

POLICY WATCH – January 2013

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2013 is off to a fast start. Gov. Brown has laid out his priorities, with CEQA modernization on the short list. NBLC stands at the ready to support the governor and push for results this year. NBLC is also tracking the increasing wall of debt, knowing that last year’s minor pension reforms failed to make the current system sustainable. The articles below dig deeper into these issues and raise the alarm about the changing demographics of California and what it means to the future of our state. We aim to keep you informed so you can play a part in creating sound public policy!

Best,

A handwritten signature in cursive script that reads "Cynthia Murray".

Cynthia

Gov. Brown Agrees: CEQA Modernization a Priority for 2013

NBLC is part of a broad coalition representing business, labor, schools, hospitals, clean tech, transit, affordable housing and other organizations that are pushing for moderate reforms to CEQA that will preserve its original intent – environmental protection and public disclosure – while eliminating some of the misuses of CEQA that hurt job creation, community renewal and our environment.

NBLC is heartened that the idea seems to be getting traction in Sacramento. In Governor Brown’s State of the State speech, he said, “We also need to rethink and streamline our regulatory procedures, particularly the California Environmental Quality Act. Our approach needs to be based more on consistent standards that provide greater certainty and cut needless delays.” Senate Pro Tem Darrell Steinberg promised last year when he and State Senator Michael Rubio delayed a bill on modernization that he would push for CEQA modernization in 2013. And Steinberg appointed Rubio to chair the Senate Environmental Quality Committee where the CEQA bill will be debated.



Why does CEQA need modernization? Because public benefit projects like schools, hospitals and road projects that undergo extensive environmental review and meet all federal, state and local environmental laws, including the Clean Water Act, the Endangered Species Act and the Clean Air Act,

are being delayed and face increased costs – many times to taxpayers – or killed altogether because of abusive litigation that has nothing to do with the environment.

Since CEQA was passed, Congress and the Legislature have adopted more than 120 laws to protect the environment including air quality, water quality, species protection, greenhouse gas reduction, responsible land-use planning and more. However, CEQA has not received a major update to take these new laws into account. As a result, many environmentally desirable projects are being held-up by abusive CEQA lawsuits – even when a project complies with all of California’s other toughest-in-the-nation environmental laws and standards.



According to an analysis of reported court decisions by the Thomas Law Group, even when a project undergoes an extensive and

costly full-blown Environmental Impact Report (EIR), the project is rejected 50% of the time when a court challenge is brought under CEQA. No public or private business can adequately plan with 50/50 chance of being stopped by a lawsuit – an effective coin toss when millions or even hundreds of millions of dollars and jobs are on the line.

To stop this misuse, our coalition strongly supports modernizing CEQA, including:

- CEQA **continuing** to serve as the principal environmental law to ensure that all projects meet federal, state, and local environmental laws, regulations, zoning and planning.
- Governmental and regulatory agencies retain their authority to reject projects, condition approvals and impose mitigation measures that go above and beyond the law.
- When a project has met all required state, federal and local environmental laws, regulations, and planning, zoning and land-use requirements, a CEQA lawsuit cannot be brought to force additional requirements through the courts that go beyond what’s required by law.
- Project opponents could still sue or challenge whether lead agencies complied with the procedural requirements of CEQA, and opponents could also sue to ensure projects mitigate significant adverse environmental impacts not subject to local, state or federal laws and regulations.

Too often, CEQA lawsuits and the mere threat of litigation harm the type of local community renewal and environmentally desirable economic growth we need. Lucasfilm’s Grady Ranch project was abandoned by the proponent due to the threat of a CEQA challenge, costing Marin County hundreds of well-paying jobs and other economic benefits. Rather than being used to protect valuable environmental resources, CEQA is routinely used to achieve results that have nothing to do with the environment or sound planning. NBLC applauds the Governor’s efforts and those in the Legislature who agree modernization of CEQA should be a top priority in 2013.

California and Its Unsustainable “Wall of Debt”

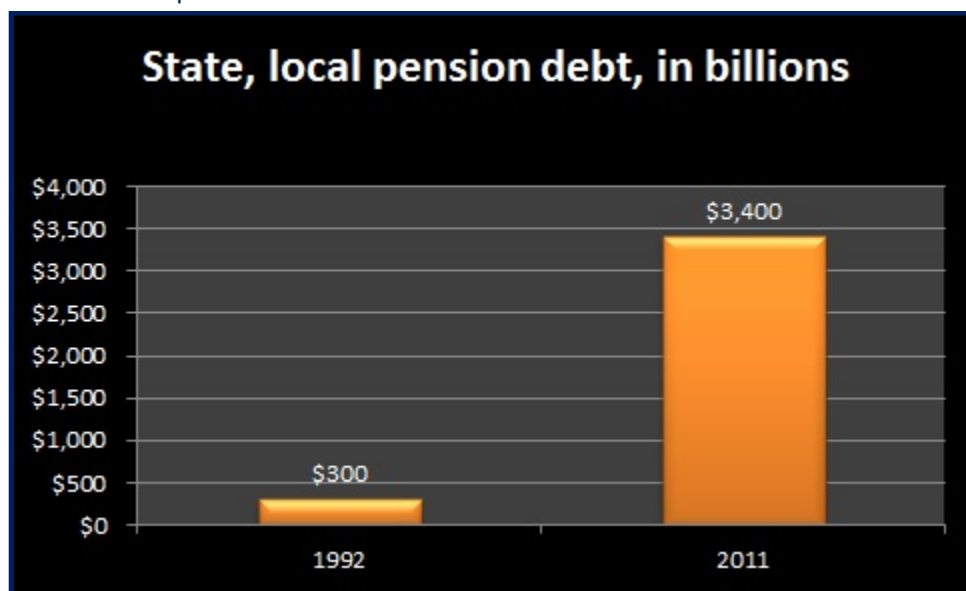
With the fiscal cliff averted for a short time by yet again kicking the can down the road, we were excited to hear that California’s budget was balanced and that Governor Brown was enforcing fiscal restraint in the



state capitol. Excited, until we read that this budget, too, is another can kicked down the road. In Steven Greenhut's "California, unsaved, speeds toward wall of debt," (Press Democrat, January 20, 2013), we learned that the proposed state budget while technically balanced, really isn't. As Mac Taylor, head of the nonpartisan Legislative Analyst's Office said, "It doesn't pay all of the wall of debt within the time period. It builds up very little of a reserve by the end of that period, and it does nothing regarding our various retirement-related obligations."

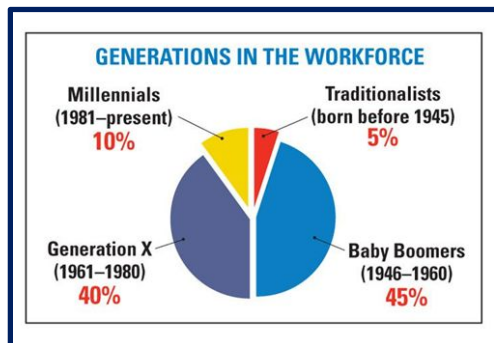
The minor tweaks to public pensions adopted last year have not "saved" California or its local governments from this wall of debt. The Los Angeles Times painted a starker picture of California's financial health: "It owes Wall Street more per resident than almost every other state. And it has accumulated a crushing load of debt for retiree pensions and health care, now totaling more than taxpayers spend each year on all state programs combined." With numerous cities now insolvent due to their pension and health care liabilities, can California really dodge this bullet? Sadly, neither the Governor nor the Democratic majority in the legislature think that more public pension reforms are needed.

The minor reforms did not make the current pension system sustainable. Critics say, "To achieve significant savings sooner and slash unfunded liabilities, lawmakers need to freeze the pensions of current workers and reduce their benefits going forward, as San Jose voters did earlier this summer via referendum. Democrats in Rhode Island also shifted current workers to hybrid plans that include a defined-contribution component."



Of course, this isn't just a California problem. "Back in 1995, the U.S. General Accounting Office (now the Government Accountability Office) estimated state and local unfunded pension liabilities at \$200 billion in fiscal year 1992 (nearly \$300 billion in today's dollars). The most recent estimate for unfunded liabilities today for these same entities comes from The States Project, a joint venture of Harvard and the University of Pennsylvania. Their report puts the number at \$3.4 trillion, plus \$1.2 trillion in health care promises to government workers in retirement which haven't been funded. On top of this is the growth in state bonded debt." Wall of debt, indeed.

Demographics Dictate California's Future



If demographics are destiny, California's changing demographics are raising alarms. Population growth has slowed and now "barely equals the national average in the past decade," according to Joel Kotkin in "California's Demographic Dilemma," (Fox & Hounds Daily, January 15, 2013). Kotkin notes that in Los Angeles, growth is little or half that level.

Couple that low population growth with outmigration, which has continued despite the recession and inability for many to sell their homes, and the fall in immigration, you begin to realize that these low numbers do not bode well for California to have the workforce it needs to maintain economic vitality. That workforce must be able to replace the high numbers of retiring Baby Boomers, i.e., be numerous, younger and educated. Unfortunately, without improving schools, creating quality jobs, and providing workforce housing, it is expected that growth will remain slow, especially in the essential younger demographic.

Cities and regions that California competes with are not seeing the same changes. Says Kotkin, "In contrast, the largest rate of growth in educated people has taken place in regions such as Raleigh, N.C.; Austin, Texas; Phoenix; and Houston. All of these cities have increased the number of bachelor's degrees at least one-third more quickly than the major California cities." One reason why educated people are not settling in California is the high housing prices. Kotkin says, "Over the past four decades, California's housing prices relative to income have mushroomed to more than twice the national average." Kotkin theorizes that the housing prices will get worse with new regulations to limit climate change that will severely limit the construction of new single family homes, as new development is pushed to higher density infill areas.

More alarming is "the decline in the numbers of children, particularly in the expensive coastal areas. Over the past decade, according to the Census, the Los Angeles – Orange County region has suffered among the most precipitous drops in its population under age 15 – more than 12% - than any large US. Metropolitan area," says Kotkin. Those numbers go against commonly held beliefs that growth in the LA region is off the charts, especially in children.



What Kotkin concludes is that "the state can't rest on its laurels if it hopes to attract and retain a productive population capable of rebuilding our state's now faded promise." State leaders need to improve the basics that families seek: quality education, reasonable housing costs and a strong business climate, if they are to have the "best and the brightest" choosing California over the other states who are doing a better job meeting the needs of families.

Members in the News

BPE Provides Clothing for Canine Companions for Independence for Presidential Inaugural Parade

Inaugural Dogs: A heap of lucky people will march Monday in the Inaugural Parade for President Obama, and so will 56 dogs.

Autodesk Expands San Francisco Offices (again) as 3D Printing Blossoms

Design and engineering software giant Autodesk will expand its San Francisco office footprint as the demand for 3D modeling and printing soars.

North Bay Leadership Weighs in on Governor's Remarks on Environmental Law

Reaction in Marin was mixed Thursday after Gov. Jerry Brown affirmed his desire to amend the California Environmental Quality Act, a 43-year-old law that has become central to the approval process for development projects.

Comcast SportsNet Bay Area Going Long on 49ers Super Bowl Coverage

Comcast SportsNet Bay Area figures that Niners fans can't get enough of the team in the run up to the Super Bowl. The cable broadcaster is going to have more than 100 hours of programming starting Jan. 27 until Super Bowl Sunday Feb. 3.

BioMarin Seeks to Test Enzyme-Replacement Therapy in Batten Disease Patients

The Novato company (NASDAQ: BMRN), which made its name with enzyme-replacement therapies that tackle virtually unpronounceable orphan diseases like phenylketonuria and versions of mucopolysaccharidosis, expects to enroll the first patient by mid-year in an early-stage clinical trial in Batten Disease.

College of Marin Academic Center Advances

Three years after a plan for a landmark building at the edge of College of Marin's Kentfield campus became mired in controversy, a more modestly designed version of the project appears to be moving forward smoothly.

Nancy Dobbs, President and CEO of KRCB-TV has Been Elected to the Palm Drive Health Care District

The Palm Drive Health Care District in Sebastopol has elected new officers for 2013.

Burr Pilger Mayer Names Curtis Burr Chief Executive Officer

Burr Pilger Mayer, Inc. (BPM), one of the largest accounting and business consulting firms on the West Coast, announced today that Curtis Burr has been appointed Chief Executive Officer in a planned transition that supports the firm's focus on continued growth. Selected by BPM's Board of Directors and ratified by the firm's shareholders, Mr. Burr assumed his new role immediately.

WBE Employees Give Service to St. Vincent de Paul Society Free Dining Room

Ten employees from WBE volunteered at the St. Vincent de Paul Society of Marin's Free Dining Room on Dec. 27 th and January 11th, to help feed Marin's struggling residents.

Read more online at www.northbayleadership.org/news



Who We Are

Over twenty years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes 44 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call 707.283.0028 / E-mail info@northbayleadership.org

www.northbayleadership.org