

NORTHERN CENTRAL COAST REGIONAL ECONOMIC VITALITY CONVERSATION

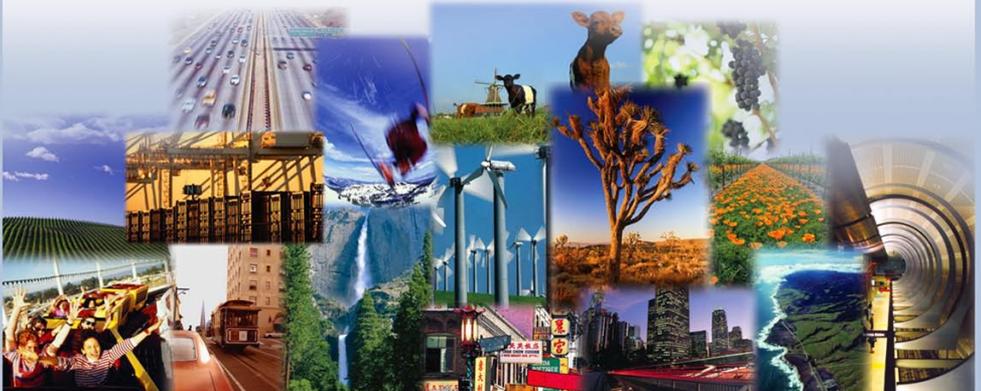
convened by
California Center for Regional Leadership
Action Pajaro Valley

in partnership with
Association of Monterey Bay Area Governments
Central Coast Partnership
Monterey County Business Council
San Benito County Business Council
Santa Cruz County Business Council

on behalf of
Governor Schwarzenegger's Cabinet



CALIFORNIA CENTER FOR
REGIONAL LEADERSHIP



MADE POSSIBLE THROUGH GENEROUS SUPPORT FROM
PACIFIC GAS AND ELECTRIC COMPANY AND BANK OF AMERICA



ECONOMIC VITALITY CONVERSATION

The California Center for Regional Leadership and our partners conducted a series of Regional Economic Vitality Conversations around the state with representatives from Governor Schwarzenegger's Administration and a diverse group of regional business and civic leaders. The intent of these meetings is to solicit and discuss ideas on how the state government can help stimulate and sustain economic growth in California's regions -- ideas that will then be brought for consideration to the Governor and his Cabinet. The following represents a summary of comments from the Northern Central Coast region event, organized by key questions posed to participants.

Bev Alexander

Vice President, Customer Satisfaction
Pacific Gas and Electric Company

PG&E applauds the Schwarzenegger Administration for reaching out to business and civic leaders for ways to rapidly improve California's business climate and ensure a prosperous future for all Californians. PG&E is committed to supporting this effort because we are fundamentally "place-based." We live, work, and invest in the communities we serve; our futures are inextricably intertwined. The current business climate has affected virtually all of California's employers in one way or another. We look forward to continuing to work with the Cabinet and the program participants to renew and improve California's economic health.

Barry Sedlik

Undersecretary
Business, Transportation & Housing
Agency

The Governor and his Cabinet are reaching out to solicit the very best ideas on how state government can support economic vitality and global competitiveness. Because California is a state of regional economies, the Administration has sought guidance from regional business, labor, civic, and community leaders through a dozen Regional Economic Vitality Conversations. Building and sustaining strong economies is a shared responsibility and requires a true partnership between the state, regional economic leaders, and local government. We look forward to working together toward our common goals.

Tom Johnson

Secretary
Veterans Affairs Agency

Every day communities and businesses that are trying to do the right thing are stymied by barriers and hurdles. Some barriers are appropriate to the protection of important values that we all share, such as the quality of our environment or the safety of our roads. Other barriers, however, defy logic, common sense or are inordinately cumbersome. Hearing first hand from the business and community leaders of the Central Coast communities some of the anecdotes on where government could have facilitated rather than impeded good decision making was invaluable. This Administration is about reforming, wherever possible, the structure and the process through which government serves the people. The Economic Vitality Conversations are important steps toward that end.

Crawford Tuttle

Deputy Secretary
Resources Agency

Evidence shows that California's economy and our environment go hand-in-hand. A productive workforce and a healthier economy are a direct result of our environmental quality. Regional public-private partnerships help provide innovative economic and environmental solutions by using creative approaches based on collaboration and respect for all the communities and interests involved. Working together we will provide the leadership needed to bring together regions across the state to plan within and between state regions – for fiscally sustainable and balanced regional strategies.

Lisa Dobbins

Executive Director
Action Pajaro Valley

It was an honor for Action Pajaro Valley to host this important dialogue with Undersecretary Barry Sedlik Secretary Tom Johnson, and Deputy Secretary Crawford Tuttle. We appreciate the opportunity to convene leaders from the Northern Central Coast region to discuss action-oriented approaches to improving the quality of life for the region and the state. Many participants commented that this experience gave them hope that state government is truly listening to their issues and concerns. In fact, Undersecretary Sedlik followed up with a number of us on a critical issue brought up at the dialogue. Now, that is action!

Nick Bollman

President & CEO
California Center for Regional Leadership

We are pleased to join the Cabinet in sponsoring these Conversations. This is one of a dozen such Conversations we hosted across the state during 2004. They are not only historic in the extent of outreach to develop new strategies for economic success, but are also a testimonial to this Governor's commitment to engaging Californians in active partnership with their state government.

What state actions will have the most immediate positive impact on California's economic recovery?

Establish Strategic Tax Initiatives and Business Incentive Policies

- Assess the cost of doing business in the Pajaro Valley and create tax incentives for local businesses. Foster key regional industries, specifically agriculture and tourism.
- Consider using state funding to reduce health care costs for workers in the Northern Central Coast. Provide further financial relief to businesses that offer health insurance coverage to their employees.
- Assist the growing small business sector with access to credit for start-ups and expanding existing businesses.
- Protect California-made products, especially ag-related, by influencing federal rules regarding the balance of trade and tariffs, encouraging businesses to use trade organizations more, promoting better country of origin labeling, and encouraging businesses and consumers to buy California made and grown products. Provide a vehicle for food processors to address concerns.



ECONOMIC VITALITY CONVERSATION

Reform Workers' Compensation Policies



- Reform workers' compensation legislation to reduce the cost of doing business to local employers, including for developers of affordable housing. Reforms have not helped to date.
- Pass SBX4 11, allowing medium-sized businesses the opportunity to participate in the self-insurance market.

Streamline Government

- The Governor should address the need for real regulatory reform. "Get the rulebooks out" and review and revise regulations so they are streamlined according to original intent. Create common-sense regulations to allow timely, flexible, and results-oriented solutions.
- Simplify the regulatory process and streamline state requirements to conform to federal requirements.
- Require state interagency coordination, especially on infrastructure projects. Overlapping state regulatory structures make it difficult to compete and be innovative (there were 63 different agencies regulating the redevelopment of Fort Ord).
- Some minor changes in smaller regulations would help businesses, but major reforms are needed, especially with CalTrans and the Coastal Commission in order to build critical facilities, including educational, housing, and transportation access.
- Improve the California Environmental Quality Act (CEQA).
- Assess options to reform the initiative process, which currently results in conflicting and difficult-to-change legislation.

Assess Impact of Legislation

- Re-evaluate the minimum wage proposal that will increase the minimum wage across the state to \$7.75 by 2006; assess impact on the agricultural industry. Acknowledge that the majority of workers that fall into this income category are in their early training years.
- Assess proposed legislation against its impact on job-creation.



Assess Impact of Legislation, Cont'd

- Reassess the bottle deposit law that currently puts redemption fee costs exclusively on the beverage industry, while benefiting all packaged product suppliers, as the monies collected are then used to fund general recycling programs. Consider implementing an advanced disposal fee on all products to spread the costs among industries.
- Re-evaluate the state's position on SB 96, which would supersede all local initiatives that effectively prevent fluoridation of public drinking water by simply requiring that any chemical additives be approved for safety and effectiveness.



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

Overhaul State Fiscal Process

- Consider terminating the Educational Revenue Augmentation Fund (ERAF) takeaways from local government that places restrictions on redevelopment - one tool local governments can utilize to encourage economic development.
- Assess the impact of amending the Constitution to allow the passage of a state budget by a reasonable majority of 55 percent.

Invest in K-12 and Higher Education

- Address workforce-skills mismatch for high demand areas such as health care and teaching. Better educate and train a large number of area youth to fill unmet industry jobs.
- Institute state standards for education in the Northern Central Coast, while providing our teachers with incentives to excel. Promote a fair way to fund education. California cannot be expected to have a long-term recovery without a highly trained and educated workforce.



ECONOMIC VITALITY CONVERSATION

Focus on Regional Policy Priorities



- Address the infrastructure needs of the Northern Central Coast that are critical to businesses and our quality of life. Develop adequate water resources that will provide a stable supply of water for the future. Improve transportation infrastructure in the region, especially for manufacturers. Provide a reasonable supply of electricity at a more reasonable cost. Streamline permitting to increase power generation.

- Place an added emphasis on the value of public investment in infrastructure, education, and housing.
- Support the Pajaro Valley levee project, which is vital to the security of the region's properties, finished products, and raw material inventories.

Support Regional Growth Planning and Infrastructure Development

- Demonstrate to Californians that this Administration is willing to address complex issues, such as chronic infrastructure underdevelopment and lack of growth planning. Set statewide goals for growth and planning (State Environmental Goals Policy Report and Office of Planning and Research). Do positive pro-active planning.
- Require regional infrastructure planning. Everyone in the region needs to plan for their own. Support local and county governments through strategies including incentives for growth planning and comprehensive regional plans. Reward those communities that have done the necessary planning and built housing where needed, and punish those that don't. Tie infrastructure to these areas.
- Encourage and empower local electeds, Regional Planning Commissions, and Economic Development Corporations to think regionally as they make local decisions.

Address Critical Housing Shortfalls

- Protect and fund redevelopment agencies, the single major source of funding for affordable housing, through the legislative process.



Address Critical Housing Shortfalls, Cont'd

- Tie jobs to housing for the local workforce. Improve opportunities for affordable housing in rural areas where salaries are below average. Advocate for workforce housing to provide for a broad range of workers (affordability index is extremely low). Put teeth in the Housing Element Law.
- Address the huge disparities in the region that contribute to the lack of affordable housing. Institute covenants to protect affordable housing.
- Consider having the state supervise projects intended to build affordable housing, removing the local incentives to cheat the system.

How do we best structure an effective partnership between the regions and the state around economic strategy?

Play to Strengths and Leverage Existing Partnerships

- Institutionalize discussion groups like the Economic Vitality Conversations and repeat them on a semi-annual basis, encouraging local groups to think regionally.
- Support regional organizations that are working on establishing ways to relate the needs of the regions with the goals of the state, while emphasizing fundamental regional differences. Leverage regional planning organizations and EDCs.
- Enact state partnerships with local governments to develop a long-term plan that emphasizes investment in infrastructure, education, housing, and regulatory reform.



Establish Coordinated Region-State Structures



- Bring the regions together to provide leadership on long-term issues, especially infrastructure, regulatory barriers, and the State's revenue situation.
- Coordinate efforts within the different agencies to simplify processes and communication lines.
- There are too many special districts and agencies that don't coordinate; the State needs to mandate control and provide incentives for cities and counties to work together.

NORTHERN CENTRAL COAST REGIONAL ECONOMIC VITALITY CONVERSATION PARTICIPANTS

Tom Carvey: Common Ground
Ron Chessire: Carpenters Local 605
Sig Christerson: Major Farms Inc.
Ciel Cirillo: City of Santa Cruz Redevelopment Agency
David Cooke: CHISPA
Jeff Davi: A.G. Davi Real Estate
Lisa Dobbins: Action Pajaro Valley
Desiree Espinoza: Action Pajaro Valley
Kay Filice: Filice Farms
Nants Foley: Intero Real Estate Services
Claude Hoover: Monterey-Sierra Farming Co.
Mary Ellen Ittner: Pacific Gas and Electric Company
Jeff Johnsen: Crescent Biologics
Tom Johnson: California Department of Veterans Affairs
Michael Koffler: Hyatt Regency Hotel
Mary Ann Leffel: Greater Bay Bank
Ernie Lostrom: Lostrom & Co.
John Martinelli: Martinelli's Gold Medal

Leonard McIntosh: McIntosh Enterprises
Don Nucci: Mann Packing Company
Ed Ortega: Ortega Farms
Carlos Palacios: City of Watsonville
Nick Papadakis: AMBAG
Catherine Pappas: Action Pajaro Valley
Don Perry: Labor & Workforce Development Agency
Bob Rice: Monterey County Business Council
Jose Rios: Pacific Gas and Electric Company
Dana Sales: David Lyng Real Estate
Wendy Sarsfield: Pacific Gas and Electric Company
Barry Sedlik: Bus., Trans. & Housing
Teresa Thomae: Central Coast SBDC
Crawford Tuttle: Resources Agency
Ana Ventura-Phares: CA Center for Regional Leadership
Al Walters: A.L. Walters and Company

