

POLICY WATCH – June 2017

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Welcome to summer – to go with the heat, we have some hot topics in this issue. NBLC welcomes the Sonoma County Office of Education (SCOE) to our membership! Education is always a hot topic and we are excited to have SCOE contribute to our policy work on that issue. More than ever, a quality education is the key to a brighter future. Check out the recap of the State of the North Bay conference Read below to learn more about the growing hiring challenges in the North Bay.

Another hot topic in the North Bay is the housing crisis. Whether it be housing for teachers, hospital workers or electricians, we know that the shortage of housing is impacting organizations' ability to retain and attract employees and driving potential employees out of the North Bay. For more information, see the article on how elected officials are adding, instead of removing, barriers to new housing.

NBLC wishes you a Happy 4th of July – let us join together to celebrate our democracy and the birth of America! Our freedoms have never been more precious!

Best,

Cynthia

Sonoma County Office of Education Joins North Bay Leadership Council



Sonoma County

Office of Education

North Bay Leadership Council is pleased to announce that the Sonoma County Office of Education (SCOE) is its newest member. Education is the top public policy priority of NBLC and the addition of SCOE strengthens its public policy work by bringing more focus on and understanding of the K-12 educational system.

NBLC's board chair, Patty Garbarino, said "There is great alignment between the mission of SCOE and NBLC. Both organizations want to foster student success so there is a well-educated, career-ready workforce. We are excited to be able to work more closely with the K-12 educators on this important mission."

SCOE is a partner to the county's 40 districts, providing services and oversight that help them serve roughly 71,000 students. The day-to-day operations of each public school district are overseen by a district superintendent and an elected board of education. Like the other 57 county offices of education in California, the Sonoma County Office of Education's role is to provide leadership, support, and fiscal oversight to the county's school districts.

Sonoma County is divided into 40 school districts for kindergarten through twelfth-grade (K-12) educational services. There are 31 elementary, 3 high school, and 6 unified districts. Unified districts operate both elementary and secondary schools for the students residing within their boundaries.

The county's school districts vary in size, serving both rural and urban areas. The smallest district in the county, Kashia, is located in a rural area and has about 11 students. The largest district, Santa Rosa City High, enrolls over 11,000 students in the county's most populous city.

The member representative is Steven D. Herrington, Ph.D., who was elected Sonoma County Superintendent of Schools in 2010. He believes that one of the best ways to maximize support for education is through community-linked collaborative projects. Dr. Herrington said, "Given SCOE's interest in community engagement and desire to collaborate with employers on improving student success, it is a good fit for us to join NBLC and work together on these goals."

As County Superintendent, he received on behalf of SCOE a special recognition by the White House for SCOE's Maker Certificate program for teachers and serves as state officer in the California County Superintendents Educational Services Association (CCESA).

State of the North Bay Conference Reveals North Bay's Booming with Clouds on the Horizon

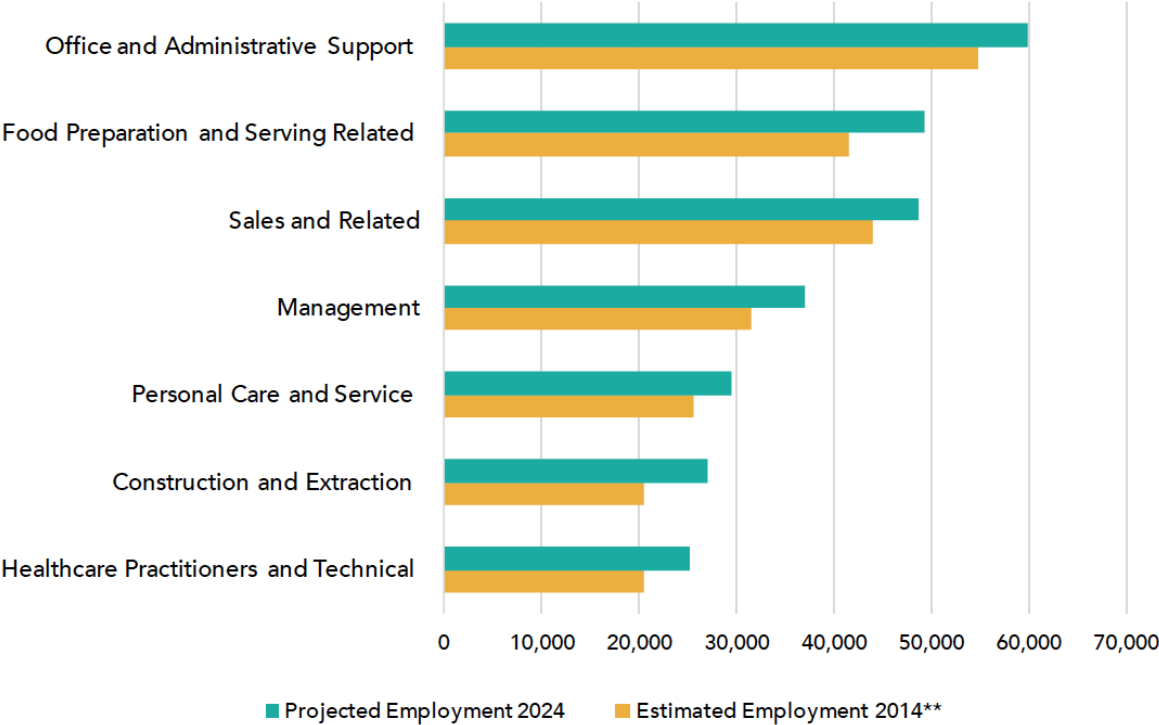


"The North Bay is enjoying its best economic times in years, but employers can expect ongoing trouble finding workers as baby boomers retire and millennials leave the region so they can afford to buy homes," reported Robert Digitale in [Expert: North Bay job market could face future crunch as millennials leave the region](#), in The Press Democrat [LINK](#). Digitale said, "Keynote speaker Micah Weinberg, president of the Bay Area Council Economic Institute, a regional think tank, said the North Bay is enjoying 'the top of the market' in terms of the current economic cycle. The region is basically at full employment, because those who remain without jobs generally lack the skills needed for the positions businesses are seeking to fill."

Digitale continued, "But the region's tech sector didn't get a boost from the robust growth that came to San Francisco and Silicon Valley. Instead, tech jobs in Sonoma County have declined 22 percent since 2000, a drop others have attributed to the dot-com bust and the exodus of tech jobs overseas."

The North Bay was the slowest region to come out of the recession, with jobs and housing valuations lagging other regions. The North Bay is expected to see over 65,000 new jobs by 2024 ... but in highly “disruptible” industries putting the North Bay at risk for future job growth being replaced by automation.

Projected Occupational Growth in the North Bay



Dr. Weinberg’s takeaways are:

- Grow your own jobs, literally and figuratively
- Think of the North Bay as distinct geography, invest heavily in indigenous companies
- Explicitly support North Bay growth to rebalance economy
- Build substantially more workforce housing
- Strongly support federal and state efforts to assist with worker retraining
- Promote non-employer-based strategies for shared prosperity

Three panelists followed Dr. Weinberg: Hamish Gray, Keysight Technologies; Jim Geist, Nelson Family of Companies and Kevin Bradley, W. Bradley Electric. Digitale said, “Jim Geist, a regional vice president for the staffing firm Nelson & Associates, said finding workers today is ‘brutal’ for employers. Those seeking skilled workers ‘have to take them from another employer,’ he said. For example, businesses seeking an accountant now making \$60,000 a year may have to offer \$70,000.”

U.S. job openings rate matches all-time high

Monthly job openings rate, total U.S. (seasonally adjusted)



Note: Rate is calculated by dividing the number of job openings by the sum of total employment and job openings.
Source: Bureau of Labor Statistics.

PEW RESEARCH CENTER

Hamish Gray described the challenges Keysight is facing with approximately two hundred engineers due to retire and the inability to recruit replacements for them in Santa Rosa. The high cost of housing, heavy traffic and shortage of engineers are contributing factors to that challenge. “We will all be competing for the same people,” Gray said.

Kevin Bradley told how his company has had to open new offices outside the North Bay that are nearer where employees live to retain them and improve productivity. And he also discussed the trouble Bradley Electric is having in finding skilled electricians and tradespeople. The need for more workers with skills that employers need, and how to do that, was a universal theme of the conference.

The conference gave attendees a clearer picture of the North Bay as a region that needs to address its housing crisis to keep companies and employees from leaving the region. It also underlined the need for more training programs to upskill/reskill current workers in anticipation of job requirements and jobs being displaced by automation.

Attendees urged that the State of the North Bay conference become an annual event. Stay tuned for when the next one will be held!

Housing Crisis Not Being Helped by Electeds



Housing is a big determinant of how well the North Bay will fare as a region. At the State of the North Bay conference, Dr. Weinberg stressed how much the housing crisis is causing millennials to leave the North Bay and impacting poverty levels. He pointed out that in Marin County a family of four with an annual income of \$105,350 qualifies as low income under federal criteria.

What are elected officials doing to help end the housing crisis and provide more desperately needed workforce housing? In [Prevailing wage rule for home builders would impoverish California, Modesto Bee](#), Kristin Olson says, “Hardworking families struggling to make ends meet are going to find themselves struggling even more if powerful, self-seeking special interests in Sacramento get their way. The past few weeks, there has been a [major charge in the state Capitol to push for expanding statewide prevailing wage mandates onto new housing construction](#) – a costly requirement that would significantly increase the cost of a home.”

Olsen says, “Data shows government-mandated prevailing wages will raise new home prices by as much as \$79,000 per unit, according to a report by the [California Center for Jobs and the Economy](#), a project of the California Business Roundtable. Such a costly mandate will worsen the already severe housing shortage in California that is responsible for skyrocketing housing costs.”

And drawing a bold line to rising poverty and the lack of housing, Olsen says, “Over the years, we have layered regulation on top of regulation driving up projects costs and make it expensive to build. This results in two outcomes:

- Housing projects are delayed or halted because the project is too expensive to move forward;
- The housing that is built is too expensive for most consumers.

Olsen says, “That is why we can no longer entertain policies that significantly increase costs – especially premium labor cost mandates, which research from [Beacon Economics](#) shows could increase housing costs by as much as 46 percent. Construction workers should be able to make a good wage that allows them to support themselves and their families, but a competitive market will take care of that.

An unaffordable housing market destroys a vital link to income growth and a path out of multi-generational cycles of poverty. Homeownership helps households build wealth and equity, provides fiscal stability to families and is often a path toward up the economic ladder.”

“The Legislature should be focused on policies that make it easier to build housing where it is needed, and reject any proposal that pushes homeownership further out of reach. We can and must do better to make housing more affordable for everyone,” says Olsen. We agree!

And making matters worse, Assembly member Marc Levine has inserted legislation into the state budget that further hinders the building of housing in Marin County. In [Marin bill SB106 shows how housing crisis was created](#), ([San Francisco Chronicle](#)), the authors lament Levine’s part in putting up barriers to new housing.

They say, “For anyone who has contemplated California’s devastating housing shortage and wondered how the state got in this mess, here’s one short answer: [Senate Bill 106](#). Of course, this single unfortunate piece of legislation is not responsible for a crisis rooted in decades of bad state and local government decisions. But the bill, which would exempt Marin County from housing density standards that apply to the rest of the Bay Area for more than 10 years, does embody the sort of parochial policymaking that has been ruinous for the state’s greater good.”

They explain, “Pushed by Assemblyman Marc Levine, a Marin County Democrat who secured a similar development dispensation for the state’s wealthiest county in 2014, the bill would extend the exemption, currently scheduled to expire in 2023, to 2028. It would continue to classify the county, including its largest cities, San Rafael and Novato, as suburban, excusing it from the high-density housing developments prescribed for metropolitan areas.”

Liam Dillon, in [What housing crisis? Last-minute bill would let wealthy Marin County limit home building, \(Los Angeles Times\)](#) says, “Assembly Bill 121 is the latest salvo in a lengthy debate about low-income housing in the Northern California county, which has one of the state’s largest gaps between rich and poor. Following a 2009 investigation by federal housing officials, Marin County [supervisors agreed to boost affordable development](#) as a way to desegregate the mostly white region. But neighborhood opposition to low-income housing continued, including [a long-stalled 2013 proposal from “Star Wars” creator George Lucas to build hundreds of affordable units on a former dairy farm.](#)”

Assemblymember Levine claims his bill will help spur housing because it takes into consideration that Marinites won’t accept higher density housing and new housing should reflect its suburban status. Levine adds that lower density projects can be less costly. “There are ideologues in housing,” he said. “What I’m most interested in is pragmatic approaches that result in more housing for the people that need it.” Housing advocates disagree that AB 121 will achieve Levine’s purpose.

Dillon says, “Today, the county’s per capita income of \$60,236 is the highest of any county in the state, according to U.S. census figures. But the average renter in Marin County makes just \$19.21 an hour and would need to work 77 hours a week to afford a studio apartment at the \$1,915-a-month market rate, according to [data from the National Low Income Housing Coalition.](#)”

“The Legislature’s ruling Democrats introduced the exemption, as the Los Angeles Times [reported](#), as part of a budget trailer bill addressing a wide variety of unrelated issues and escaping the level of public scrutiny applied to most legislation. Now before the state Senate, it was passed by the Assembly this week without a single Democratic or Bay Area lawmaker voting against it. David Chiu, D-San Francisco, who abstained, was the lone member from the housing-starved region who did not vote for the bill. ‘Every part of our state must create housing to help solve the affordability crisis,’ Chiu said in a statement, “but this policy makes that harder,” say the San Francisco Chronicle authors.

The opinion piece continues, “But it’s a result of policy, not an accident of geography, that the median price of a single-family home in Marin County is \$1.25 million, the highest in the region. The county’s population density of about 500 residents per square mile is a third of San Mateo County’s and a fourth of Alameda County’s. Marin is an extreme but by no means unique example of the forces that created the housing crisis.”

“As long as local objections to development carry the day, and Sacramento lacks the courage to override them, homelessness and other repercussions will persist. Democratic legislators have often noted that

they are considering more than 100 bills addressing the housing crisis. Sen. Scott Wiener, D-San Francisco, and Gov. Jerry Brown have made particularly promising proposals to reduce barriers to development. But the only one being rushed through the Legislature at the moment would have the opposite effect,” conclude the authors.

More barriers to creating more housing cannot be enacted or tolerated whether it be prevailing wages, project labor agreements or bad bills that allow local governments not to do their fair share of providing homes to their residents and workers. The future of our region, our state, our economy and who we are as a people depends on pushing our elected officials to support more housing and showing that the political will is there to end the housing crisis.

Members in the News

Sonoma State University to Host Academy of Wine Business Research Conference and Education Summit

The Wine Business Institute (WBI) at Sonoma State University is pleased to welcome wine business scholars and researchers from universities and wine regions around the world for the 2017 Wine Business Education Summit and 10th annual Academy of Wine Business Research Conference.

Midstate Construction Completes Canyon Ridge at Napa Junction

Midstate Construction Corporation recently constructed a new luxury apartment complex in American Canyon, CA. This project included new construction of 148 apartments in seven, three-story, wood framed buildings with an eighth building that houses the community center.

BioMarin Announces The Approval and Launch of Brineura™

BioMarin is incredibly proud to announce the approval and launch of Brineura™, an enzyme-replacement therapy for an ultra-rare pediatric brain disorder called neuronal ceroid lipofuscinosis type 2 (CLN2).

North Bay Leadership Council's 2017 State of the North Bay Conference

The North Bay is enjoying its best economic times in years, but employers can expect ongoing trouble finding workers as baby boomers retire and millennials leave the region so they can afford to buy homes.

Arrow Benefits Group Allocates \$100,000 for Donation to Place Life-Saving AED Machines in Businesses Throughout Community

Arrow Benefits Group has allocated an unprecedented \$100,000 in order to place AED (Automated External Defibrillator) machines with employers throughout the local community over the course of the next five years.

FALCK Northern California Achieves Profession's Highest Honor

Falck Northern California Ambulance Service is awarded CAAS accreditation

Congratulations to all of our Members Chosen to be the North Bay Business Journal's 2017 Women in Business Honorees

Winners were chosen based on many factors, including leadership roles in the organization, business-related innovations, vision and community involvement.

Read more online at www.northbayleadership.org/news



Who We Are

Over twenty five 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 54 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