

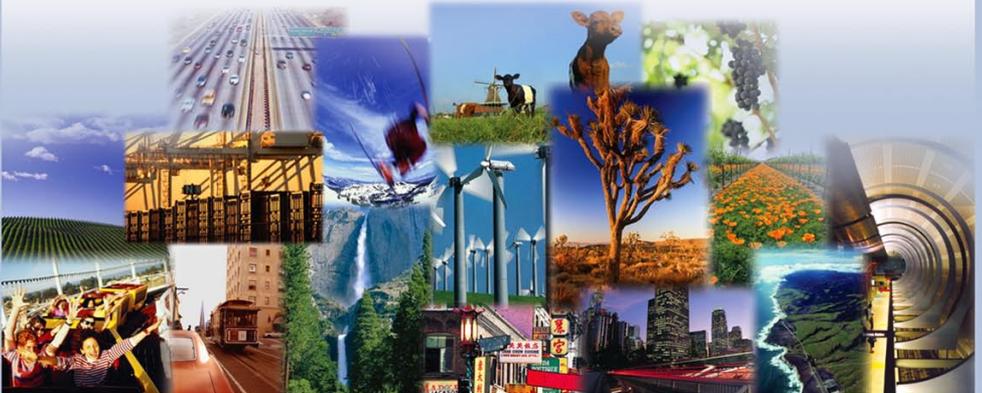
SACRAMENTO REGIONAL ECONOMIC VITALITY CONVERSATION

convened by
California Center for Regional Leadership
Valley Vision
&
SACTO

on behalf of
Governor Schwarzenegger's Cabinet



CALIFORNIA CENTER FOR
REGIONAL LEADERSHIP



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ECONOMIC VITALITY CONVERSATION

The California Center for Regional Leadership, in cooperation with partner organizations, is conducting 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 Sacramento Regional Conversation, organized by key questions posed to meeting participants.

Fred Aguiar

Secretary

State and Consumer Services Agency

Governor Schwarzenegger has charged each of us in his Cabinet with finding ways to strengthen California's economy and create jobs for Californians. That's why we're here, asking for your ideas on how we can make California stronger and more competitive. We want to find the best ideas, the best solutions and the best ways to put them into practice. We also want to involve everyone -- business leaders, civic groups, labor and educators -- in making it happen. Working together, we can build a vibrant business climate and a prosperous future for all of California.

Sunne Wright McPeak

Secretary

Business, Transportation & Housing Agency

The Governor and his Cabinet are reaching out to solicit the best ideas on how state government can support short-term economic recovery and long-term global competitiveness. As California is a state of regional economies, the Administration is seeking guidance from regional business, labor, civic, and community leaders through a series of Regional Economic Vitality Conversations. Building and sustaining strong economies is a shared responsibility and requires a true partnership among the regional private, nonprofit, and local government sectors, if we are to secure future prosperity and quality of life for all Californians.

Nick Bollman

President & CEO

California Center for Regional Leadership

We are pleased to join Secretary Aguiar, Secretary McPeak, and the Cabinet in sponsoring these Conversations. This is one of a dozen such Conversations we will host 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.



Bev Alexander

Vice President, Customer Satisfaction
Pacific Gas and Electric Company

PG&E applauds Secretary Aguiar, Secretary McPeak, and 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.

Susan Frazier

CEO
Valley Vision

It was a pleasure for Valley Vision to host this important dialogue with Secretary Sunne Wright McPeak and Secretary Fred Aguiar. It was a unique opportunity for leaders in the Sacramento Region, and participants left the session with a great deal of hope for change and success. Many noted that it was their first experience of state government truly listening to their concerns, and expressed a strong willingness to continue to participate in crafting the future of our region and state.

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

Retain Critical Industries

- Capitalize upon the State's concentration of venture capitalists and research universities. Provide less expensive access to research to keep start-up companies from moving to other states.
- Conduct an analysis between comparative businesses on the cost of doing business in competitor states. Understand the differences and formulate appropriate strategies to retain businesses in California.
- Determine through scientific polling which costs/barriers the State can control that have the largest negative impact. Use specific data on our State's economy and not emotions and politics to make decisions.



Improve Cluster & Labor Market Research

- Encourage successful ongoing initiatives such as through the California Regional Economies Project, a collaboration between CALWIB and the Economic Strategy Panel, offering a database of real-time economic information on industry clusters of opportunity. Update regional economic profiles and publish economic trends and comparative advantages by region.

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Balance the Budget



- Prioritize enacting a balanced budget coupled with accountability measures. This would result in improving the State's bonding capacity for capital and infrastructure improvements, also creating employment and injecting new dollars into local economies.
- Reduce spending by scrutinizing all areas of state government. Raise revenues by assessing and reassessing taxes (such as the Vehicle License Fee) that will affect Californians minimally and equally.

Enact Workforce Reforms

- Conduct comprehensive reform of the Workers' Compensation System to alleviate the burden of skyrocketing premium costs on employers.
- Reassess SB2 and acknowledge the issue of additional costs for business owners and local governments, whose workers are being forced out of health care benefits due to increasing costs.
- Address daily overtime, AB 60 work scheduling limitations, "living wage," minimum wage increases, prevailing wage rules, high unemployment insurance, high workers' compensation insurances, high benefit mandates, etc., which create relatively high cost entry-level jobs and limit access for less-skilled workers.

Provide Business Incentives

- Consider providing incentives to in-state contractors with similar bids that employ California residents.
- Implement fiscal policies that provide an economic incentive to businesses to continue to grow by increasing inventories and adding jobs.
- Determine the best strategy to provide businesses that relocate or stay in California with tax incentives.
- Reinstate the CalTIP matching grant program that provided much needed seed funding for companies for technology commercialization initiatives.

Promote California

- Focus on improving the tourism industry in California, which would bring outside dollars into the State and into key markets that drive sales tax revenue dollars for government.
- Leverage the Governor's office to clearly articulate the State of California's business messages and successes to the media.



Promote California, Cont'd

- Identify and capitalize on California's competitive advantages (e.g., our multi-cultural economy is truly unique and a role model to other state economies).

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

Prioritize K-12 & Higher Education

- Prioritize investments in the public education system to create the workforce we need for the future. Encourage math and science education to minimize the need to rely on foreign workers and outsourcing. Promote knowledge-based applications of technology innovations.
- Provide state funding support to strongly encourage student access to California's state university systems and graduate education.
- Provide long-term support that enables California's universities to conduct basic research within the academic infrastructure. This research has been the engine for the State's leadership in many sectors and its continued support is essential for the State to have a global competitive advantage.



Align Workforce Training Systems & Investments

- Encourage employers and unions to take the lead in determining training needs; promote alternative education and training opportunities; keep older workers engaged in the labor force; consider changing immigration policies to meet future workforce needs.
- Work to retain high-wage and high-skill jobs. Invest workforce dollars strategically. Analyze workforce ladders by industry and identify barriers and skills needed at the bottom of career ladders, and train workers accordingly to move up.
- Prioritize workforce training in biomanufacturing, health care (nursing, medical technology, etc.), and other biotech related skills. Promote corporate-university partnerships to speed training of technology specialists. The California Workforce Investment Board (WIB) should actively work with these groups to find funding for training centers.



- Prioritize investments in training and retraining of displaced workers through K-12 and community colleges. Target disenfranchised individuals and incumbent workers.
- Create regional Life Sciences Working Groups (industry, academia and government) with subcommittees to address key elements needed to grow the industry. Meet at the State level to coordinate efforts and secure funding.

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Link Housing, Transportation & Land Use Planning



- California's economy and quality of life is suffering from the impacts of growth. Develop regional integrated strategies for economic development and retention, mobility, comprehensive land use, resource conservation, affordable housing, and access to training and education. Develop a State level plan for accommodating growth in California over the next 2-50 years; referencing models from other states.

- Use the model of the Blueprint project around the State to connect transportation, housing and quality of life issues for comprehensive regional land use planning.
- Address housing and infrastructure issues through a long-term strategy to balances competing interests for jobs and growth that includes a funding commitment.
- Assist businesses by improving our roads and finding a way to move goods and people more effectively.
- Create incentives for regions that invest in long-term land use planning, or disincentives for regions that do not plan. Create financial incentives for local governments to participate in, and comply with, regional plans. Use plans as the basis for the overall State plan and to guide investment. Provide data, planning resources, barrier removal, and flexibility for regions to achieve positive outcomes.



Enact Reforms to Streamline Government

- Continue the efforts of the California Performance Review. Hold the State accountable by measuring the performance of departments.
- Consider providing block grants to local jurisdictions for providing services. Reduce the extensive efforts required for local governments to obtain state funding. Sub-contract services to local governments that the State cannot provide.
- Integrate the plans of various state agencies under an umbrella guided by economic strategy and environmental quality. Develop comprehensive permitting processes that are not in conflict with each other or sequential in nature.
- Merge single-county Councils of Government to inspire multi-county cooperation or where there is more potential for collaboration.
- Take advantage of Californians readiness to deal with reform, as seen in the recall election, and reform the Legislature through opening the primary elections to all voters and taking redistricting out of the hands of the legislators.



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

Establish Coordinated Region-State Structures

- Conduct an asset mapping to identify the vast pool of knowledge and resources that exists in California's large corporations, non-profit agencies, Chambers of Commerce, Economic Development Corporations, and Regional Metropolitan Planning Organizations. This would prevent duplication, reduce state resource requirements, and funnel financial support to agencies that can work more cost effectively. The State should work with these entities on a collaborative effort for the needs of the entire State.
- Reestablish an economic development coordination/promotion function in state government.
- Develop an economic strategy for the State that is rooted in region-based planning and is inclusive of the key drivers of economic health: education, transportation, quality of life, etc. The State should help the regions with strategic planning.
- Establish a Governor's Council of Economic Development Advisors to provide direction and input on issues affecting the State's business climate, be involved in statewide marketing efforts, and provide first-hand insight into emerging industry trends.
- Create a business development program that includes areas such as business attraction, expansion, and retention and has measurable goals, including job creation and retention.
- Publish best practice case studies that illustrate how to be competitive and collaborative in economic development for various industries.



Leverage Existing Partnerships

- Leverage groups and associations already focused and well-versed on regional issues, including the California Center for Regional Leadership, Valley Vision, and the Great Valley Center. These civic organizations should play a central role in the collaborations between the regions and the state concerning the development of a sound economic strategy.
- Expand efforts to conduct dialogues with regional leaders and state representatives on issues impacting both the regions and the State.



- Work with the regions to develop and implement individual integrated regional strategies for economic prosperity and quality of life maintenance and improvement. Develop broad-based regional advisory teams to work with multi-disciplinary teams of state employees to accomplish this on an ongoing basis. Leverage the existing network of local and regional economic development organizations.
- Support Regional Technology Alliances, establishing an effective partnership between the State and the regions specifically focused on "grow your own" economic development strategies.

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