

San Diego Regional Growth Dialogue
RAW Notes -- September 7, 2006

Overview

On Thursday, September 7, 2006, a regional dialogue was hosted by a set of complimentary interests including The Nature Conservancy, Bank of America, CalTrans, San Diego Regional Economic Development Corporation and the California Center for Regional Leadership. The session was held at the San Diego Association of Governments and the focus of the dialogue was to discuss how the infrastructure bonds on the November ballot could impact the San Diego region. If passed, Propositions 1B-1E and 84 would together put \$42.6 billion into the state's infrastructure, and Proposition 90 could have enormous effects on infrastructure development. At the session, public officials, civic champions and other experts described some of the infrastructure projects of regional importance that could be advanced using bond funding.

I. Introductory Remarks from Hank Cunningham, Bank of America

- Bank of America is passionate about redevelopment and the infrastructure issues facing the state of California. Bank of America is committed to finding solutions to the housing affordability crisis and addressing overall regional housing needs for the growing workforce.

II. State Investment Opportunities: Bonds on the November Ballot

Sean Walsh, Director of the Governor's Office of Planning and Research

- The November 2006 bond package is the Governor's vision for addressing the state's infrastructure deficit. The last time the state did major infrastructure planning was with Pat Irwin and multiple administrations. General Obligation (GO) bonds are not the best way to fund infrastructure and they typically come forward in disparate bond package. The package builds-off of parks bonds, water planning, transportation bonds, and housing proposals.
 - Transportation: \$7 billion available. 46 million for transportation
 - 400 million intercity rail: \$23 million for San Diego
 - 1.6 billion RTIP: San Diego to get \$110 million
 - 4.5 billion for mobility: Hwy 15, Hwy 805.
 - \$500 million for goods movement
 - Trade Corridor – dollars have not been determined as of yet.
 - Flood Control: fixing 20 critical levees. 4 billion in GO bonds for levee support.
 - San Diego to access \$800k for flood control.

- \$2.5 GO bonds for housing.
- \$10.4 billion state GO bonds for education. Charter Schools, \$500 million. \$500 million in specialized training programs.

III. Ready, Aim, Fire / Making Success Happen

Marney Cox, SANDAG

- Investment in human and physical infrastructure is key to keeping the state competitive in a growing global economy. These investments help to advance productivity. Quality of growth relies on Smart Growth strategies. Urban areas need to be desirable through public infrastructure that is appealing. Moving the 3E's forward simultaneously is key to long term success.

Gary Gallegos, SANDAG

- Local government comes to SANDAG for support with local issues, but political boundaries do not make a lot of sense within the county. San Diego is part of a larger mega-region that includes Riverside County, Imperial, Orange, and Mexico.
- SANDAG helps to develop the region's transportation plan. At the state level, SANDAG distributes state transportation dollars. Senator Kehoe mandated the launch of the Regional Comprehensive Plan.
- Bond measures represent billions of investments dollars to provide transportation choices. One key SANDAG strategy is to focus public dollars on I15 corridor, then I5, then 805 through substantial relief with major improvements, not ongoing improvements. The purpose of these expenditures is to the public say "WOW, they are finally doing something and WOW they are doing something and WOW it works." San Diego is prime to compete for state bonds through competitive application process.

Tom Scott, San Diego Housing Federation

- Housing in San Diego does not provide a range of housing choices for different incomes and needs. The need for housing is based on the fact that 40% of San Diego households meet low income guidelines. Teachers talk about ½ of their classrooms leaving in the middle of the year – service workers, retail, janitors, are not able to afford homes.
- Proposition 46 in 2002 provided real affordable housing production and 17% of the state funds were spent in San Diego.. Created 2000 shelter beds and units and another 1000 new home owners. Proposition 46 runs out in 2006 and is slated to be replaced by Proposition 1C. The other half of 1C (\$850 million) is for infill infrastructure dollars to be spent on fire houses, water treatment facilities, \$350 million for transit oriented development. \$200 million for park to meet local response to housing crisis. Government funds are a catalyst for driving private investment. In 1998, BofA pledged \$850 billion in community investment. In 2005, the Bank

of America pledged \$750 billion dollars to small business, consumer lending, and community development.

- Proposition 90 and redevelopment dollars are a critical source of affordable housing production that is threatened if Proposition 90 passes. New supermarket and housing and retail are part of the mixed-use project approach that use tax credit and 20% set aside money from redevelopment agencies. All public monies are used to leverage private monies. Without workforce housing, the economy will deteriorate.

Dr. Stephen Weber, San Diego State University.

- Regional vision is what brings us together today. Housing prices are hurting San Diego state because it is difficult to recruit teachers who can not afford homes. 8,000 students were not on the roads as of Tuesday due to the start of school. San Diego has 8,000 acres of land for research purposes. Field stations are linked digitally and showing the connected nature of this work. Education.
- 52,000 young people want to come to San Diego for the quality of life here and an education. San Diego needs to continue to compete for these students. Higher education, 82% of the growth in the state, will take place in southern California. San Diego State's five year infrastructure needs are \$265 million. Growing from 35,000 to 47,000 students in the next 20 years. UCSD is figuring out how to accommodate growth, but we are at or near capacity. Good news for San Diego is that growth is coming. Property 1D is critical for getting the physical infrastructure to bring talent.

Mark Stadler, San Diego Water Authority

- Formed in 1944 to supplement local water. 88% of water in San Diego is imported from the Bay Area delta and the Colorado river. Two goals for the San Diego Water Authority are to decrease water dependency through water conservation in the Imperial Valley and to make sure that water infrastructure is reliable through surface and ground water storage. If you can't get water where it is needed when it is needed than it is not useful. Flood control and levee system needs help. Estimates cost of \$7 – \$12 billion to meet the water needs of San Diego. \$5.4 billion for water resource and conservation projects.
- Proposition 84 is important to California because the state needs a safe and reliable water supply. 9.2% of state funds goes to San Diego, plus another \$600 million for safety of the water supply from the Colorado river.

Kathy Viatella, The Nature Conservancy

- Green infrastructure. The ecoregion of San Diego extends from Baja to Ventura. San Diego supports an extraordinary range of biodiversity from the San Isabell mountains to the desert. The challenge is how to protect natural treasures in the face of rapid growth. Natural Community Conservation Planning, ,NCCP., empower local government that support regulation of environmental and governmental entities.

- Proposition 84 is critical to the San Diego region. \$91 million for integrated regional management, both acquisition money and San Diego bay. \$400 million for local parks. Active recreation parks – pools, soccer fields, etc. \$400 million for Borrego State Park and Boarder Field state Park. \$90 million for NCCPs and two plans approved in south county plans, 4 taking placed in region. Prop 84 has the potential to preserve critical habitat and land.

IV. Next Steps -- Questions and Answers

- How is San Diego positions to get its fair share?
 - Bond dollars must be spent by 2012 and San Diego has a host of projects that are ready to go and in a position to compete for bond dollars. Also, CTC has been involved with goods movement and the connection between Mexico – California’s largest export market. San Diego will need another boarder crossing if the region is to remain competitive.
 - Proposition 46 provided 7.8% of total money to San Diego. HCD divides up the money between northern and southern California. Home ownership side, a new collaborative in San Diego has created a case study in how to develop affordable housing in an urban market. City Villages concept is moving forward and will need infrastructure dollars to support the TOD projects already in place.
 - \$36 million for Colorado River region, easter San Diego, and another \$36 million to support San Diego Bay. These projects are ready to be delivered. Reservoirs also part of potential bond funding.
 - Bond issues tend to be system wide conversations about allocating funds. The Governor’s big vision is helpful and the CA State educational system is recognized to grow in southern California.
 - There is a process in place that will organize groups and entities in the region to compete for funding for natural resource. NCCP has resulted in a regional preserve system based on habitat characteristics. The 18 jurisdictions working together puts San Diego in a good position to compete for funds. Ongoing coordination is essential to access these funds.
- What is missing from the state perspective?
 - Other regions of the state are not as organized as San Diego. Transportation is competitive and clean air dollars are very accessible. CSU and UCSD has a Master Plan in place and that is going to be helpful to the region. Water, resource investment fund to let a fee go for business and residents, but the water groups did not want to support funds. Desalinization is an area that would be appealing – private dollars to harvest and co-located water supply through public/private dollars.
 - Water transfers come from local supplies – ground water resources, increase storage capacity, desliniation, and conservation in a cost-effective way. Hoping to locate deals to supply 10-20% of supply through desalinization.

- Congestion pricing, value pricing, goods movement pricing – all approaches to leverage additional funds. The approach should be to focus on transit and reach out to private sector and not redevelop properties, but include housing and shopping as mixed use properties. CEQA infill use were not included in the Bond package. Carpool parking areas cut commute and represents innovative solutions.
- Proposition 84 will require conservation dollars to comply with endangered species requirements. Proposition 90, objectively, is so poorly drafted that eminent domain issues should be addressed, but pro-privacy and pro-CEQA improvement. Prop 90 will cut infrastructure dollars in half.
- The impact of Prop 90 has three bad features: land assembly will be difficult. Just compensation is redefined in an amount that is raised. Regulatory takings – actions taken by government, real property or personal property – will be liable to a claim by that person for loss of value and pertains to open space requirements, air quality requirements, etc.
- San Diego has been park deficient for many years. How can the mid-city region build the economic potential of the region while preserving social equity concerns? How do we know how the money will get into the mid-city area? 160k people in the mid-city region and it represents the core of the city. Tough to guarantee funding, but the I15 project is moving forward and top of SANDAG list. Without state money, projects will be moving ahead more slowly.
- SANDAG will be playing a roll through its regional comprehensive plan related to infill – there are 200 smart growth potential sites. 40% of these projects comply with master plan. 60% require amendments to plan. Smart Growth concept map will be useful in moving forward on this process. Quality of Life measure to be advanced in the weeks following the election. The EDC on board of Quality of Life efforts moving forward.
- City Hieghts is key and easily forgotten. City Heights were helped through Sol Price more than public will or public dollars. Where are the classrooms and administrative support going to be held? Used to be a confrontational approach, now a consensus approach to tackle difficult issues in the mid-City area.
- Prop 1C funds are competitive and areas like City Heights are positioned to fix and improve the entire region. Need projects to be ready to go and in a better position to access dollars because of Sol Price work.
- More authority put into the CTC and working groups have been established with the goal of putting project on the table by March,, 2007 should the bonds pass. Legislation requires projects to be under construction by 2012.
- The interpersonal touch of accessing CTC and personal touch will go a long way! Get delegations together representing cross sections, business, environmental groups and housing advocates, and begin lobbying champions in Sacramento.

- Assuming bonds are going to be passed, but a lot of educating needs to continue that 40,000 associates will be educated. Bank of America is sponsoring events around the state to get the word out.