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perspectives

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The New California Dream:
Regional Solutions for
21st Century
Challenges

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CALIFORNIA INSTITUTE
FOR
COUNTY GOVERNMENT

LETTER FROM THE INSTITUTE DIRECTOR

As California sets a course into the new century, it is increasingly clear that many of the state's most pressing public policy challenges call for solutions that are regional in scope. Land use patterns, commutes to work, watersheds, air pollution, and economic activity all span local government boundaries. And yet local governments lack the means – legal, financial, and political – to fully address these regional issues. Recognizing this as an important public policy challenge, Robert Hertzberg, Speaker of the Assembly, created a Commission on Regionalism to address these issues. In this edition of *CICG Perspectives*, Nick Bollman, Chair of the Speaker's Commission on Regionalism and President of the California Center for Regional Leadership, discusses the challenge ahead and points the way toward regional solutions.

This edition of *CICG Perspectives* contains a specially prepared excerpt from the report of the Commission on Regionalism to the Speaker. The essay identifies some of the challenges ahead: economic competitiveness; persistent poverty and underemployment; traffic congestion and long commutes; unaffordable housing; and loss of open space and habitat, among many others. Mr. Bollman also outlines the specific recommendations for addressing these challenges proposed by the Commission.

Taken as a whole, the fruits of the Commission's labor are a policy framework and rationale supporting specific recommendations. Though the primary focus of the Commission's work has been state government, the Commission has also noted important opportunities for improved strategies among local governments and regional agencies, as well as the business, civic and philanthropic sectors. Among the many carefully crafted and thoughtful recommendations put forth by the Commission are several critically important to California Counties. Mr. Bollman and the other commissioners clearly recognize that successful, fiscally stable, and independent local governments are fundamental to any regional solutions. With this in mind, the commission recommends, among other things, a return of ERAF and legal protection from state control for locally levied taxes.

The policy framework and recommendations of the Commission are built on a foundation of hard work and thoughtful analysis. The Commissioners met regularly throughout 2001, holding meetings throughout state. The group sought out suggestions and information from business community leaders, state and local elected officials, scholars, and citizens. The group commissioned thirteen policy research papers, including one on the fiscal impact of regional revenue sharing proposals prepared by CICG.

If California is to successfully accommodate an ever increasing population, reduce or eliminate persistent poverty, alleviate congestion, and lessen pollution we will need to develop and implement successful regional solutions. I am grateful to Mr. Bollman for sharing with us his hard work and that of the other Commissioners. It is my hope that this essay can serve to stimulate a healthy and productive debate about how to develop and implement regional solutions to some of the state's most pressing public policy challenges.

Matthew Newman, Director
California Institute for County Government
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THE NEW CALIFORNIA DREAM: REGIONAL SOLUTIONS FOR 21ST CENTURY CHALLENGES

WHAT IS OUR CHALLENGE?

California is at a crossroads. Over the past century, California has in many ways come to symbolize a unique and compelling version of the American Dream. The California Dream embodied economic success for businesses and workers; social and economic opportunity for millions of new arrivals from other states and other countries; an enviable quality of life; protection of an extraordinary natural environment, up in the Sierra wilderness and down at the beach; a government at the forefront of civic reform, the wellspring of many national political reform movements from early twentieth century progressivism to late twentieth century conservatism. And largely it has been a place of self-invention and reinvention, from the great public infrastructure projects like the water and highway systems to the silicon revolution of computers and the Internet.

At the dawn of the 21st Century California is once again the great experiment, but this time on a global stage. To meet our challenge this time, we will have to draw largely from our deep stores of social capital, just as in the past 150 years we drew from our deep stores of natural capital. California's economic, demographic, and geographic diversity presents an opportunity to invent a new social and economic order that celebrates complexity and diversity and that builds the self-governing mechanisms appropriate to this new century.

That is the California challenge. Its attainment is the New California Dream.

The major goals of the challenge, all inter-dependent with each other, and all requiring *regional* solutions, are:

- **Economic Prosperity for All**
- **Social and Economic Progress**
- **Building Better Communities**
- **Enhancing Environmental Quality Now and For the Future**
- **Collaborating for Effective 21st Century Governance**
- **Enhancing Regional Security, Reducing Vulnerability, and Increasing Self-Sufficiency**

WHY REGIONALISM? WHAT IS THE 21ST CENTURY REGIONALISM?

In the 21st Century California is a state of regions. Issues once successfully addressed at a local or state level now must be addressed at a regional level. The world has changed and made our challenges regional. We compete in a global economy, region-to-region, not country-to-country. Our ethnic, racial, and income differences fragment us and isolate us from each other, and too many Californians are in dire, persistent poverty. These inequities and barriers to integrated communities are distributed unevenly across our regions. Our natural environmental resources, our air basins and watersheds and open space and habitat are at risk, and the conflict between conservation and development worsens. No purely local solutions are at a large enough scale to be effective and sustainable. On top of all this, our anticipated population growth in the decades to come, and regional and cross-regional settlement patterns, exacerbates all the problems mentioned, and stretches our current governmental processes beyond their capacity.

Though solutions must be regional, our state and local governments lack sufficient constitutional or legislative authority, or planning processes, or funding schemes, or even a degree of public trust, sufficient to tackle these problems successfully at the regional level. Though there are innovative and committed public servants and state and local public agencies willing to do so, most of the fundamental policies and practices that guide their work are from another time. They are inadequate at best and barriers to success at worst. Only a fundamentally different mode of governance, what we call *regional stewardship*, will be adequate to the challenge. Stewardship, that is collaboration among local and state government and the private and civic sectors, is the fundamental building block of 21st century regionalism.

To regain and sustain the California dream in the years to come, we need a new 21st Century regionalism: better policies, practices, and governmental and civic institutions that are aligned to support essential, and promising, regional strategies to produce and sustain world-class communities.

This new regionalism seeks to re-empower and re-engage local and state government in successful problem solving. 21st Century regionalism:

- Brings together different sectors—public, private, and non-profit—in new, more collaborative and entrepreneurial ways.
- Starts from “bottom up” self-organizing and self-definition, using functional issues to define the scope and scale of regional problem-solving, such as commute patterns to define the jobs-housing imbalance problem (and solutions), or watersheds to define water supply and quality challenges or the conservation of aquarian habitat systems.
- Optimizes regional self-sufficiency and organizes effective extra-regional (even global) working relationships.

- Draws all citizens into broad and informed regional dialogues about the future of their communities and implementation strategies.
- Assures that all solutions are measured against social and economic equity standards.
- Supports the allocation of local and state revenues in a manner that reflects the true cost of providing local and regional infrastructure and services.
- Promotes resource efficiencies: energy, land, and materials.
- Advances the idea of better government, not more government, or extra layers of government.
- Holds all sectors accountable for results—public, private, and civic—measures progress—and learns for improvement.
- Acknowledges the need for sub-regional, inter-regional, and supra-regional strategies to address specific issues that are linked within smaller or larger geographic areas or that cross regions that have more definable boundaries.

THE SPEAKER'S COMMISSION ON REGIONALISM

State Assembly Speaker Robert M. Hertzberg, recognizing California's need for a 21st Century regionalism, appointed a Commission to study and recommend new state policies that would support more effective solutions to some of California's most serious immediate and long-term issues: economic competitiveness; persistent poverty and underemployment; traffic congestion and long commutes; unaffordable housing; and loss of open space and habitat, among many others. He recognizes that many of these issues require solutions at the state and local level, but what's missing is the ability to address them at a regional scale, tailored to the unique needs of our state's diverse regions. Without that, these problems simply won't be solved.

WHY FOCUS ON STATE POLICY?

The state government's policies, regulations and direct spending are the key "driver" on most issues requiring regional solutions. Moreover, state government is the source of local government legal authority and drives the structure and purpose of most local finance, and therefore is a major determinant of whether local governments cooperate regionally. Through a series of constitutional amendments and legislative decisions over the past quarter-century, and through the devolution of much federal regulatory and spending authority from the federal government to states, the state government now has the pre-eminent power and authority to encourage, support, and even require regional solutions...or not to do so.

WHAT SPECIFIC CHALLENGES REQUIRE REGIONAL SOLUTIONS, AND WHAT POLICY REFORMS DOES THE SPEAKER'S COMMISSION ON REGIONALISM RECOMMEND?

The Speaker's Commission on Regionalism met regularly throughout 2001. The results of their work are contained in a Report to the Speaker published in January 2002. The report offers a Vision and a Statement of Principles that under gird all of the recommendations of the commission. It then offers a detailed analysis of the kinds of challenges we face, the barriers in state policy to effectively addressing those challenges, and the many state policy reforms that, taken singly and together, could overcome those barriers. In the body of the Report, the Commission offers dozens of recommendations for constitutional and legislative action, and even suggests corollary actions by the business, civic, and community sectors.¹ This essay contains a specially prepared excerpt of the Commission's report to the Speaker, including a summary of the Commission's specific recommendations.

¹ To review the complete text of the report, please visit the Speaker's Commission on Regionalism website at <http://www.regionalism.org>.

THE ECONOMY: SUCCESSFUL REGIONAL ECONOMIES

California is the fifth largest economy in the world. But in some ways that statement has no meaning, because in fact California is a state of autonomous though inter-connected regional economies. In the global marketplace, the competitors to our regional economies are not other countries, but other regional economies. Though driven by private sector innovation, workforce productivity, and finance, governmental decisions can either help or hurt the ability of our regions to compete in education and workforce investment, infrastructure planning and investment, and in the efficiency and quality of government services. Therefore, state government must be informed, attuned, and aligned to support our regional economies. The State should have a permanent, yet dynamic economic strategy capacity, aligned to support sustainable regional economies.

Key State Policy and Program Strategies

- **Economic Leadership.** Carry out the language and intent of the statute that created the Economic Strategy Panel, that is, to obtain timely information on the emerging issues and needs of regional economies and the labor force, to encourage and support data-driven public policy and investment decisions.
- **State Inter-agency Coordination.** Provide assistance and oversight to all state agencies to align state resources with state and regional economic strategies, and to drive resources closest to the “customers” in the regions, using and enhancing existing service delivery networks.
- **Assist Regions.** Provide data and technical assistance to regions to enable them to develop and implement economic strategies for their industry clusters. Support partnerships between state government and the regions through negotiated regional compacts and other approaches.

- **Special Regional Needs.** Establish a permanent state entity, modeled after the Appalachian Commission, to assist regions such as parts of the Central Valley and northern California that are now characterized by structural unemployment and under-investment, to compete in the global economy.
- **A Sustainable Economy.** Identify economic development opportunities through environmental leadership, including energy conservation, renewable and self-sufficiency strategies, investments in “green” infrastructure (urban parks, open space, economic restoration, etc), and by promoting environmentally sustainable businesses practices.

THE ECONOMY: GOOD JOBS AND CAREERS FOR ALL

California workers’ skills must match the needs of the California regional economies if they are to have successful careers and provide a high standard of living for their families. Therefore, regions must provide economic and job growth matched with projected population growth. They must create or expand businesses and value-added jobs that are competitive in the global economy. It is essential that they improve public education as the foundation of a productive workforce and high quality of life. They should invest for a trained workforce in the growth sectors of the economy, to enable workers to have satisfying careers, with income and assets sufficient to support a high quality standard of living for individuals and families. And, they must ensure sufficient economic opportunity at the lower end of the labor market to close income gaps, expand the middle class and avoid a permanent underclass. The state government is the major public investor in education and workforce investment systems and programs. Its policies and practices must be realigned to support effective regional workforce investment strategies.

Key State Policy and Program Strategies

- **A World-class Education System.** The best investment for the workforce of tomorrow is the education system. Continued improvement in educational achievement, through public school reform and public charter school innovations, is the first priority.
- **Workforce Investment: A Cabinet Agency.** Elevate the importance of workforce investment policy as a fundamental economic development strategy. All workforce related agencies, such as the Employment Development Department, the Department of Industrial Relations, and the Employment Training Panel should be linked together under the direction or coordination of a Cabinet-level workforce department.
- **State Policy.** The California Workforce Investment Board, a public-private advisory body to the Governor, should develop a comprehensive, regionally sensitive Workforce Investment Policy for the entire state workforce development system. The policy should call for a state-regional integrated, customer-driven workforce development system for all Californians, with a focus on lifelong learning opportunities and career progression.
- **Data as the Driver.** The state should produce high quality data and analytic tools, continually updated, and readily accessible. They should focus on dynamic regional economies and emerging skills requirements, mismatches, and unmet needs, and should drive new education and training strategies.

THE ECONOMY: TOWARD SOCIAL AND ECONOMIC EQUITY

While California has emerged once again as a land of opportunity, structural changes in the economy and other factors have resulted in a deep and growing disparity in family income and assets. The gap between rich and poor is growing,

and the middle class is not growing. The cost of living and social isolation have made the ideal of economically integrated communities increasingly illusory. Addressing this widening disparity is necessary not only to ensure that all Californians benefit from the State's prosperity, but also about how this gap, if left unchecked, most certainly will undermine California's long-term sustainability, security, and success. In general, state policy ought to be guided by a full and comprehensive commitment to reducing poverty and increasing social and economic opportunity, and its actions should be measured by progress toward this goal. California's next wave of social and economic progress will be made through regional approaches to the problems of racial discrimination and economic injustice.

Key Policy and Program Strategies: For Individuals and Families

- **Regional Equity.** For those who are dependent and unable to support themselves, the state government should assure that the income, services, and supports they need (often delivered at the county level) are available regardless of the local jurisdiction in which they reside.
- **Regional Opportunity.** Because work is the path to the middle class, and many work opportunities are distributed across regions, the state should encourage regional education and employment training strategies and transportation and child care policies that enable true access to opportunity.
- **Cost-of-living Strategies.** Because California is and may always be a high cost state, the state aggressively should address income and asset inequities through innovative cost reduction approaches that reduce regional and community inequities. Current examples include the Healthy Families program, providing lower-cost health insurance for moderate-income working families, and down payment incentives for first-time homeowners. Inclusionary zon-

ing and cross-subsidized multifamily housing provide affordable housing without requiring deep public subsidies. Some communities have income sensitive transit and transportation policies.

Key Policy and Program Strategies: For Neighborhoods and Communities

- **Regional redevelopment.** The state should re-examine redevelopment law to determine how to encourage, in addition to local redevelopment, innovative regional redevelopment and tax increment strategies.
- **Urban reinvestment.** The state should encourage urban reinvestment, to bring back older communities and reduce growth pressures at the urban fringe. An example of innovative policy is the State Treasurer’s proposal to create an “emerging markets” fund, to leverage private and philanthropic capital investments in California’s poorer neighborhoods and communities. The state should ensure that it sites public facilities, directs infrastructure investments, and incentivizes local planning decisions to increase investment in older, poor communities, and in a manner that benefits those communities and without displacing current businesses and residents.
- **Public participation.** The state government should assure adequate access for representatives of low-income and other under-represented communities to participate in the regional and local planning processes that influence the future of their communities, especially with respect to economic development, land use, housing, transportation, and parks/open space planning.

THE COMMUNITY: EMPOWERING REGIONS THROUGH STATE-LOCAL FISCAL REFORM

Our system of state and local financing is seriously misaligned and produces terrible local effects. An unintended

consequence of Proposition 13, adopted in 1978, is that local government finances are at the mercy of the state. To compensate for the loss of control of property taxes, localities have been forced to compete for sales tax revenue, often resulting in unsound land use decisions, building more retail than we need and much less housing than we need, and often in the wrong places. Or localities have resorted to levying fees to obtain revenue, often on housing, thus further reducing housing affordability. Moreover, there is no fiscal incentive for local government to repair infrastructure, so it must rely on new development to generate income. Counties, due to their status as agents of the state, have few locally controlled taxes to be used for local government services. The cost of services is borne disproportionately across regions, but there is no incentive for local governments to come to agreement on a regional distribution of some of local revenues to address disproportionate shares, nor to create new regional funds, from which compensation might be made. The state government itself, in its expenditures for state operations, or capital expenditure for infrastructure, does not align expenditures with regional plans (except in the case of transportation, and even here the requirement is not always honored). As a result the state government often is not a good funding partner with local governments and regional agencies at best, and in conflict with them at worst. Finally, except for school bond financing, local voters are hamstrung from financing local infrastructure with a two-thirds vote requirement.

Key State Policy and Program Strategies

Protect local revenues. To increase the power of local governments to finance local services, do sound planning and maintain sustainable development policies:

- Amend the Constitution to protect locally levied taxes from being reallocated for state purposes. That portion of property taxes allocated for local government services would be considered locally levied.

- Reduce the ERAF property tax shift by \$1 billion over ten years. This reduction should be conditioned on the adoption and implementation of regional and local “sustainable development” policies.

Encourage regional tax sharing. To revise the local finance system to neutralize the effects of fiscal considerations on urban growth policy choices:

- Within each region, local governments should, within a specific period of time, choose one or a combination of the following fiscal systems for the purpose of reducing the fiscal impacts of growth policy choices:
 - Swap with the state a portion of the locally levied sales tax for a larger share of the property tax.
 - Transfer all or a portion of the 1% locally levied sales tax to the counties.
 - Establish a split property tax allocation by land use category by increasing the amount of property tax that a city receives for specific land uses.

Incentivize voluntary, “regional home rule.”

- Within each region establish a Sustainable Development Regional Resource Allocation Fund. It would facilitate local tax sharing by ensuring that local governments within a region have the power to enter into tax sharing agreements. It could be used for projects or infrastructure of regional significance; regionally important amenities such as open space or housing; to reward localities carrying a disproportionate share of unwanted land uses; or to offset the negative consequences of the move from situs to non-situs sales tax receipt.
- Authorize through constitutional amendment the development and adoption of a regional compact that would specify the governance and fiscal choices of the region. A comprehensive regional plan should be developed on a collaborative basis involving all of the region’s communities, and

adopted plans should enable voters to approve general obligation bonds for capital purposes and tax increases dedicated to specific purposes by a 55% vote and grant countywide revenue raising authority for counties to support countywide services at 55% voter approval.

THE COMMUNITY: LIVABLE COMMUNITIES IN 2020 FOR 46 MILLION RESIDENTS

A generation ago, the state planned for and invested in the major systems that support modern economies and society: land use and housing, water supply, roads and transit, ports and airports, K-12 schools and higher education facilities, parks and open space, and adequate funding for local government to deliver high quality police, fire, health, and social services. With vision, leadership, innovation and sacrifice, California led the world in producing the needed infrastructure, the foundation for our prosperity and quality of life.

Since that time, however, the state has failed to maintain and expand these systems. Today California faces an “infrastructure deficit” estimated at well beyond \$100 billion. During the same period, we all but abandoned California’s world class approach to large scale planning. As California looks to the future, the question we face is not one of “growth” or “no growth.” Growth is unavoidable and its pace is predictable. **During the next 20 years, California’s population will grow by an estimated 12 million people—primarily from births, not immigration—an increase of approximately one-third over the current population of 34 million.** The question on the minds of the general public and public officials alike should be: how can we accommodate this growth and maintain and improve our quality of life and our economic prosperity?

Key State Policy and Program Strategies: Regarding State Government

- **Goals.** Through a statewide, regional and local consultation process, adopt clear and concise state goals, and concrete performance standards and quantifiable measures to hold state and local governments and regional agencies accountable for results.
- **Fiscal Reforms.** Adopt tax and fiscal reforms and capital expenditure strategies that require and adequately support sound planning at the local and regional level, including state budget support for local planning agencies and departments.
- **Inclusive Planning.** Ensure “planning equity” through special support and capacity building for disadvantaged cities and for community groups representing “marginalized” populations.
- **State Agency Collaboration.** Ensure collaborative, inter-agency planning among the state’s own agencies, and between those state agencies and local governments and regional agencies, and the public at large.
- **Decision Tools.** Provide the essential “tools” of good planning: high quality, accessible data, especially geographic information systems data, and other planning technologies. Provide opportunities for skills development among planning professionals, especially those working in small and rural counties.

Key State Policy and Program Strategies: Regarding Regions

- **Collaborative Regional Planning.** Adopt as the primary approach to “big systems” planning what we call *collaborative regional planning*— across local jurisdictions and across fields of interest, such as land use, housing, transportation, and open space—as the primary planning mode for “big

systems” and projects of regional significance. The Riverside Comprehensive Integrated Planning project is a model for this program.

- **Visioning.** Engage the broad citizenry to understand, envision, and support (through local tax policy and other strategies) effective regional planning, with special outreach to involve under-represented populations and communities.

SCHOOLS AND UNIVERSITIES AS CENTERS OF COMMUNITIES AND ANCHORS OF REGIONAL DEVELOPMENT

Schools and university facilities are major public facilities, and their siting, design, and use can be important determinants of community development or decay. And the strength of our neighborhoods and communities is a factor in whether we have sound regional development, or instead promote “hopscotch” new development, fleeing older neighborhoods and even jumping over newer suburbs. Too often we have seen inner city or older suburban schools fall into disrepair or abandonment, even as new “sprawl” schools are built, that is, schools located away from existing population centers, on the edge of towns and cities or out in “greenfields,” and without a broader community development planning context. Our land is a precious resource, and the siting and use of schools and university facilities should always promote intelligent community development; easy and safe access to schools for children, parents, school personnel, and supportive services; and community involvement in schools.

Key State Policy and Program Strategies

- **Orientation of School Construction Funding.** School and university facilities construction and modernization funding, whether state or local, should support the idea of “schools as centers of communities.”

- **Permanent, Reliable School Construction Finance.** Over the long term, state financing for school and university construction should be based in one or more dedicated revenue streams, with bond financing used only to assure balanced allocation, design or use enhancements, or other special school construction financing needs.
- **Joint Use and Other Efficiencies.** All public facility construction agencies, including schools and universities, should encourage joint use, and efficient use of land, materials and energy. Financial incentives should be provided for high performance outcomes.
- **Urban Reinvestment.** Cities and redevelopment agencies should anchor their comprehensive community redevelopment plans around a network of schools, encouraging middle class families to locate in older neighborhoods.
- **Comprehensive Planning.** Local general plans should be coordinated and consistent with school plans in the siting and development of housing, transportation, parks/open space, and other public facilities.

ENHANCING ENVIRONMENTAL QUALITY NOW AND FOR THE FUTURE

Californians, even more than Americans generally, are deeply committed to the environment. For many, the natural beauty and recreational opportunities are a part of the California lifestyle, the reason they moved here or stayed here. Much of the state's economy, historically and today, is based in natural resources, and in particular farming, ranching, logging, fishing and tourism, which require resource conservation and renewal to be economically sustainable.

State environmental policy is inadequate to meet future challenges in three very important ways: First, there is insufficient "horizontal" integration across different environmental fields of interest (storing recycled lead

batteries, for example, can create soil contamination; or the retreat from MTBE as a gasoline additive is a recent example). Second, there is very little “vertical” integration of environmental planning, enforcement or other public sector interventions, and as a result federal state and local governments often work at cross-purposes. Third, environmental goals are not sufficiently balanced and integrated with other economic and social goals (for example, CEQA is often used inappropriately to block affordable housing development, and only recently have we seen important advances in providing sufficient incentives for farmers to be major agents of habitat protection).

Key State Policy and Program Strategies

- **Regional and Local Data and Priority-setting Systems.** The state should continue and expand support for regionally based information programs such as the Resources Agency’s California Legacy Project. This project gathers, standardizes and organizes data on our state’s natural ecosystems and creates an analytical tool to help prioritize large areas of main ecological concern. The result will be an integrated process for setting conservation priorities and assigning fiscal resources in California’s regions.
- **Environmental Justice.** All state environmental agencies should make environmental justice a high priority, and improve access to environmental data and resources for poor and traditionally minority communities.
- **Integrated, Comprehensive Planning.** State and local governments should expand funding for programs that plan collaboratively and on a multi-stakeholder, multi-issue basis, to achieve conservation and development goals on a large-scale basis, including multiple species habitat planning.
- **Conservancies.** State government should provide incentives for the creation of regional conservancies, such as the

newly proposed Sierra Nevada Conservancy, to protect our natural lands and working landscapes.

- **Economic Environmentalism.** State economic agencies should support analyses of the comparative advantage of environmental industry clusters and business practices; the return on investment of “green” building initiatives and energy conservation practices; and the regional economic value of various actions to protect the natural environment.

GOVERNANCE: PERFORMANCE-BASED REGIONAL COLLABORATION

Though California’s challenges need regional solutions, today we have a hodge-podge of governmental rules, fiscal policies, and institutional frameworks that often discourage regional collaboration among local governments, and rarely encourage it. Since the mid-20th Century, the following deep, structural impediments to regional collaboration have arisen:

Fragmentation. Local government is increasingly fragmented among multiple jurisdictions and special districts.

State Control. The state government increasingly imposes regional planning through its own infrastructure investments, or through statutory mandates, but this is largely top-down, and not always with salutary results for regions.

Fiscal Disincentives. After decades of local home rule, Proposition 13 in 1978 removed the fiscal incentive for regional cooperation among local governments, an unintended consequence.

Willing but Weak Councils of Government. Regional councils of government do not have the regulatory power or fiscal tools (except in the case of federal transportation funds) necessary to drive or incentivize regional cooperation.

Technical Capacity. Region-level decision making and collaborative processes are unfamiliar territory for many

local elected officials and planning professionals, and the data and technological tools that would make it work are often unavailable.

Political Will. There is too little political reward for regional leadership among local elected officials. Public apathy and distrust of government is ubiquitous, ironically in part because government isn't solving the regional problems that it is not well suited to solve.

Many of California's regional civic, business, and community leaders are anxious to work with local government, but they know that fundamental reforms will be necessary if true regional cooperation is to become the norm. This is not a "blame game." It is necessary to honor the role and commitment of public servants and public institutions, but that is insufficient, because the rules that govern public decisions and implementation are deeply inadequate to the challenge. **Good people need good rules.**

Key State Policy and Program Strategies: Multipurpose Regional Governments or Collaborative Regional Governance?

A new regional government may or may not be the answer in any given region. Consistent with the Commission's strong support for a "bottoms up" approach, however, any regional consolidation should be chosen freely by the voters of a region, and not imposed by state government. For regions that do not choose regional government or consolidation of regional agencies, another pathway is possible: a promising new form of regional governance that depends largely on voluntary collaboration and teamwork; cross-sectoral partnerships (public-private-nonprofit); explicit adoption of "stewardship" values and principles, and "sustainability" goals; incentives, not mandates; good information, used properly to plan and assess results; and a network of intelligent, watchful media and civic organizations.

Specific Recommendations:

- **Negotiated Regional Compacts.** State adoption of a broad set of policy and financial incentives to encourage and support the development, adoption, and implementation of regional compacts. This could be preceded by a series of state-supported pilot demonstration compacts, addressing a wide variety of regional issues in different regions, with an appropriate matching requirement from local governments as well.
- **Public Participation.** Financial and technical support to broaden and deepen public participation in regional decision-making processes, with a particular emphasis on building the participatory capacity of “marginalized” communities.
- **Access to Data.** Improved collection, storage, organization, and accessibility of geographic and other planning data by state agencies, to support databased regional strategies.
- **Performance Accountability.** Additional research and development, and experimentation with regional performance accountability systems.

GOVERNANCE: STATE DEVOLUTION, ALIGNMENT, AND SUPPORT

Substantial state government devolution, alignment, and support will be necessary for authentic collaborative regional decision-making. To accomplish this will require the state to share power, funding, and accountability with local governments and regional agencies, and in a manner that is fully collaborative, without surrendering the state’s proper oversight role. This complicated and historic reform will entail a fundamental shift in the role and function of state government.

Key State Policy and Program Strategies:

- **State Goals.** In consultation with local governments, regional agencies, state agencies and the civic, business, labor and community sectors, the state should adopt as state policy a set of broad goals to frame California’s interest in better regional planning and outcomes.
- **Devolution of Funding Authority.** The state should consider devolving to the regional level many of the funding decisions that are better made at that level (regardless of the source of funds); however, retaining and allocating enough resources to 1) support programs and projects with larger-than-regional significance, 2) assist in balancing regional inequities, and 3) incentivize excellent regional performance.
- **Negotiated Regional Compacts.** The state should encourage negotiated regional planning compacts, through fiscal incentives from the state government and tax and capital expenditure incentives, and reward good regional planning and investment that meets state and regional goals.
- **Regional Civic Infrastructure.** The state should provide financial support to regional civic organizations that assist the public sector by on-going and broadly inclusive citizen engagement in the regional collaborative planning process, including regional “visioning” projects.

NEXT STEPS: HOW TO ACHIEVE AND SUSTAIN THE RECOMMENDED POLICY REFORMS

To advance the policy framework and the specific policy reforms proposed, California must have a supportive and effective civic and political culture, with individuals and institutions committed to carrying these ideas forward. The Commission identifies the following broad conditions necessary to create such a supportive culture:

1. Political leaders who support the 21st Century regionalism (particularly the Governor, Legislators, and city, county, and school elected officials), and who are held accountable for results.

2. Individual leaders and organizations capable of focusing on regional strategies, advocating their implementation, and monitoring results.

3. Effective public communications strategies, particularly through the regional print media.

4. Curriculum that teaches these values and ideas in K-12 schools and post-secondary education.

5. Sustained research, analysis, and discovery to learn how to improve upon these 21st Century regionalism values and ideas.

6. A California Partnership for Regions (CPR), an on-going forum for advancing the ideas addressed in this Report. To continue and deepen the work now begun, and to exemplify the new kind of public-private stewardship the Commission has proposed, we believe that the state government ought, in partnership with the private and philanthropic sectors, to create a new entity, the California Partnership for Regions.

A CALL TO ACTION

The Speaker's Commission on Regionalism offers the idea of 21st Century Regionalism as one way to meet our many challenges, and to invent, build, manage, and sustain...

The New California Dream.

Please join us.

ABOUT CICG

The California Institute for County Government (CICG) is an independent research organization dedicated to improving county government in California through research and analysis. CICG is a joint program of the California State Association of Counties, the California State University system, and California State University, Sacramento. CICG conducts empirical research projects in a broad range of public policy areas relevant to county government in California. The Institute also maintains a database of local government financial, economic, and demographic statistics, which provides researchers, county officials, and state-level policy makers with access to accurate, reliable data for use in research, public policy analysis, and decision making.



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FOR COUNTY GOVERNMENT**

CSUS Office
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