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Background Report for the Hearing on

**REGIONAL GOVERNANCE IN THE BAY AREA:  
THE ROLE OF REGIONAL INSTITUTIONS  
IN FOSTERING ECONOMIC DEVELOPMENT**

December 8, 2011  
San Francisco

The December 8, 2011 hearing in San Francisco is the second of the Senate Transportation and Housing Committee's three hearings on Regional Governance in the Bay Area. The objective of the hearings is to evaluate the Bay Area's current regional structure and to identify options to enhance regional decision-making. This is especially important with the enactment of SB 375, which puts a premium on coordinated regional land use and transportation planning in order to reduce greenhouse gas emissions.

This second hearing will focus on the question of what role, if any, regional institutions should play in developing and implementing a regional economic development strategy. Continuing the discussion from the first hearing, this committee will also hear San Francisco's position on the issue of regional representation on the governing board of the Metropolitan Transportation Commission, which is the subject AB 57 (Beall).

**BACKGROUND ON AB 57**

AB 57 (Beall), currently pending in the committee, increases the membership of the Metropolitan Transportation Commission (MTC) from 19 to 21 members by adding the mayors of the City of San José and the City of Oakland. State statute established MTC in 1971 and statute governing the structure of local government representation on its board has not changed since. The bill's sponsor, MTC, argues that a change in the representation structure is needed to implement the requirements of SB 375 (Steinberg), Chapter 728, Statutes of 2007, which seeks to focus new development within the existing urban core and near public transit stations. To achieve this goal, MTC writes that "a strong partnership with the cities of San Francisco, Oakland, and San José is essential." In light of this need, MTC argues, "The time has come to modify the Commission's structure so that it ensures representation for the Bay area's three largest cities."

MTC's existing arrangement for selecting board members seeks to balance population and jurisdictional representation between the five large counties and the four small ones. To meet this goal, state law assigns the larger counties, Alameda, Contra Costa, San Mateo, and Santa Clara, two members, one representing the board of supervisors and one selected by a city selection committee. San Francisco presented a unique problem because it is a consolidated city and county. To resolve the issue of representation for San Francisco, state law gives both the mayor and the board of supervisors an appointment. In remaining smaller counties—Marin, Napa, Solano, and Sonoma—to balance city and county representation, the cities nominate slates for an appointment to MTC, and each boards of supervisors selects an appointee from its cities' slate. The representation scheme balances large and small jurisdictions.

This committee did not hear AB 57 in 2011 so that it could host a more in depth discussion of regional issues.

## **REGIONAL ECONOMIC DEVELOPMENT**

This hearing will focus on the question of what role, if any, regional institutions should play in developing and implementing a regional economic development strategy. In the Bay Area, there are nascent efforts to move towards a region-wide strategy, but substantive and organizational questions remain. The committee will hear about these initiatives.

SB 878 (DeSaulnier), also currently pending in the committee, seeks to encourage the development of a regional economic development strategy in the Bay Area. The bill requires the Joint Policy Committee to prepare a work plan for a nine-county economic development strategy by January 31, 2013. State statute created the Joint Policy Committee to coordinate the efforts of the Metropolitan Transportation Commission, the Association of Bay Area Governments, the Bay Area Air Quality Management District, and the San Francisco Bay Conservation and Development Commission. SB 878 requires that the work plan include all of the following:

- Coordination of the SB 375-required regional sustainable communities strategy with local goals for the recruitment and retention of manufacturing, production facilities, business services, and other business enterprises providing high quality jobs that will remunerate employees sufficiently so that their household incomes will allow them to live in the Bay Area, educate their children, and enjoy the region's amenities.
- Regional strategies to ensure the coordination of infrastructure investments, including transportation facilities and services, for planned employment centers.
- Strategies for ensuring a common regulatory system for deployment and permitting of energy conservation facilities and improvements.
- Regional strategies for adaptation to climate change.

## **FEDERAL ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS<sup>1</sup>**

The Economic Development Administration (EDA), a bureau within the United States Department of Commerce, supports key regional initiatives across the nation to develop economic stability through intergovernmental and public-private sector collaboration.

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<sup>1</sup> U.S. Department of Commerce, Economic Development Administration. Planning Program. [http://www.eda.gov/PDF/EDA%20PLANNING%20PROGRAM\\_11811.pdf](http://www.eda.gov/PDF/EDA%20PLANNING%20PROGRAM_11811.pdf). December 5, 2011.

Among its programs, EDA provides Partnership Planning grants to planning organizations to develop, replace, or implement regional Comprehensive Economic Development Strategies (CEDS) for EDA-designated Economic Development Districts. EDA will typically pay an average of \$75,000 to a jurisdiction to help defray the cost of preparing the CEDS, provided that the grantee contributes at least 50% in matching funds. EDA requires planning organizations to adopt a CEDS every five years in or to access other EDA grant programs.

EDA has the following requirements for an organization seeking designation as an Economic Development District:

- *Area Distress.* The organization must contain at least one geographic area that meets EDA's economic distress criteria (unemployment one percent greater than national average, per capita income 80% less national average, or a special need such as unemployment or economic adjustment problems).
- *Capacity.* The organization must demonstrate a sufficient population size with adequate resources to foster economic development across multiple geographic areas.
- *Collaborative and Integrated Regional Strategy.* The organization must have an approved CEDS that the state and the EDA Regional Office have also approved.
- *Regional Commitment.* The organization must obtain commitments from major counties or other areas within the proposed district, as determined by the EDA, to support economic development activities.
- *State Concurrence.* The organization must obtain concurrences with the designation request from the state.

## **CASE STUDY OF A REGIONAL ECONOMIC DEVELOPMENT INIATIVE: THE MID-AMERICA REGIONAL COUNCIL**

The Mid-America Regional Council (MARC) is the metropolitan planning organization for the 125-city and nine-county bi-state Kansas City region. In addition to transportation, MARC works on park, natural resource, storm water management, water quality, and economic development issues. A 33-member board of elected officials governs MARC.

MARC is an EDA-designated Economic Development District and has adopted a CEDS. In developing its CEDS, MARC brought together public- and private-sector stakeholders to provide a regional economic roadmap to diversify and strengthen the regional economy. The CEDS analyzes the regional economy, addresses regional economic problems, and integrates human and physical capital into economic planning. In addition, the CEDS serves as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, identifying investment priorities and funding sources, assigning lead organizations responsibilities for execution of the strategy, and providing benchmarks for evaluating progress.<sup>2</sup> In March of 2011, MARC adopted a Regional Plan for Sustainable Development, which references its CEDS and other regional planning documents.

MARC is also working on a new regional workforce development initiative to meet the labor force needs of employers in the Kansas City region by identifying emerging and high-demand occupations and industry sectors and developing training and educational opportunities that will help match workers to jobs.

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<sup>2</sup> Mid-America Regional Council. Comprehensive Economic Development Strategy Plan for Metropolitan Kansas City. April 30, 2009. Page i.