime - Crime Rates higher than California Average - Statewide Crime Rate is 3,948/100,000 according to 2002 FBI Data.

- Fresno County 6,112
- Tulare County 5,052
- Stanislaus County 5,954
- Merced County 5,040

Felony Arrests per 100,000 in Central Valley run 50-70 percent higher than the State average. Three of the top Five metro areas in the United States for Auto Thefts are in the Central Valley. Central Valley considered methamphetamine capital of United States. These are the facts - they are real and the numbers speak for themselves.

Unemployment in California - average in Central Valley is 14 percent. Compared to the rest of the state and to other regions we are significantly higher.

Annual unemployment rate - Kern and Madera fare the best at 12.3 and 12.6 percent unemployment. Tulare County has struggled since the freeze and has the worst unemployment at 15.5 percent.

This data is collected on a Metropolitan Statistical Area basis - we represent six of the lowest MSA's in the United States.

Now for the scattering of good news...

Growth of total jobs - There are only two regions that have fared better regarding job growth - we are getting our share of increased employment on a percentage basis.



Ultimately we will focus on what we have done cumulatively. Look at the defense downsizing - this hit southern California the most.

Per capita income in the Central Valley is the lowest in at state at \$21,317/annually.

The San Joaquin Valley at 4.6% was lower than the state average of 5.3% in wage growth.

Leading industries in job growth was health care and government. Manufacturing was the lowest.

Population growth trends - We are growing at two times the rate of the rate of the state of California. That trend is enough to get the attention of any Administration that they need to focus on this region.

Jobs in transportation and warehousing increased dramatically from 1990-2002.

Almost half of all manufacturing jobs are in food manufacturing - this is big in Kings County.

Population growth trends - Population of 8 San Joaquin counties grew by 23.6 percent from 1990 to 2000 compared to 13.8 percent Statewide. The San Joaquin Valley population grew by 2.7 percent from 2000 to 2003 compared to Statewide growth of 1.7 percent. For comparison, Los Angeles County grew 1.6 percent, Orange County grew 1.4 percent, and San Francisco a negative (0.2 percent). There is benign neglect in this region - infrastructure is focused in the north and south. Highway funding by lane mile is the lowest in the State. School funding is \$247 per pupil below the state average. Medicare reimbursement rates are lowest in the State. There is a severe under-funding of mandated child welfare services and a severe under-equity position in judicial positions.

State appointments are disproportionately low - why does this matter to us? The return on investment is higher here that anywhere else in the state of California. We just did a career fair that 2,500 people showed up for - workforce is here and is affordable and stable.

Regional activity-actions
Central California EDC

Health care initiatives

Operation clean air - very much involved with the San Joaquin Valley

Federal government - signed by Clinton and again by Bush

Few areas have this designation - areas of the Appellation have the money for it.



Suggested actions - most important part

As far as inter-agency task force we would like to see establishment of this on a statewide basis - to identify areas of the most importance to the Central Valley.

Other areas involved - supporting legislative change. Asking for support to kill some bills that are bad for business but also to revisit some of the real challenges presented to business in recent years. Offered a fall back position - if there is a way we can designate a district with certain characteristics that make it difficult to track business we would like some help.

Retain businesses in California. We need to try and prevent businesses from moving out of California. We would like to be considered as some of the issues are being flushed out - maybe you choose the Valley.

Support the San Joaquin Valley air quality empowerment zone and other initiatives.

Able to work together on a regional basis and go out to trade shows where we are tracking businesses.

This is the cover of Expansion Management magazine. Our guy is on the front cover.

Conversation Notes

Ashley Swearingin: Introductions of Barry Sedlik and Chuck Ahlem - the Cabinet Secretaries will lead us through a facilitated discussion.

Barry Sedlik, Undersecretary and Senior Advisor for Economic Development, Business, Transportation and Housing Agency (all comments from Cabinet representatives in italics): Commend the work you have done - Regional Jobs Initiative presentation was given in the Governor's office. This message is being heard. Secretary McPeak was there - excited to work in Administration. Three key words are action, action, action - in terms of execution. What can we do now to make things better? We have a window of opportunity right now to determine what the things are that have to be done. The Governor has had to overcome many difficulties, including the budget, and is still determined to move forward so we can achieve our potential.

The Governor has recently convened two separate off-site meetings with his Cabinet about what we need. Content from the Economic Vitality Conversations was discussed at these meetings. These Conversations are a direct channel to the Governor - he will hear what you say today.



Regarding the CPR process, they are conducting hearings across the state and encourage all participants here today to provide written comments in terms of restructuring the state. Go to the website and provide your comments directly. Those comments will be read and heard. We need to use every venue we have and that is one. In a way of a background before we move forward is say that to me one is the thing that is most exciting is outcomes and accountability. These are things that the state government is not used to doing - in terms of accountability there has always been a gap. Has gone through 2,500 pages of the CPR and there is a lot about how the structure should change - blowing up the boxes. What is not so apparent in the CPR is the focus on what businesses do every day - focus on outcomes and results. Whether all these massive changes occur or not, look for the focus on accountability and outcomes - how do we measure results? With that kind of focus on results we will see significant change. That will be one of the biggest legacies of the CPR process.

CCRL - one of the key breakthroughs has been the understanding that is locked in the cabinet that ca is a big place but is not all one place - we have different economies and different regions - notion of one economy that fits all does not work - we need flexibility and need to address the regions on what they need in order for their regions to prosper, fundamental to everything is the economy. Get back to making sure there is the ability for employers to do business here. The Governor in the last weeks is focused on bills - those that are anti-business he has taken a strong stance on. This Governor is changing the road on bills like these. Same with upcoming initiatives - focuses on those that are pro business. Focused on a business climate that works and getting rid of regulations that make it difficult to do business here. Still we need to pay attention to the future - transportation, environment - all need to be considered. Astonishing that this Governor has changed the way his cabinet members look at problems. Rather than each one being in their own silo he has encouraged all secretaries to look at issues - Kawamura is looking at transportation and Riordan at housing, etc. That is something that is different about this Administration - many positive things that have been done. They are looking at the role of the state to move this forward. You have already thought of this and we want to respond to it. Those are the key things we are trying to bring to the table. This region is key to the states future. Manu invest credit - on statewide level when the Department of Finance and the Legislative Analyst's Office looked at this they did not see what the direct impact on this region was. Detail in terms of looking at what is really happening. When we can take that kind of approach we can look at what you need to make things work. You need to tell us what you need to make you successful - that is why we are here today.

Chuck Ahlem, Undersecretary, Department of Food and Agriculture: family came from Sweden looking for opportunities and we have found opportunity here in California. Water system and transportation system were built by our forefathers.



Looking at the next 100 years to how we can see ca move to the future. The population will determine the future of food - if there is a future in California or if we should outsource our food.

This is not the agriculture of the 60s and 70s - this is the agriculture of 2004 and we have tremendous opportunity. This group is an example of how frustrated people are. We have learned lessons and have learned that we have to find solutions. We have a great opportunity to beat up issues and not each other. Has never seen an Administration where agencies are so transparent. We are talking about the California that has the healthiest safest food supply in the world. If we go from three servings to five or seven that would mean so much to agriculture in the United States. Looking forward to today's dialogue.

Barry Sedlik: Please focus the discussion on the three questions on the screen. We will start with the first question and focus on action, not problems.

Question 1: What state actions will have most immediate impact on California's economic recovery?

Question 2: What state actions will result in the most significant long-term improvement to California's economic competitiveness and comparative advantage?

Question 3: How do we best structure an effective partnership between the regional and the state around economic strategy?

Pete Weber, Regional Jobs Initiative: Thank you both Undersecretary Sedlik and Ahlem - appreciate you taking time to do this. Was at the meeting Barry referred to at the Governor's office where we made this presentation and was pleased with the response we got from Undersecretary Sedlik and Secretary McPeak and others on the Governor's staff. What I heard was music to our ears - action, action, action. Orientation toward accountability and outcomes - we can relate because we are trying to do that here.

Regarding limited resources - we are keenly aware of this issue here. We have put together a bootstrap plan for the region and we need your help. Will address all three questions:

1. Conditions of the valley are not new. Why have we been unable to solve these issues? They are not new. One of our valley congress representatives has requested a report on the Central Valley to be delivered by January. This report will say that right here in the heart of the golden state is the most poverty in the country. Brings that up because he thinks we have approached



problem piecemeal, and this is not a problem that lends itself to a piecemeal approach.

2. Regarding Q2, on the Governor's agenda is fiscal crisis, workman's compensation, energy reform, and reengineering government. A critical issue that is not on the agenda is the economic recovery of the San Joaquin Valley. When all the other boats are lifted the San Joaquin Valley will still be six feet under and act as a drag on the rest of the economy. We pay so much in compensation insurance - need to address this problem systemically and cohesively or we will not solve it. We have asked for a vehicle to do this - inter-agency task force. Proposed that this be under the responsibility of Secretary McPeak - we think this is the only way this issue will be addressed because issues are complex and interrelated between the agencies and absent at this level. We will continue to be outvoted by the people in the north and south. There are three million people in the Central Valley and we are outnumbered and outvoted. The Governor needs to use bully pulpit to solve our problems. That is our appeal to you. We would love to have you both make this observation to the Governor - I think you will hear a lot of support for this from the people in the room

Dan Spears, City of Sanger: Thank you all for being here to learn some things and send ideas back to the state. Will approach suggestion more narrowly and address question one from an economic and not political standpoint. Here in the Central Valley we pay an expensive price for the status quo - chronic unemployment, etc. At the state level they could do something dramatic that would make an immediate impact - when you find an area that exceeds 12 percent unemployment for three years, let the state grant area enterprise zone status. Not until unemployment falls below eight percent will those benefits be taken away and then only gradually. This would be an immediate injection of aid.

Rollie Smith, Department of Housing and Urban Development: One the federal side we think there are tremendous assets we could build on in relationship to how the state could make a difference. Five areas they are focusing on as federal agencies:

1. Energy provides a unique opportunity and the departments see that. We want the state to partner with us - to use the Central Valley to invest in us. Julie Benevedes-Menzes and I sat down with 12 managers and it was fantastic - we saw their agenda and they saw ours - there are a lot of opportunities if we can get it together.
2. Regarding construction, we see growth of the Central Valley that will demand lots of housing and retail construction. We think it is important that people in this region get these jobs. The Department of Labor is the lead agency for this on the federal side. Want to put resources in this area.



3. Regarding financial institutions - it is one thing to have a job that pays but another thing for people to keep their money and have assets. Many people are not on the road to self sufficiency. We are able to get financial institutions to the table. If we get the state involved we can do this. We need these folks to be banked to have assets. If we do that we will also get banks and other institutions to recognize this area as a redlined area.
4. Regarding infrastructure, especially water and utilities, there is a lot of difficulty in water infrastructure - it will take investment and creativity, especially in rural areas, to change this. There is lead and arsenic in the water. These areas cannot grow economically as well as they build houses.
5. Each area within the region as we meet with counties - each have exciting projects - we want to think Central Valley but act locally. This is a time for strong localized entrepreneurial activity -think local - encourage state partners to come aboard.

Barry Sedlik: Regarding housing, this is what resonates most with Secretary McPeak - she is focused on this issue as key to economic recovery. With run up of prices there is not enough supply as there is demand. We have goals and plans for houses but production has lacked. She is focused on getting a process in place where houses can actually be built. Industries will not thrive if their workers do not live close by. Some of the tings we see here like long commutes and pollution and congestion - we are looking to see how you are addressing these obstacles and how the state can help. Regarding CEQA reform - this has been used as a process to block all projects. Because this is a bite of the apple - we are looking at what it will take to have this reform limit what builders have to go through to build houses. Regarding water, do you have specific financing ideas?

Rollie Smith: Organizationally we are pulling together the Department of Interior, the USDA, and a number of others in the field - we need a major capital campaign to get what we need. Where this comes from we don't know but we would like to do that with you. We would really like to have someone from the Resources Agency there. Regarding transportation, what we see looking from regional level is that every Council of Government is the Transportation Agency and it does not admit to it -believes we need a regional transportation authority for the Central Valley - Councils of Government should be involved in this - would also be a way to raise funds.

Jose Ramirez, City of Firebaugh: Let me paint a picture for you - land retirement over years is eating us up alive. Must give credit to some agencies here that are able to assist us, including the Economic Development Corporation and Workforce Investment Boards, etc. We are still working on getting money for this. The picture is this - we have 200k acres where there are 70k retired acres. All these farmers that had workers live on their property - they have to level their property and turn it over. Farmers have to find shelter in neighboring towns. We are having relatives open homes for these additional people. This has an impact on us because half of the town



is on meters and the other half is not, so we see a peak. Also there are a lot of tractors declining - businesses have gone under. Other problem is that it is not one irrigation district. Farmers find it more profitable to sell to Pajaro. Suggests to the Administration that we need to push vocational training in our area, push entrepreneurialship in our area. Another impact we are starting to see is new technology coming into town and bringing new equipment with them. That is another problem because that means fewer jobs in the fields for our population. Need jobs housing balance where we get a reward for infill housing. Certain cities need money for infrastructure - goes back to 1854 - some lines are getting ready to break. Thankful for money received from Lester Snow but we need more.

Chuck Ahlem: Keep hollering about those concerns. The Governor has promised that energy be at the table with all the rest of the issues. We have an opportunity to look at the farm bill again to see how we can get those dollars to California - we need to get our fair share. We need to find new sources for water.

Lowern Keirn, The Homac Companies: Regarding question one, back up five years ago. Had plans in place to go to seven-day-a-week operations, which would include benefits, health care, etc. to his employees. Sacramento Law with overtime for more than five-days-a-week tied his hands. He can put 20 percent more people to work if this law changes. We need to do something to get performance out of schools that matches needs of our industries - need to have this at the state level.

Barry Sedlik: Are you referring to vocational training?

Lowern Keirn: Referring to basic math skills and the ability to write a sentence you can understand.

Barry Sedlik: Your experience is not unique. One Manufacturer asked potential employees two questions. The first was how many inches in a yard - only 5 percent could answer this, but worse was the second question that no one could answer - how many inches are there in two yards?

Comments are restricted to human capital - thinking about things on those lines. July law change - with change in Administration - Davis emasculated people who were to oversee how these funds are spent. California is 49 of 50 in implementing. Had to use predecessor of new law because new Administration wanted to centralize everything. Caused things to slow down in local areas. Slammed by federal government - organizations like ours are designed to train people. Fires in SoCal spent three million and they will give the bulk back. This is a direct result of the centralization of the previous Administration. Need an action to empower the state Workforce Investment Board. This is 400 million a year designed to help businesses in job training. The state board is supposed to help the Governor oversee state agencies. That is a conflict in and of itself. State board needs staff people



knowledgeable enough to tell where the skeletons are. At base there is a problem with this. State board should be staffed by people outside bureaucracy. Our WIB oversees contracts. The Governor should have some policy that makes it impossible to not use public procurement when buying goods. There are 50 WIBs in California. At the Fresno WIB, people have to enter data into HWDC - the 2nd largest computer to the Pentagon. This is located under a mountain in Colorado - this is a huge system used by thousands and replacing this will be a lot of money.

Governor stopped spending money but the people in EDD were not going to use public procurement and they were going to replace this system. Competition is good for all things. The state makes decision on system knowing thousands will use this. If there is a public procurement we could have input into the decision making process.

There should be a centralized website where all people can see these things.

- Need to empower state WIB
- Staff should not be part of bureaucracy
- Should be revised lingo to use competitive process

Barry Sedlik: The Governor is committed to the California Performance Review - GSA - which does a lot of the procurement. Looking at centralizing that aspect so there are efficiencies in the economies of scale. Need to make sure small businesses will have access to the process. Use window in CPR process to respond to that.

The central reason why state employees have been involved in WIBs is because they do not have a budget to staff WIBs, so borrowing people from agencies has been the only way to do this.

There should be a Governor's office for workforce development. Like Texas and Florida. If private sector is involved you could do this with half the people. These people will help give the Governor information. They are there to make sure that bureaucracy is on the right page.

Doug Whipple, Northern California Carpenters' Regional Council, Local 701 Fresno: Thank you for the opportunity to comment on these important questions. Based here locally for 30-plus years and have partnered with many people in this room. Wanted to speak specifically on infrastructure and transportation. Regarding question one, Transportation infrastructure is most important aspect of the economy. It is critical that we move on this. It takes so long to get plans through - the east coast has wonderful systems and we used to.

Regarding question two, the increased investment in transportation infrastructure is most critical. Without an educated workforce, we are limited on the ability to move



goods and people throughout state. The local planning process has hurt housing with retail trade.

Regarding question three, need to use private sector for infrastructure development - put money out so we can have roads and bridges we need. Remove the alliance on local sales tax. Revisit mix of revenues. Require regional infrastructure planning. Try to cut money loose for the WIBs so we can get folks trained locally so they can work on our jobs.

Bill Lyles, Lyles Diversified: Has been on EDC board and is concerned to the point that his area has no money left for anything constructive. Concerned about this for many years - as a contractor have developed industrial parks over the years. Aware of the things that are happening. In construction we have done work with the Tejon Ranch - has seen things going on in NorCal - so what has been holdback on bringing jobs to the Central Valley? They have received reports from SRI that farming will remain one of our top priorities, but that we need to diversify. We have nothing large in scope. Able to see big picture from a local perspective. Never dreamed 17 years ago we would need all the land we have used. What makes us different is land is held in small parcels by farmers. When you develop a little you improve value of land around you and then it costs too much. Plan to do a regional industrial park. Where else did it go? Has been working with others in communities regarding this. When people report on job loss the problem is because we do not have the land available. Does not make sense to pour grant money into land because it brings prices up. How can we develop funds to take control of a large parcel of land to develop as needed? Community was behind this and we stalled out. Six months ago the legislature enacted legislation that says that if the government take any part in the development (which was what made sense at the time) not only the development of property but they enact provisions that fail on all buildings that go up in industrial park.

Devastated by this - dream and hope to do this for years. It is important for the community to be better for all of us. What I would suggest is that the Governor will back this - asking the big city people to back off and let us have a waiver on that provision. We have to have this industrial park if we are going to track jobs.

Barry Sedlik: If you had exemption on prevailing wage you could assemble this?

Bill Lyles: Can Dave Spar please respond to this question?

Dave Spar, Fresno Economic Development Corporation: Regarding SB975 - prevailing wages for building a building, city using redevelopment funds and having property go to private ownership. Understand wages are good and understand if they were adjusted for our region this will help but it penalizes us with other states - Reno located several companies that would have been in one of our regions. Regarding question one, the Governor should look at certified sites - Carolina does this - need to



develop by criteria - this could come with these waivers and it could fit these different areas.

Bill Lyles: We are large and all union - what I am talking about is an area we are not competing in. In the long run we will raise wages and the differential between union and non-union. Need to change unemployment in this area.

Have spoken to David Crane about this. His company is in an area that has been successful - employs 100 people growing at 28 percent a year and has outgrown facilities. They are looking now at moving to Reno. The President of his company is located in Denmark and he came here and said that he does not want to have that kind of location for his company, but he does not want to pay the price here. We have to find a formula to solve this problem. We need a venue to do this.

Barry Sedlik: Now is the time - we have a window - we have to work on legislative initiatives this week. Will work with you and turn this in as one of our initiatives.

Dave Spar: I need consensus on this - need help from everyone in this room to make this happen.

Trish Kelly, California Center for Regional Leadership: State WIB needs to be empowered. There are few members from this region that are on the board.

Vernon Crowder: Hear people talking about the need for investments - major hurdle is immediate problem - getting to a balanced budget. Concerned about lack of confidence the public has about how the money is being spent. We need to do something to help the public to understand how their money is being spent. Shedding light on this so they have more confidence - people look at large bond measures on ballot and do not know what things cost and where their money is going.

Barry Sedlik: Embedded in CPR process is notion of outcomes and accountability. Looking at Washington, Texas, and Florida where things are published on a webpage and you can see how things are spent in certain areas. The Governor is very focused on this and regardless of how boxes are moved we are looking at having performance based budgeting and holding accountability to a high level. If you have specific ideas we would like to hear from you.

Carolina Jimenez-Hogg: With the County of Fresno and in spite of challenges when we have the opportunity to locate businesses here we are concerned with dealings with state of California - because of preservation of state lands - in spite of local plans - in dealing with state agencies when there is discussion of land coming out of Williamson act it is like it is the worst thing that can happen when in fact we do need to accommodate our growth. Dealing with regulatory housing issue we have found ourselves on calls arguing oppositions because some say we have to accommodate



growth and others say we need to preserve land. Look at San Joaquin Valley and our interests in preserving land. State policy application needs to be looked at in the context of how the region is achieving state objectives. We can only do this with state agencies that understand the region. It is important for us to have partners at the state who understand we are all working together for economic health.

Barry Sedlik: Housing is as important as business to Secretary McPeak - these areas need direction at the local level.

Tim Lynch, City of Fresno: Working on economic development issues - on principle we are focused. Need to come up with alignment and direction. The state has been often not the one marching to the same step. The feds show more leadership and a better understanding of local initiatives that state government did. Get a bigger bang for the buck if you have alignment on these issues. Windows of investment go fast. A lot of us are concerned they will close on us. We need to troubleshoot and fast.

Glenn Patch, Visalia Economic Development Corporation: Need to recognize a bit of the obvious - the recognition of the RJL and what you are hearing is the San Joaquin Valley is speaking with one voice and the state needs to listen - this is what got him involved in all of this. WIB Relationships work because they have private sector support. Need recognition that this area is willing to get up and put its energy forward.

Barry Sedlik: We still have a legislature - to have them be more cohesive is a challenge. Region is stuck with north/south major players. RJL is doing a great job of bringing this forward - especially in term limits - constantly educating legislature.

Michael Kelvin: Blessing to construct a business from coast to coast to coast. Interesting to him is that they were in Fresno Valley in the state of California and while we do have regional differences we are one. Regarding accountability - today starts a new foundation and a new California. We have claimed this in the Central Valley.

With that said, regarding what Dan Spears said, we should take region and allow us to be except from that situation. We are dealing with a current piece of business that may leave to Nevada and all those businesses could come here to the Central Valley - need major workers' compensation reform for this region. His company would have been shut down because of workers' compensation issues but he had the foresight. Recently he went and represented the region and was stunned. State route 99 is the real name of freeway 99. 75 percent of trucks go up and down 99. 25 percent RATIO come down 99 - on a state route. 95 percent of trucks coming into California come on 99. Need to transition this to an interstate. Amazing thing to think about.



Need to do things with local universities to offer advanced degrees to move regions forward.

Insurance wise - unlitary tax could be looked at to make us more competitive.

Barry Sedlik: Regarding highway - need to get a waiver from some other requirements.

Michael Kelvin: They do this all over the county

Need to do work in the Central Valley but this will take time and we do not want to be in situation - need Administration to take leadership - particularly on highway 99 - we need to go out and get the support for this. We have a specific and concrete way to address waivers. Some of interstate standards that are required are not relevant - bridges and overpasses only related to missiles. We plan to submit language to transportation bill in the senate to direct Secretary of Transportation for the United States to grant interstate designation for 99 immediately - subject to California adopting these standards in subject to waivers on provision on provision and things that are no longer relevant. They have support from Secretary Manetta to do this and will call the Governor's office and they need the Governor to say yes to this - that the Administration is behind this subject - these waivers. The approach they are taking is that the failure to designate 99 as an interstate was an oversight. This can be done and they are confident the Legislature will go into the bill - they just need a letter from the Governor that gives support subject to these conditions.

Barry Sedlik: Please give us a draft of what this needs to say.

Dave Spar: Regarding question one, need certified sites so we have waivers. Regarding question two, need Public Utilities Commission to work with locals and not punish them. Need infrastructure funds. Regarding question three, need a state inter-agency task force - needs to match state funds and agencies that are regional. Story from international economy board meeting with IBM. Not in Canada, UK, and New Zealand - today in the United States they stated that they do not see a difference between a high school graduate and a high school dropout. There has got to be a markable difference between a graduate and a drop out. They heard this same message across the United States.

Tom Krazan, Krazen & Associates: We are a family. Democrats and Republicans have hearts and brains and we think independently. We are farm people and we can think creatively here. We have more inventions in Central California than anywhere else.

We need industry specific training.



Regarding construction, this gives us the opportunity - we are threatened by lawsuits coming up the valley.

Regarding the prevailing wage - references what Bill Lyles said. This damaged his shop personally. Filed in the city of Lodi because they did not have insurance. They do though - they were self-funded but they said it had to be paid out.

Chevy Dealer: Regarding the minimum wage - thank you to the Governor for standing firmly on increase. In the summer he employs high school kids. These are not jobs that they will buy homes with, but jobs that will teach responsibility. He can only continue to do this with minimum wage veto - these jobs are just washing cars, etc.

He is 25 miles from Fresno and considered a secondary suburban dealer. Relies on modes of transport and roads for customers to get to us. People are afraid to drive to his dealership on 99 because of all the trucks. This is an oxymoron, hate trucks but need trucks.

There are a lot of important comments - wants the Governor to know we appreciate his efforts in California - specifically recognizing the San Joaquin Valley.

Michael Kelvin: Thank you to everyone for their commitment to this region.

Leo Wierzbicki, California Bio-Productex: Appreciate listening to fundamental problems of this region. Discussion took a completely different direction than his impression - he thought there would be discussion around employment. Unemployment is a signal - if he had qualified people he would put them to work. They put openings in the newspaper and on the Internet and they had responses but there were no people that were qualified. Finally one gentleman showed up - from Tulare County - he said he borrowed money for school. They are happy to have him. Solution - we need to stress education. Need to reform education and Community Colleges - look at Europe and how they educate. In high school - kids have the option to go to vocation school, trade school, to university, etc. This way we create a lot of skilled young workers. This is what to do about unemployment.

Jose Ramirez: See the opportunity for tax credits to play a role here in the Central Valley. Do not qualify for a quality assistance track.

Also - In the past when WIB had money for summer youth employment - rural communities far away - kids would come and ask for jobs. Need to pay attention to youth for summer employment. This money goes to the family and gives kids more responsibility.

Bud Wallace, Wallace Transport: Three comments regarding what to do in the short-term.



These concepts are great - specific items to do

1. Workers' compensation - this is a great band aid that is going to fall off. Once you put all great reforms in place - until we have policies you will never see the benefit. Need to see more forward movement - forget the band aid.
2. We have an issue here - IWC - how many people know what this is? Most of issues with overtime and min wage deal with this organization - the Industrial Welfare Organization - they make work orders - that say how many hours in a day you can work and how many hours in a week you can work. When my people work overtime we pay them overtime. I testified at the IWC - tell the Governor to go to the IWC and look at wage orders and read the labor code. All take away for employers. Nevada - right to work state - federal overtime limits?
3. Regarding tax concessions - are you aware you balance the budget on the back of tax concessions? With stroke of pen it puts a cap on tax credits. Just fix the budget, WC and IWC and people will come back here to California.

Closing Comments

Barry Sedlik: Thank you - we will follow up on specific items. Want to have continuing process - not a one time only. Forums like this we want to maintain on an ongoing basis. Very appreciative of specific information everyone gave us.

Chuck Ahlem: Appreciate everyone coming out today. Regarding Jose's comments at the end and summer jobs for kids - it is difficult to have kids work with all the regulations. Need to look at total regulation on business. Need to understand CPR process. Half of suggestions can be done by the Governor and the other half need to be done by the board of directors - we need this group to have common sense. They need to understand what business is all about. We have educational curve we have got to get past - make us accountable for these ideas and decisions. We have a Governor that is willing to back us up on this.