

POLICY WATCH – January 2024

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On behalf of the North Bay Leadership Council (NBLC) Board and membership, I welcome you to the new year. I am excited about being the new President & CEO of NBLC and look forward to working with you all. I will continue to share the Policy Watch newsletter and keep you informed on the issues of interest to you and the North Bay community. I look forward to earning your trust and being a valued partner in shaping sound public policy together for our region.

I welcome the opportunity to hear from you. Please feel free to contact me directly. My contact information is on our [website here](#).

In this issue, is a snapshot of how we are kicking off 2024 at NBLC. We are looking at how NBLC is transitioning to a new CEO, taking a deep dive into the state budget and what needs to be done to get it under control given the large deficit, and looking at new housing laws that give us hope for more housing in 2024.

We also hope you will nominate a leader in your life who deserves to be recognized. And we ask for your help in reaching out to the teens to help them enter our Youth Power Speech Contest where they can earn college scholarships.

Thank you for jump starting your new year with us.

Best,

Joanne Webster

New Year, New Leadership

We at NBLC look forward to an exciting year ahead. As the new President and CEO, I am honored to be leading NBLC and building upon the great accomplishments of the past thirty plus years and moving the organization forward. NBLC will continue to lead, inform, and unite the North Bay. We will advocate for sound policies that will benefit our members, the community, and our quality of life here and form strategic partnerships to tackle the region's most challenging issues. The key public policy priorities for

2024 are housing, education and workforce development, transportation, climate adaptation and economic resiliency and competitiveness. Read full work plan here (can the 2024 work plan be a landing page on the website where this links too, pls?)

Advancing these priorities is what our membership has identified as the issues that are critically important to their success, their employees well-being and the future of the North Bay. And our members recognize that these priorities are inter-related and regional in scope which requires looking at regional solutions to achieve our goals.

NBLC is the only regional organization that is working on these solutions in the North Bay and it is compelling to be in the leadership that can solve problems and make positive change. Our membership is a group of vibrant collaborators dedicated to the prosperity, sustainability and resiliency of the community we work, live and play in. It consists of private companies, nonprofits and public educational institutions. We understand the connectedness of the needs of employers and seek to ensure the employers' voices are heard when public policy decisions are being made so that decision-makers make informed, balanced decisions. The North Bay Leadership Council is ensuring that employers in the North Bay are heard and have "a seat at the table".

We know we can't make change alone, so NBLC looks forward to working together to make the North Bay a better place to live and work for all.

State Budget Deficit: Tricks and Fixes

The state budget has swung from excess money to a big deficit. The amount of that deficit is being computed differently by the Governor and the Legislative Analyst's Office (LAO) in ways that are of concern for how well the Governor's proposed budget will really address the reality of how bad the deficit is. And unless we can find agreement on the amount the state is underwater, it will be difficult to judge if proposed cuts and delays are the appropriate way to move forward. And the success of all these strategies will solve the problem or lead to tax increases to close the gap.

"As CalMatters's Mikhail Zinshteyn explains in [Legislature's analyst praises, pans Newsom budget](#) by Lynn La ([Link](#)), the analyst's office double-checks the governor's budget number-crunching. Its initial review of Newsom's January budget proposal, puts the state's budget shortfall at \$58 billion for the 2024-25 fiscal year — much deeper than the governor's \$38 billion projection, but slightly better than the office's earlier \$68 billion estimate in December."

La says, "There are several reasons for the different numbers: For one, Newsom calculates that the state will collect more in tax revenue. Despite California tax collections falling 20% last year, the governor projects an 8% increase in the current budget year. The governor's proposal also didn't appropriately account for \$15 billion in funding reductions to K-12 education and community colleges, reports the analyst's office, as well as some other differences in spending that should be part of the deficit equation."

"In addition to the different deficit estimates," says La, "the analyst's office disagrees with part of Newsom's solution to cover the budget hole, such as his proposal to pull \$900 million from a reserve account meant to support health insurance and cash aid programs for low-income residents, and failing to lay out how reducing some education-related spending could achieve \$8 billion in savings."

Newsom is also using an old trick from his preceding Governors, the sleight of hand of delaying paying public employees on the last day of the fiscal year to paying them a day later, on the first day of the new fiscal year. That budget gimmick defers \$1.6 billion from being counted in this fiscal year.

Another concern is raised by David Crane, former Economic Czar for Gov. Schwarzenegger, who now runs Govern for California, ([Link](#)) that the Governor's proposed budget "forecasts negative reserves by the time the next governor takes office." Crane asks why Newsom proposes "to draw down reserves now even though the state is not in a recession. For what appears to be the official answer to that question, see page 4 of the Governor's Budget, which without tongue in cheek claims that the state overspent in 2023-24 because officials didn't know by the time they enacted that budget in June 2023 that tax revenues had been as adversely affected by the 2022 stock market as they turned out to be."

To view multi-year forecasts, click [here](#).

Crane has ideas on how to address the ever-growing budget and current through innovation and change. He has some good suggestions on getting the budget, and the analysis of same, under control. Crane is taking Gov. Newsom to task for failing to implement his vision in his book, [Citizenville](#). Crane says, "In 2013, then-Lieutenant-Governor Gavin Newsom published a book entitled [Citizenville](#) in which he argued for a government that kept pace with changes elsewhere in society. Asserting that "we must inject a more innovative, entrepreneurial mind-set into government," Mr. Newsom wrote that "we simply cannot have a government that relies on bureaucracy and maintaining the status quo."

Crane laments Newsom's failure to innovate but says, "California's budget deficit presents an opportunity to jumpstart Mr. Newsom's vision. General Fund Revenues for 2023-24 will still be an enviable 35 percent greater than General Fund Revenues when Mr. Newsom took office. The problem is that General Fund Expenditures grew 60 percent over that period. That presents an opportunity to cut bureaucracy and to innovate to deliver high quality services at lower cost."

"Since Mr. Newsom took office," says Crane, "the Executive Branch has added 40,000 employees and increased annual spending on salaries and benefits to \$42 billion. Mr. Newsom must know from his own experience in business that wage and staffing increases should be correlated with increases in productivity but all too often, wage and staffing increases in California politics have been correlated not with productivity but rather with political support. Mr. Newsom and legislative leaders can eradicate that craven practice by reducing staffing and salaries to levels actually needed to provide productive services. The same discipline must be applied to contractors hired by the state and any recipient of state dollars, including local and county governments who direct billions of dollars to politically-active non-governmental organizations that aren't being held accountable."

Other recommendations from Crane include:

"Another improvement would be to follow the City of Glendale's lead in eliminating unnecessary spending on health care for retired employees, which currently takes \$3.6 billion per year from the General Fund and is unnecessary because of generous subsidies available through the federal government under Medicare and Obamacare and from new employers in the case of retired employees who take new jobs."

"The greatest need for innovation is in K-12, which is the largest single expenditure of state and property tax funds and a sadly sclerotic system providing poor service to millions of California kids entering a highly competitive world. No parent in California should have to worry they are short changing their kids' futures

by enrolling them in California public schools, but most parents aren't affluent and to add insult to their injury, their classrooms are being starved of billions of dollars being diverted to pension costs that have tripled over the past decade."

Crane says, "If Mr. Newsom gets his proposed budget, the next governor could face a recession without reserves and be pressured to propose another tax increase. So if I were a candidate for governor, I'd encourage Mr. Newsom to submit a new budget that instead of drawing on reserves cuts back sharply on the number and cost of public employees since those categories have grown sharply under Newsom, require all public agencies, schools, colleges, universities and local governments to do the same and to adopt the Glendale cost-saving model for retiree health care, reduce pension promises to new employees and to current employees for years not yet worked, and aggressively import technology into the provision of government services so as to improve services while cutting back on the number and cost of public employees."

"It's the dirty little secret of California politics that elected officials distract voters with pabulum while running the government largely for the benefit of public employees who play an outsized role in determining the political futures of those elected officials," says Crane. "That's why public employee numbers keep rising while every other sector of the economy is doing more with fewer employees and boosting customer service to boot. It's time California's elected officials stopped treating public enterprises as patronage pavilions and started treating residents, students and taxpayers as customers to be well served."

Honor a Leader in Your Life – Submit a Nomination Today!!



2024 LEADERS OF THE NORTH BAY

Call for Nominations of an Outstanding Leader or Organization

North Bay Leadership Council will honor outstanding organizations, individuals and teams or partnerships for their leadership in contributing to the prosperity and quality of life in Marin, Sonoma, and Napa Counties.

**Deadline:
February 8, 2024**

Nomination Form can
be found at:

www.northbayleadership.org
or email
info@northbayleadership.org

SAVE THE DATE:
**2024 LEADERS OF THE NORTH
BAY AWARDS LUNCHEON**
Thursday, May 16, 2024
Embassy Suites Hotel
San Rafael

Categories:

United We Stand

Community Building:
Recognition of leadership in corporate philanthropy or volunteerism, civic engagement and community impact.
2023 Honoree: **Tony Crabb, Puma Springs Vineyard**

Paint the Community Green

Environmental Stewardship:
Recognition of leadership in green business, green building and/or environmental stewardship.
2023 Honoree: **United Anglers of Casa Grande**

The “Light Bulb” Went On

Innovative/Entrepreneurial Spirit:
Recognition of creativity, innovation and the entrepreneurial spirit.
2023 Honoree: **Zachary Kushel, Marin Sonoma Impact Ventures**

Closing the DEI Gap (Diversity, Equity and Inclusion)

Leadership on DEI:
Recognition of efforts to empower and strengthen the diversity, equity, and inclusion among business and uplift communities who are not being heard.
2023 Honoree: **Boys and Girls Club of Sonoma-Marin**

From Red Tape to Red Carpet

Leadership in Government:
Recognition of local governments that cut through red tape, eliminate barriers to economic growth, enhance efficiency of service, and improve the business climate through innovation and best practices.
2023 Honoree: **Eddy Cumins, SMART**

For More Information Visit: www.northbayleadership.org

Help Us Find the Teens Whose Voices Should Be Heard and Need a College Scholarship



Youth Power Speech Competition

North Bay Leadership Council Wants to Hear from Teen Leaders in the North Bay!

*North Bay Leadership Council is hosting a **Youth Power Speech Competition** for students ages 16-20. The winning applicant will be chosen to be the keynote speaker at our annual Leaders of the North Bay Awards Luncheon and receive a college scholarship.*

Winner must be able to attend the Awards Luncheon on May 16

Prizes Include:

First place winner will win the opportunity to deliver the **Keynote Speech** at our Leaders of the North Bay Awards luncheon and receive a **\$5,000** scholarship

One runner up will receive **\$1,000** scholarships

Two additional finalists will be granted **\$500** scholarships



Submission Deadline: February 8, 2024

For more information on how to enter the contest please email:

info@northbayleadership.org

North Bay Leadership Council Endorses Proposition 1-Vote on March 5th

The North Bay Leadership Council announces its support of Proposition One, also known as [Behavioral Health Services Program and Bond Measure](#). The two-pronged proposition on the March 5th ballot includes a nearly \$6.4 billion bond to build 10,000 treatment units and supportive housing.

It also asks voters to redefine how counties spend money collected from a special “millionaire’s tax” already passed by the voters, to allocate a share of it for housing for people with behavioral health illnesses.

Housing and homelessness continue to be top issues for the business community in the North Bay. Employers are experiencing an increase in crime and worried about the safety of their employees and customers from those suffering from acute mental illness and substance abuse. It is our goal to support housing for the unhoused with the goal of placing them in permanent, supportive housing where they can get the assistance needed. Our state needs to prioritize Californians with the deepest mental health needs, living in encampments, or suffering the worst substance use issues. This ballot measure will refocus billions of dollars in existing funds and provide bond funding for housing homeless individuals, those at risk of being homeless, and veterans with mental health or substance abuse disorders.

Another item we are watching closely is the U.S. Supreme Court decision to review a controversial lower federal court ruling that disallows local jurisdictions from banning camping on sidewalks, streets, parks or other public places. We will continue to update you on this item.

Housing Outlook for 2024

Ben Christopher writes in [New California housing laws aimed to streamline building process take effect in 2024](#) (Calmatters, [Link](#)), “If California wants to build its way out of its long term housing shortage, plenty of things stand in its way in 2024: high interest rates, sluggish local approval processes, a persistent shortage of skilled construction workers, and exodus of home insurers, among others. But a slew of housing bills from the 2023 legislative session going into effect on Jan. 1 promise to ease or eliminate some of the other burdens.”

Christopher says, “Among the batch of fresh housing laws are an especially high profile set by San Francisco Democratic Sen. Scott Wiener: Senate Bill 423 re-ups and expands a law that speeds up the approval of apartment buildings in which some units are set aside for lower income Californians, while SB 4 does something similar for affordable housing on property owned by religious institutions and non-profit colleges. Wiener’s two new laws set the tone of housing legislation in 2023, where ripping out barriers and boosting incentives for housing construction emerged as the dominant theme.”

“That was especially true for developers of purpose-built affordable housing, per policy analysts at UC Berkeley’s Turner Center for Housing Innovation in an end-of-year legislative summary,” says Christopher. “Lawmakers, the analysts wrote, in the continuation of a ‘remarkable run over the last several years,’ gave more flexibility to exceed or override local zoning, greater certainty on the timing and likelihood of planning approvals, and substantial relief from (environmental) review and litigation.”

Christopher says, “Other notable victories from that camp include AB 1287, a bill by San Diego Democratic Assemblymember David Alvarez, that will give developers permission to build denser, taller buildings if

they set aside additional units for middle-income earners, and SB 684, which will make it easier to divide up large parcels of land for modest clusters of townhomes and cottages.”

“It wasn’t entirely smooth sailing for the pro-development caucus,” says Christopher. That second bill, by Merced Democratic Sen. Anna Caballero, will only apply to parts of the state already zoned for multifamily housing. Historic single family home neighborhoods got a last minute carve out, leading one of the bill’s sponsors to take the unusual step of asking Gov. Gavin Newsom to veto their own bill (he didn’t). That eleventh hour switcheroo demonstrated that though the political coalition opposed to state pro-density policies are on the back foot, they are still a force to contend with.”

“In a move in the right direction, the coalition of local governments, certain organized labor groups and environmental justice advocates who fought changes to the California Environmental Quality Act, were unable to stop “a host of new laws will make it more difficult for opponents of proposed housing projects to use to delay certain types of housing projects. Oakland Democratic Assemblymember Buffy Wicks wrote a bill that instructs judges not to consider the noise of future residents as a pollutant in need of environmental mitigation, a response to one of the most headline grabbing California court decisions of the year.”

Christopher says, “Wicks’ bill, which went into effect in September, may have gotten much of the media attention, but other, similarly intentioned bills that will become law in 2024 may prove more consequential. One, SB 439, by Berkeley Democratic Sen. Nancy Skinner will make it easier for courts to slap down “frivolous” environmental lawsuits, a second, AB 1449, by Alvarez will shield many affordable housing projects from environmental review and a third, AB 1633, by San Francisco Democratic Assemblymember Phil Ting will force cities to either approve or deny a project’s environmental review within a set time limit.

And 2024 may be the Year of the Accessory Dwelling Unit as championed by Ting. Christopher says, “Sometimes called in-law units or granny flats, these pint-sized add ons have become an increasingly popular way for local governments to meet their state-set housing production goals. They’ve also come to make up a significant share of California’s new housing stock in recent years due to recent state laws that make it increasingly difficult for local governments to say no to these developments or to tack on costly requirements. Starting in 2024, a new bill by Ting may help to reshape the existing ADU market. AB 1033 will let homeowners spin off their ADUs as separate for-sale condos, so long as local governments opt in.

Member in the News

Sonoma State receives \$7.9 Million Grant for STEMACES Program to Expand Scope

A \$7.9-million grant from the US Department of Education (ED) to Sonoma State University’s STEM and Computing Education Support (STEMACES) program is the result of a decade of success building technology to enable innovative science education and make it accessible to underrepresented students.

Sonoma State University and The Federated Indians of Graton Rancheria (FIGR) Open the Learning Center at Fairfield Osborn Preserve

Greg Sarris, chairman of the Federated Indians of Graton Rancheria, and SSU President Mike Lee cut the ribbon officially marking the opening of The Federated Indians of Graton Rancheria (FIGR) Learning Center at Fairfield Osborn Preserve.

Santa Rosa Junior College's Public Safety Training Center in Windsor Receives Funds

Simulating the real-life dynamics and behavior of a structure fire is no easy task, especially when your training equipment and facilities are dated and limited.

Ultragenyx Announces Completion of Enrollment in Global Phase 1/2 Trial of GTX-102 in Pediatric Patients with Angelman Syndrome

Ultragenyx Pharmaceutical Inc. announced the completion of patient enrollment in its Phase 1/2 clinical trial of GTX-102 for the treatment of pediatric patients with Angelman syndrome (AS).

Sonoma State University Continues to Strive for Sustainability on Campus

The solar array construction project that's projected to provide SSU with 4.5 megawatts of renewable solar energy & save an estimated \$6 million in utility costs over the next 30 years.

North Bay Children's Center's President & CEO Susan Gilmore Featured in 7 Reasons to Be Encouraged About the Planet Our Children Are Inheriting

While climate change is all around us, and the projections are uniformly grim, there have never been so many local, national and global opportunities to build a sustainable future.

Ultragenyx Expects 20 percent Revenue Growth in 2024 and Profitability in 2026

The rare disease biotech company Ultragenyx says it expects 20 percent revenue growth in 2024 and profitability in 2026.

Basin Street Properties Celebrates Over 700,000 Square Feet of Office Leasing in 2023

Basin Street Properties, a prominent norther California and northern Nevada real estate investment, development, and management firm is pleased to announce a successful 2023 for office leasing.

Sonoma State to Host Oxford Consortium Workshop

Sonoma State University will host The Oxford Consortium for Human Rights (OCHR) Workshop Series: Human Rights, Activism, and Community Action from January 11 to 15.

Sutter Health Eyes Huge Santa Clara Lease in Boost for Office Market

Sutter Health has struck a deal to lease a huge amount of office space at a high-profile Santa Clara campus in a deal that bolsters the Bay Area's wobbly commercial property sector.

Burbank Housing Picked as Partner for Marin Housing Authority's Golden Gate Village Rehabilitation

The county has reached a milestone in efforts to revitalize the Golden Gate Village public housing complex in Marin City, but a new problem has emerged.



Who We Are

Over thirty 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