



Meeting of the Board of Directors

Friday, May 21, 2010

10am to 3pm

Sam Pipes Room | City of Merced Administration Building

678 W. 18th Street

Merced, California

Meeting Minutes

I. Convene Meeting and Introductory Remarks

The meeting of the California Partnership for the San Joaquin Valley (Partnership) was called to order at 10:14 am by Chair Vickie Bradshaw who welcomed all participants and expressed the Board's appreciation for the support and interaction of community members as hosts, sponsors, panelists and participants in the meeting.

James Aleru, Lee Andersen, Ryan Arba Representing Secretary Belshe', Darius Assemi, Secretary Vickie Bradshaw, Sid Craighead, DeeDee D'Adamo, Mike Dozier, Todd Ferrara Rep Secretary Snow, Fritz Grupe, Coke Hallowell, Corwin Harper, Barry Hibbard, David Hosley, Farrell Jackson, Brent Jamison Rep Secretary Leonard, AG Kawamura, Sunne McPeak, Luisa Medina, Mike Nelson, Leroy Ornellas, Richard Ortega, Pete Parra, David Quackenbush, Jeff Rowe, Paul Saldaña, Larry Sanchez Representing Mayor Ridenour, Patrick Sullivan Representing Secretary Adams, Ashley Swearengin, Robert Tse Representing the Governor's Office of Economic Development, Ray Watson, Pete Weber

II. Self Introductions

Members of the Board introduced themselves. UC Merced Chancellor Steve Kang welcomed the Board and participants on behalf of UC Merced, commending the Partnership for its work to improve the San Joaquin Valley. Chair Bradshaw thanked the Chancellor and local representatives for their continued support of the Partnership.

Sunne McPeak noted the size of the audience, commenting on how great it is to see those who are participating and holding the Partnership accountable to deliver on the 10 year plan. Commenting on the prior night's dinner on the beautiful UCM campus, hosted by Chancellor Kang and David Hosley, Ms. McPeak noted she should have taken more responsibility for asking Mayor Spriggs and Supervisor Nelson to comment on the value and contribution of UC Merced to the Valley.

Mayor Spriggs observed that he has had the opportunity to watch the UC Merced campus grow; from a foggy day watching a road grader rip up a tree park to last Saturday watching the second graduating class. Mayor Spriggs observed that the really great thing about UC Merced, is listening to the broad listing of surnames. UC Merced is the most diverse campus in the UC system, truly reflecting the makeup of this Valley and helping make an enormous impact on Valley citizenry. For academic year 2010-2011 there have been 1800 stated intent to enroll at a campus that can provide only 1500 beds. Those 1800 intended students will be in addition to the 2700 current students staying on to continue their studies. In all there are more than 3000 students living in our community. That will help the health of the community as the university grows, bringing faculty, research and development and more students. Mayor Spriggs reiterated

the need to support UC Merced in all ways we can including with the challenge for next year which will be finding enough classroom space. It's a great institution for the entire Valley.

Chair Bradshaw observed that business goes where there is an educated workforce. 21% of the green jobs are in manufacturing; we have for the first time in decades a significant number of companies coming to the Valley to manufacture in clean tech. UC Merced only adds to that as a portfolio builder; high tech businesses like to go where there is an educational structure that supports their innovation and their ever-changing technology. UC adds a huge plus in the basket to help make the Valley a viable force in the green economy.

Supervisor Mike Nelson added that he has a personal connection with UC Merced with a son in the first graduating class last year. Reflecting on the great diversity in the student and local population, the supervisor pointed out that UC Merced is providing opportunities for the local students who didn't always recognize those opportunities. UC Merced is providing a good outreach program to the region's young people to bring up the level of education in local workforce.

Ms. McPeak thanked Supervisor Nelson, Mayor Spriggs and the city and county of Merced for hosting

III. Public Remarks

The public was invited to comment.

IV. Review and Approval of Minutes

Mr. Parra moved to approve the minutes as provided; the motion was seconded by Mr. Watson and passed unanimously.

V. High Speed Rail Funding Update

Carrie Bowen, Deputy Director of the California High Speed Rail Authority (HSRA) provided an update on project activities and funding. New Chief Executive Officer Roelof van Ark will start June 1, 2010. On June 3 the HSRA Board will be updated on the Fresno-Bakersfield section with a preliminary alternatives analysis and request for narrowing alternatives. The HSRA is asking for as much support as possible from the business community and electeds. The April report to the HSRA Board narrowed alternatives to A1 and A2 (Union Pacific and BNSF corridors). The Merced-San Jose preliminary analysis is also on the June 3 Board agenda with recommendations.

Environmental work on the CV sections is under way and the Sacramento-Merced section initial AA report was provided in April.

Ms. Bowen thanked the northern valley counties who supported applications for PRIA funding which included the Altamont-SJ and LA-San Diego segments for planning and construction funds.

Ms. McPeak asked for an update on the construction timetable. Ms. Bowen responded the target of 2012 to start; construction by 2017 is required to meet ARRA funding requirements with a deadline of 2020 to put passengers on the trains.

Mr. Parra asked when the decision will be made on location of the Heavy Maintenance Facility. Ms. Bowen responded that there are two sections where sites are being evaluated and will result in a record of environmental decision/recommendation by 2012. Then construction bid packages

will determine the final site recommendation. Andrew Chesley commended the HSRA for reaching outside the San Joaquin Valley to bring to the table Sacramento County in a rarely seen partnership and collaboration. This effort resulted in excellent communication and collaboration between the Valley and Sacramento County.

Mr. Grupe asked where and what would be the first thing to start construction. Ms. Bowen answered that the sections in the first phase for construction are Los Angeles-Anaheim; Fresno-Bakersfield; Fresno-Merced; San Francisco-San Jose. The sequences will be staged but the actual sequence is as yet unclear; the Authority is doing outreach to make sure there is sufficient workforce available.

Ms. Bowen also advised that rights of way will be secured after the environmental process and concluded her remarks by noting that all this info is on the website.¹

Ms. D'Adamo suggested circulating a letter of support for the \$16 million Grant request. Mr. Saldaña moved and was seconded by Mr. Craighead that the Partnership to send a letter of support.

VI. Merced County Roundtable

Representatives from Merced County conducted a panel discussion about challenges and opportunities being faced by business in Merced County.

Andy Krotik, Realtor, Coldwell Banker Gonella Realty
Ron Lawrence, JC Penney Co Manager (Retired)
Gonzalo Rodriguez, Project Manager, Brookfield Land
Kent Christensen, Merced County Assessor

Andy Krotik, Realtor, opened the panel with an overview of the real estate market in Merced County. Mr. Krotik declared Merced proud to be a UC community and proud of the new hospital, but not proud to be the foreclosure capital of the world. Mr. Krotik, on his first day in real estate, sold brand new 1700 square foot home in Atwater for \$66,000; last year sold the same house as a bank repo for \$64,000. The California housing market and economy started to falter in 1990. On April 12, 1991 the entire identity of Merced County changed when the military base closure list was announced. The closure of Castle Air Force Base cost the county 6500 jobs and a \$269 million payroll. There was a glimmer of hope in 1995 when Merced was designated as 10th UC campus but with suppression of the military base, Merced flat lined. Then the 2000 housing boom and construction of UC brought a change of face; investors, investors, investors became the profile in real estate purchases. The opening of the UC campus was the peak of the local real estate market. Recalling another transaction, Mr. Krotik recalled the December 12, 2005 sale of a house for \$750K; the same house sold last month for \$250K; the median home price has fallen to \$99,000. In 2006 foreclosures happened at a rate of about 1 in 3 days; now there are as many as 7 a day. At present there are 800+ houses waiting to be reclaimed by the banks.

However, signs of recovery began in January 2008; buyers came back. December 2007 the market had an 18 month supply of homes; currently have a 3 month supply due to the affordability index. 83% of folks can buy a home; first-time home buyers are at the highest level (45%) since 1995 and there are definitely investor buyers, but there are few move-up buyers. 85% of the people in Merced County who have a mortgage on their home owe more on their home than it is worth. Although California does have anti-deficiency laws which preclude banks

¹ www.cahighspeedrail.ca.gov

suings for the differential between sale price and outstanding mortgage, these laws typically provide no protection for second mortgages or home equity lines or when the property is not used as the primary residence of the purchase; banks will come after short-sale holders of investment property.

Building lots continue to be available and cities are starting to do deferral agreements and fee adjustments with developers to bring the construction back.

In answering the rhetorical question of whether the worst is over Mr. Krotik noted another glimmer of hope coming with the Wal-Mart Distribution Center and potential of high speed rail, but not in the short term.

Chair Bradshaw asked if the homeowners' tax credit was helpful. Mr. Krotik responded the California Association of Realtors survey says the market is picking up; 67% said it's because prices are so low. The Federal Credit expiration was more psychological; homebuyers are out there, realtors are typically getting 3-5 offers within 3 days of listing. Appraisal guidelines are so tight even willing buyers aren't able to get the appraisal values needed.

Mr. Grupe asked what impact the unemployment level has having. Mr. Krotik noted 21% unemployment in the county, another deterrent to home purchase. Chair Bradshaw commented the state is now in its 4th month of job growth but it takes as long to get out of a recession as it took to get in; as of December 2007 we officially went into recession. The overall Valley hasn't been hit harder than other areas; statewide unemployment is at 12.6%. However the 56,000 jobs created in the last 4 months don't offset the 4 million jobs lost previously and will be a long drive up.

Mr. Grupe commented that some areas seeing job formations, and asked if Merced County is seeing any. Mr. Krotik responded that seasonal agriculture jobs always help the employment numbers blip up. He is working with a new home project in Atwater which used local subcontractors as much as possible; television coverage about the development drove large response of locals. Certain trades are almost nonexistent; there aren't any more swimming pool builders due to lack of equity and financing.

Chair Bradshaw recalled that first the construction and later financial services industries had growth between 2005 and 2007.

Mr. Andersen noted that part of the Merced housing bubble was the large numbers of homes purchased by speculators and asked for Mr. Krotik's estimate of that impact. Mr. Krotik responded that a cash investor with a lower price will usually trump first-time homebuyers and they comprise about 50% of the market. One thing Fannie Mae is doing right is the First Time First program in which the first 15 days a house is on the market offers will only be accepted from first-time home buyers.

In response to the questions from Mr. Aleru, Mr. Krotik noted that investors are mostly holding onto the properties and flip only the really damaged ones.

Mr. Rowe reported that Stanislaus County unemployment went down from 19.2% to 18.3% but the state remained constant at 12.6%. About 400 workers related to the recently-closed NUMMI plant (New United Motors Manufacturing, Inc.) lost their jobs. Tesla and Toyota have created a partnership to utilize the NUMMI plant for light electric vehicles (LEV) but that is in the future.²

² <http://www.autoblog.com/2010/06/01/full-details-on-tesla-nummi-deal-disclosed/>

Panelist Ron Lawrence introduced himself as a retired former executive of 37 years with JC Penney Co. who came to Merced as general manager of the local store. Mr. Lawrence currently serves on the economic development advisory committee for the City of Merced.

A significant issue facing business today, small and large, is the volume of workplace wage/hour and meal breaks litigation in restaurants and retail customer service. AB 60³ included new penalties for violations of work hour and meal break violations; these account for about 33% of the class action litigation in California with award requests ranging from \$1 million to \$141 million with 30-40% of the money recovered going to attorneys.

Mr. Parra asked what industries are most impacted by this kind of issue. Mr. Lawrence responded that the agricultural industry has different rules so there is very little litigation in this area but anticipates the next fray will be the exempt vs. non-exempt classification.

Secretary Kawamura concurred that agriculture has different terminology but very stringent requirements; there is no option for an employee to waive lunch or work breaks and the employer is mandated to tell employees to stop.

Mr. Harper stated this kind of update is important because his organization is already seeing the exempt/non-exempt debate. Outside of the customary employer training and staff orientation, Mr. Harper asked, what area would you recommend employers to pay attention to? Mr. Lawrence responded that it all really boils down to accurate record keeping.

Chair Bradshaw cited the example of United Parcel Service being sued by their union employees who couldn't prove they were taking their lunch. The company ultimately had to terminate employees who weren't taking, or weren't documenting, their break time because it was creating too much of a liability to prove they were taking their lunches.

Ms. McPeak asked where there is the opportunity for the enlightened common ground, for a common sense solution; how do we get to where there is sincere discussion between management and labor?

Chair Bradshaw responded that in this case it isn't really labor vs. management; in this case it's the plaintiffs' bar and the state legislature. It is those who benefit (lawyers) who do not have to live with the end result; this dichotomy has to be addressed legislatively although there have so far been 3 unsuccessful attempts to do so.

Ms. McPeak stated there should be a method for creating safe harbor against stupid rules; a way to advance a more enlightened and workable framework to address the absurdities in topics like CEQA and employment law.

Mr. Weber extended his personal view, noting the Partnership cannot be involved in advocacy. Mr. Weber recalled members of the private sector talking about forming or supporting a Valley caucus that takes a strong position against stupid things; a caucus that defines agendas and develops plans to overcome these. The legislature, absent counter pressure, will be driven by political and special interests that dominate California politics. Mr. Weber concluded that there are several people working now on an idea to work with Valley Legislators to make them responsive to the needs of their constituents even when directed differently by their party leadership; anyone interested in participating in this effort is welcome to contact himself or Mr. Grupe.

³ <http://www.dir.ca.gov/iwc/ab60.html>

Panelist Gonzalo Rodriguez introduced himself as a project manager for Brookfield Land, a master plan developer in California whose developments focus on smart growth and energy efficiency. As the public sector goes through implementation of AB 32, the Global Warming Solutions Act of 2006, the private sector needs to also get engaged and plan for these goals as well. Companies like Brookfield Land are working with communities to address the issue of reducing VMT (vehicle miles traveled) in their planning efforts but there is a gap between the planning and implementation. The challenges today are in implementing smart growth plans in the real world where old codes and regulations impede densification and reduce the ability to create urban “villages”. Planners have identified the way to reduce movement and traffic is by recreating the urban core through creation of a sense of Place. But planning for densification requires addressing concerns about slums and crime. As a society we need to get away from embracing the automobile as a planning element; one way to do this is to provide for parking the number of vehicles that we want in the area, not what we need. We need to find a way to overcome the old way of thinking, planning and mandating by providing spaces that minimize dependence on cars. For people to consider relinquishing their automobiles they need to be comfortable and safe walking their neighborhoods. In closing Mr. Rodriguez talked about the latest guide published by the Alliance for Biking & Walking⁴ “*The Alliance for Biking & Walking is the North American coalition of more than 160 grassroots biking and walking advocacy organizations. They work to strengthen state and local organizations through research, sharing best practices, training, resources and grants*”.

Chair Bradshaw thanked Mr. Rodriguez for his presentation and suggested he remain at the meeting to participate in the sustainable communities discussion.

Ms. McPeak also thanked Mr. Rodriguez for so eloquently setting forth the idea that land use design is the greenest strategy and the bedrock of being able to get to a green California. Noting that AB 32 goals cannot be met with the current strategy and planning model, Ms. McPeak noted that the San Joaquin Valley already has a viable plan: between the sustainable communities’ initiative and the Blueprint the Valley has the basis to move forward with changing planning standards. Our challenge is to clearly articulate what we are trying to achieve and then get rid of the rules that constrain and create rules that enable mobility, density and reduced greenhouse gas emissions.

Mr. Grupe interjected that the Urban Land Institute⁵ is publishing a report on the impact of SB375, similar to the report they did on the impact of CEQA reform.⁶

Merced County Assessor Kent Christensen, who took office in December 2006, addressed the topic of the California Land Conservation Act of 1965--commonly referred to as the Williamson Act. The Williamson Act enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments which are much lower than normal because they are based upon farming and open space uses as opposed to full market value. Local governments receive an annual subvention of forgone property tax revenues from the state via the Open Space Subvention Act of 1971.

Merced County is a relative newcomer to the Act; the shifting of tax dollars due to ERAF⁷ made viable the implementation of the Act to benefit farmers and ranchers. The County determined it

⁴ <http://momentumplanet.com/articles/guide-to-complete-streets-campaigns>

⁵ <http://www.uli.org/>

⁶ [http://www.uli.org/~media/Documents/ResearchAndPublications/Reports/Sustainable%20Development/SB375I
mpactAnalysisReport.ashx](http://www.uli.org/~media/Documents/ResearchAndPublications/Reports/Sustainable%20Development/SB375ImpactAnalysisReport.ashx)

⁷ In 1992, the State of California found itself in a serious deficit position. To meet its obligations to fund education at specified levels under Proposition 98, the state enacted legislation that shifted partial financial responsibility for

was receiving only sixteen cents on the dollar with the fire fund receiving an additional 7.1% it thus became viable to implement the Williamson Act with no loss in revenue to the county. In fact, subvention revenues would exceed tax loss and the county's general fund would benefit along with tax savings to farmers and ranchers. At that time a decision was also made to enact Section 423.3 of the California Revenue and Taxation code that guaranteed a reduction of 30% from the base year for prime land and 10% reduction for nonprime land. This accomplished two purposes; it made all lands to be enrolled eligible for subvention made all lands to be enrolled eligible for subvention and incited low base value land owners to apply knowing they would realize benefit by enrolling. Within 9 months 701 contracts were accepted, resulting in 338,000 acres placed under contract that first year (2001). Subvention resulted in a \$560,000 gain over what would have been received without the Williamson Act. Additional properties have since been enrolled and properties changed base years so that by 2009 the assessed value reduction to the assessment roll is a little over \$573,000,000 on 3,643 parcels. The increase in value is due to additional properties that have been enrolled along with those that have been reappraised since 2001. Additional tree and vine plantings have also increased the values. However, the 2009 subvention payment was zero and the loss in tax revenue was \$1,324,000; just shy of what the 2009 subvention amount would have been if paid at full value of \$1,463,192.

The University of California Cooperative Extension office says that every dollar spent in the farm economy returns \$4. Approximately 46% of the eligible Merced County land is under contract but most of it is in very rural areas; not much under contract along prime areas. If the Act is intended to preclude premature conversion of farmland the question becomes how to incent owners to place their land under contract, with or without State subsidy. At present it appears there are property owners unaware that the Williamson Act is available to them. There are also land owners who are afraid of losing control or rights to their property and there are those who believe it is not a significant enough reduction to tie their property up for any length of time. Of importance to note is that in 2009 the Merced County Board of Supervisors reduced the guaranteed reduction of 30% and 10% to 5% and 5% for both prime and nonprime land. This means an approximately \$75 million increase in assessed value for 2010.

Secretary Kawamura interjected that there is a strong group of agriculture advocates and conservationists working on this issue. It was a tough decision for the Governor to remove the State allowance for subvention. In 1949 Orange County was the number one agricultural county in the state; when farmers look to the future and don't see viability of the farm for subsequent generations they are reluctant to commit to constraints in order to remain nimble. We cannot speak of the Williamson Act in a silo; must also look at the impact of regulations and constraints on processors such as Grimmway Farms whose recent challenges with carrot rinse water were a topic at the last Board meeting. In addition there are workers' compensation issues that must be addressed; it is important to align ourselves with the future that we need. The purpose of this strategic partnership is to daylight some of the illogic and poor planning that impacts our future. Active agriculture is about 1% of the nationwide population; it is important to keep people conscious of what impacts those producers. Agriculture will not disappear from the state but certain commodities have and will continue to leave due to onerous regulations.

In conclusion, the Secretary admonished, "Don't think that change like Orange County's change can't happen here".

funding education to local government (cities, counties and special districts). The state did this by instructing county auditors to shift the allocation of local property tax revenues from local government to "educational revenue augmentation funds" (ERAFs), directing that specified amounts of city, county and other local agency property taxes be deposited into these funds to support schools.

Mr. Aleru, confirming the contract period for the Williamson Act is still 10 years, asked what the penalty is to get out of the Act. Mr. Christensen responded that most counties have a 12.5% penalty; Merced County's penalty is 25% of current value based on speculation of future value.

Supervisor Nelson thanked the panel members for their participation and noted that he has many of the statistics cited by Mr. Christensen if Board members would like to receive them directly.

VII. Water Panel

Supervisor Watson opened the water panel discussion with a reminder of the work group's history. In its original Strategic Action Proposal the Partnership was charged to develop and implement an Integrated Regional Water Management Plan (IRWMP) for the San Joaquin Valley. The premise for development of the plan is whatever we do here should work with our neighbors to the north and south. The water work group planned and negotiated with the 8 Valley counties and adopted a water plan framework in November 2009. Sarge Green of the California Water Institute (CWI) has worked up and down the Valley to help water agencies, districts and individuals understand and comply with the spirit of the Executive Order.

Supervisor Watson noted that today the Board will learn if the framework is consistent with the Department of Water Resources (DWR) and the state water plan. The San Joaquin Valley is developing a framework of sources and uses of water to help determine what constitutes adequate water supplies which rely heavily on conservation and re-use. Jim Tischer and Supervisor Watson presented the framework to Resources Secretary Snow and DWR for review; the entire Partnership is anxious for their feedback. Sarge Green will update on what is happening in the field; Paula Landis talk about how our framework will integrate with plan; Kamyar Guivetchi will talk about how our plan will integrate with DWR's plan.

The presentations will be followed by discussion about some of the work of the Partnership in collaboration with the 5 Delta counties, a critical part of the State's water plan. Sarge Green will close with a discussion on the water bond and share interpretation of that.

Sarge Green opened the presentation with the announcement that this year's rainfall was at 143% of average; El Niño has been good to the Valley in terms of spacing and volume. However, four 95 degree days in a row will cause the snowpack to come down in a hurry. Despite the generous rainfall levels only 45% of the contract water amounts are available to Westside growers due to the ongoing challenge of pumping from the Delta. In addition to its work in implementing and tracking IRWMP goals, CWI has been involved in assisting with the San Joaquin River restoration process. The factor most limiting to the restoration has been seepage out the banks into neighboring lands; they are learning a lot about running a river again. CWI is also assisting with the Central Valley flood protection plan; doing regional work to integrate flood management into the rest of the regional plans.

Paula Landis commented that there is a tremendous amount going on in water world and commended the Partnership for the great work done bringing such diverse entities together over such a great area. The initial Proposition 13 and Proposition 15 funding supported a lot of learning as to what defines and qualifies as a region. The final guidelines and the proposal solicitation package (PSP) for Group I (Delta Region Projects) will be released soon.⁸ Any group that wants to apply for Proposition 84 funding may do so; of the 46 groups, 35 are approved, 11 conditionally approved. In the Valley's 8 counties there are 16 different IRWM groups. The Santa Ana Watershed and North Coast groups exactly overlay their funding areas and so were able to become a single IRWM. The San Joaquin Valley has a lot more diversity than those two and in

⁸ http://baydeltaoffice.water.ca.gov/sdb/prop84/index_prop84.cfm#Guidelines

order for any of the 16 in the Valley planning area need to have an IRWM that competes for the funding and must go through the same process and meet the same criteria as the others. Ms. Landis extended a word of caution for any group that proposes itself as the umbrella must have buy-in from everyone – each of the individual IRWMs has to agree to be a part of the umbrella IRWM. Water use efficiency and flood protection are part of the requirement for accountability of sources and uses for water supply; 20 by 2020 goals drive to the overall requirements. *On February 28, 2008 Governor Schwarzenegger wrote to leadership of the California State Senate, outlining key elements of a comprehensive solution to problems in the Sacramento-San Joaquin Delta. The first element on the Governor's list was "a plan to achieve a 20 percent reduction in per capita water use statewide by 2020." In March 2008 the 20x2020 Agency Team was convened to develop a plan to achieve a 20 percent reduction in per capita urban water use statewide by 2020. The final 20x2020 Water Conservation Plan, dated February 2010, has been released.*

In response to a question from Ms. McPeak, Ms. Landis advised that there is a monthly meeting of the regional leaders.

Kamyar Guivetchi was appointed Manager of DWR's Division of Statewide Integrated Water Management in August 2008. Prior to that assignment Mr. Guivetchi managed the Statewide Water Planning Branch beginning in November 2000 where he managed DWR staff work and coordination with agencies, stakeholders and the public to update the *California Water Plan* (Bulletin 160) in 2005 and again in 2009 . During his 31 years with DWR, Mr. Guivetchi has worked on over 25 projects with the Central District, Office of State Water Project Planning, and the Division of Environmental Services as Program Manager of DWR's Suisun Marsh Program. At the end of March, 2010, DWR released the 2009 water plan highlights document (currently at the printer) and will provide copies for the Partnership Board when available (*note: copies will be provided at the August Board meeting*).

In 1945, the California Legislature authorized an investigation of statewide water resources. The work, conducted by the Division of Water Resources (DWR's predecessor) under the Department of Public Works, led to the publication of three important bulletins: Bulletin 1 (1951), "Water Resources of California," a collection of data on precipitation, unimpaired stream flows, flood flows and frequency, and water quality statewide; Bulletin 2 (1955), "Water Utilization and Requirements of California," estimates of water uses and forecasts of "ultimate" water needs; and Bulletin 3 (1957), "The California Water Plan," plans for full practical development of California's water resources, both by local projects and a major State project to meet the State's ultimate needs. The California Water Plan turns 53 this year. The California Water Code requires the Department to publish an update of the *California Water Plan* every five years. Bulletin 160-98 is the latest in a series of water plan updates. The Bulletin 160 series evaluates water supplies and assesses agricultural, urban, and environmental water uses to quantify the gap between water supplies and uses. In response to public comments on Bulletin 160-93, the main focus of Bulletin 160-98 was to evaluate options for meeting the State's future water needs. The Governor and Legislature have expressed increasing interest in the water plan with the Legislature inserting a footnote that nothing in the plan is an automatic mandate or is automatically funded. The theme of the 2009 update is integrated water management and sustainability. Specific directives include requirements to protect water quality and be good stewards to the environment that depends on water for its sustainment; assist and empower the regions to be in the drivers' seat in developing their own plans in an integrated and interregional context and structure and to provide a framework for planning and an array of strategies for regions to use in different mixes to develop their own plan and allow them to be more self-sustaining.

Input to the State's Integrated Water Mgt Plan comes from DWR and 21 State agencies. There has been a shift in approach from the traditional "extraction model" which calculates how much water is needed, what is the supply and take the difference from the environment. That model has had unintended consequences to the environment and other resources and it is clear there must be an approach that seeks sustainable outcomes across the state with flood management an integrated part of the plan.⁹

Mr. Parra asked if the disadvantaged communities have been identified and what outreach efforts are being undertaken. Mr. Guivetchi responded that the definition of "disadvantaged" is different depending on which agency you're talking to. Members of the 46 regions know locally where the impoverished communities are; they must self-identify as disadvantaged and must have a seat at the government structure. Supervisor Watson noted the work group will identify those not in the program and get them engaged.

Ms. D'Adamo reflected on Mr. Green's comments about water allocation and how serious a problem the 40-45% water allocation is, expressing appreciation for the work of Congressman Costa's office (Vince Roos) and Senator Cogdill's office (MaryAlice Kaloostian). Ms. D'Adamo continued, noting that passage of the water bond is critical; we need State or Federal matching dollars to make these things happen.

Secretary Kawamura commented on the amazing amount of work within the State Resources department under former Secretary Chrisman and now under Secretary Snow resulting in significant progress toward enhancement of protection of the State.

Secretary addressed the water panel asking their expert comfort level in considering rising sea levels and the possibility of a seasonal warm surge that increases snowmelt. The old paradigm was to get flood waters out to the ocean as fast as possible. New paradigm is to determine how to get flood-stage waters distributed out to recharge aquifers

There are real concerns in the Delta about demands being placed on the Delta. For the first time in 50 or so years, the groups from the San Joaquin Valley and the Delta have had meaningful discussions and found a number of things to work on together such as conveyance, dredging, SB808¹⁰ and levee repair. A major concern is the water bond itself which addresses funding needed to improve the Delta and take care of conservation and reclamation projects around the state to relieve some of the pressure on the Delta. It is imperative that everyone get behind the water bond.

Mr. Green advised that the legislative package includes two significant elements; first, a paradigm shift which puts new policy into statute that there be co-equal goals in the Delta for water supply and eco system restoration so bond money has to flow to meet those two principles. The second element is the requirement for direct expenditure (Propositions 84 and 108). In summary; the water bond will repair the existing water grid which is 60 years old with broken substations in a way that meets co-equal goals and fills in the spaces where there are deficiencies.

Supervisor Watson moved that the Partnership Executive Committee draft a letter of support for the water bond and circulate the letter to the Board for approval. The motion was seconded by Mr. Parra. The motion was approved unanimously.

⁹ <http://www.waterplan.water.ca.gov/previous/b160-93/TOC.cfm>

¹⁰ http://info.sen.ca.gov/pub/09-10/bill/sen/sb_0801-0850/sb_808_cfa_20100518_162153_asm_comm.html

VIII. The Master Plan at 50: Assessing California's Vision for Higher Education

Presenter Judy Heiman prepared the Legislative Analyst's Office Report, "The Master Plan at 50: Greater than the Sum of Its Parts – Coordinating Higher Education in California". Ms. Heiman observed that the Partnership's efforts exemplify the actions the State needs to take in the area of education. Just as the Partnership is a public/private entity, the public education system needs to be in partnership with public and private industry.

Copies of this report are available at the LAO website.¹¹

Ms. Heiman noted the need for alignment of California's higher education system with the state's needs and goals; improve student outcomes and increase the number of professional credentials produced in areas needed. Successful coordination in other states such as Texas, Ohio and Indiana has led to improved outcomes for students and states.

Specific recommendations within the report include:

- Adopt a clear public agenda for higher education, with specific statewide goals that can serve as the framework for an accountability system design to align higher education performance with the state's needs.
- Set regional goals for targeted planning accountability, noting large regional disparities are masked by state averages
- Ensure that the spirit as well as the letter of SB 1440, Student Transfer Achievement Reform Act, be implemented to ensure smooth transition with an associate degree from community college to guaranteed admission at California State University with a major without required repeat courses.
- Reform the California Postsecondary Education Commission or replace it with a new coordinating body to help create higher education policy leadership for California.

Ms. Heiman noted the Partnership and the Central Valley Higher Education Consortium (CVHEC) are making great strides. Ms. Heiman encouraged continued effort on the student-focused policy changes and admonished the group to be at the table for the process of setting the state agenda for higher education to ensure the needs and aspirations of the Valley are represented. Commending the accomplishments of the Partnership and CVHEC, Ms. Heiman asked to be kept informed of progress which can be used as a model for the rest of the state.

Ms. D'Adamo, referring to page 8 of the document, paraphrased a section; *"...policymakers and analysts acknowledge the need for a larger proportion of the population to attain two-year and four-year degrees to support the state's economy. Yet, the universities currently are expanding graduate programs while attempting to restrain enrollment in undergraduate programs. New graduate and professional schools of medicine, law, nursing, public policy, and global health are currently under way or in the planning stages. This is one reason external mechanisms are needed – to setter institutions away from particular actions that diverge from the public interest"*. Ms. D'Adamo asserted that the UC Medical School is not at all a divergence from the public interest in the face of statewide shortages in health care providers. Referring to page 17 of the same report, Ms. D'Adamo asked for rescission of the fifth paragraph which refers to, *"...the development of a new UC campus at Merced, using primarily a regional rationale, is another example of mission creep. The CSU system has traditionally served regional needs, whereas UC campuses have drawn students from across the state"*. Ms. D'Adamo again noted that while the Valley is significantly underserved when compared to more urban areas, it is the statewide shortage of health care providers being addressed by UC Merced Medical School.

¹¹ www.lao.ca.gov

Mr. Harper asked what drove Texas and Ohio to change, noting that Texas is one of California's largest competitors for work and workforce. It behooves us to create a pain point for ourselves to drive similar change.

Ms. Heiman responded that Texas did a very comprehensive study, starting with a demographic analysis and assessing future workforce needs, and then set a strategic plan to address resulting goals such as reducing racial and ethnic achievement gaps and targeting performance levels. Ohio looked at its post-industrial economy and determined that education is the answer to its economic survival. Ohio focused on getting more students through college, keeping more college graduates in the state and attracting more to the state; then tied their strategy and funding to their goals.

Secretary Bradshaw commented that alignment of classes so students don't have to repeat as they change institutions would save a lot of money.

Mr. Weber commended Ms. Heiman for her work on the report and thanked her for presenting today. Mr. Weber echoed Ms. D'Adamo's request to re-visit some of the inaccuracies reflected in the report which seems to have a fundamental misunderstanding of the impact of the UC Merced Medical School for the Valley and the State. Mr. Weber asked Ms. D'Adamo to include UC Merced in the discussions with Ms. Heiman.

Mr. Quackenbush averred that the issue of the medical school and health care is what his organization does on a daily basis. The health centers his organization represents currently have a shortage of health care providers; the health care bill further ensures a built-in shortage. It is vital that the Partnership continue to focus support on the medical school at UC Merced. It is absurd the debates and discussions that the UC system has; the system as structured now requires each UC campus to advocate for itself. The simple fact that UC Merced is the most diverse campus in the entire UC system drives to an ethnically, culturally and linguistically diverse group of practitioners. Health reform and health care issues must stay at the top of the Partnership priorities list. When people are unemployed they go to health centers because they don't have to pay. Mr. Quackenbush concluded by saying the LAO has a vital role to at least facilitate the discussion.

Luisa Medina noted that the diversity of the UC Merced student population means diversity in our work force, especially in the field of health care which benefits us all.

Ms. D'Adamo proposed that the Partnership provide a letter of support for the UC budget request in support of the UC Medical Center. Mr. Andersen and Ms. McPeak seconded the motion.

IX. Consolidated CEDS for the Valley

Mr. Saldaña advised the Board that today will mark completion of the process begun a year ago by request of the EDC to develop a Comprehensive Economic Development Strategy (CEDS). Under a grant from the EDA the CEDS was developed at the county level and combined at the regional level. Consolidation of county-wide economic development strategies supports regional designation as an ED district which results in eligibility for grant funding. The effort received initial support from the EDA in creation of the district as well as support from the Governor and congressional delegates. It is now time to close out this grant for which the Partnership Board serves as a strategy committee. Mr. Saldaña requested formal approval by the Board to move forward with closing out the grant and creating the ED district.

Mr. Ortega moved for formal approval of the CEDs by the strategy committee which is the Partnership Board of Directors. Mr. Craighead seconded the motion, and the motion was approved.

Mr. Assemi arrived to announce a \$55 million award for the braided ramps project.

X. Secretariat Report

Mr. Weber announced that the Partnership is now pursuing another Executive Order to ensure continuity of leadership by migrating to a staggered Board. The Governor is expected to sign the new Order which may happen at the RJI Annual Meeting (May 26, 2010). Mr. Weber encouraged all Board members to plan to attend the RJI event.

Secretary Bradshaw confirmed that the Governor wants the Partnership to survive into the future and he wants to sign the executive order in the Valley with as many Board members in attendance as possible.

Mr. Dozier advised that Secretariat staff needs to reduce workload and proposed to move to a biannual report and biannual meeting. This will allow time later this year to work with the new Administration on a transition plan.

Mr. Hosley advised that the absence of state funding eliminates the requirement for an annual report.

Secretary Bradshaw recommended the Board appoint a designee to serve as an advocate within the new administration. Mr. Ortega offered his assistance with the communications and transition plans.

Mr. Dozier reported that the Partnership letter to legislators regarding NSP and CEC garnered lots of attention and there will be an NSP3. Mr. Weber is now working five initiatives that may result in retrofit funding with Air Quality and the CEC.

XI. Sustainable Communities

Rollie Smith (HUD) Fresno Mayor Ashley Swearengin, City of Fresno Assistant Director Keith Bergthold, and City of Clovis City Manager Kathy Millison comprised the discussion panel.

Mr. Smith reminded the Board that the Department of Housing and Urban Development (HUD) is launching a \$100 million Sustainable Communities Regional Planning Grant¹² program designed to create stronger, more sustainable communities by connecting housing to jobs, fostering local innovation and building a clean energy economy and the NOFA (notice of funding availability) will soon be announced. Regional Planning grants will be awarded competitively to multi-jurisdictional and multi-sector partnerships as well as regional consortia consisting of state and local governments, metropolitan planning organizations, educational institutions, non-profit organizations and philanthropic organizations. Grant applications, which will be reviewed not only by HUD, but also by the Department of Transportation (DOT) and the Environmental Protection Agency (EPA), are due August 23, 2010. Awards will go to 10-15 regions in the nation with an eye to those facing challenges with urbanizing in traditionally agricultural areas that work to avoid urban sprawl and create sustainability.

Mr. Smith recommended combining the Partnership's Land Use, Housing and Agriculture work group with the regional policy council to create a partnership to address the Sustainable

¹² http://portal.hud.gov/portal/page/portal/HUD/press/press_releases_media_advisories/2010/HUDNo.10-133

Communities Initiative. This combination brings together constituents from transportation, land use and sustainability. In order for the next logical step of the Blueprint to come to fruition, the cities are responsible for the form our communities take. This is a process that can go from plan, Blueprint, to reality.

Mayor Spriggs and Mr. Nelson recommended the Board vote to approve the transfer of the LUHA convening role from GVC to the Regional Policy Council; Mr. Weber recommended not voting in the absence of Barry Hibbard, convener of the LUHA work group.

In conclusion, Mr. Smith presented a draft report to the Board with a request that the Board act on three points outlined in the Smart Valley Places proposal.¹³

Mayor Swearingin commented that the finish line we're trying to cross is not getting the grant; it's crossing the finish line of getting the cities to achieve the vision of the Blueprint with updated general plans and actions consistent with policy of the Blueprint.

Mr. Parra asked, in the absence of the NOFA, if it's known that State and Federal regulations won't be in conflict with the regulations being levied. Mr. Smith responded that no such conflicts are expected.

Mr. Nelson asked Mr. Smith to ensure that all the cities and counties are involved in developing any application to be submitted.

Mr. Saldaña confirmed that Secretary Donovan is actively encouraging regions to develop but recommended amendments to the Smart Valley Places request prior to Board approval.

Ms. McPeak, responding to both Mr. Nelson and Mr. Saldaña noted that the objective of the Partnership is to ensure respectful, meaningful engagement and consultation without dictation. The Partnership hopes to sustain a role not of applicant of record but more of consultation, responsible to ensure that all the parties are involved and that the Partnership itself is grappling with the issues the cities themselves are grappling with. Ms. McPeak noted that improvement of CEQA and NEPA is one of those byproducts or work products to aid in the implementation of the plan.

Mr. Saldaña clarified his suggested amendments as follows:

- The Partnership endorses the concept of Smart Valley Places without articulating the specific goals cited.
- The Partnership Board of Directors should serve as the directorship of the Smart Valley Places and allow all the work groups to participate.
- The third point, authorization of Partnership Lead Executive to negotiate and approve an agreement is okay as written

Ms. Millison spoke to Mr. Nelson's point of including rural the communities in planning and implementation of sustainability in our metro areas. The context of metro areas adjoining rural communities is largely unique to the Valley. Our economy is logistically based and is presenting a huge challenge in greenhouse gas reduction; we cannot leave out the rural communities because of their integration into an agriculture based economy. Ag will continue to be a base in the Valley for a long time; it is important to bring focus to how to address these new pieces of legislation to our advantage because we are not like any other area.

¹³ See attachment, *Smart Valley Places* – Draft Report for the Partnership Board Meeting – May 21, 2010

Ms. Medina, speaking for the record, is extremely supportive of the request as being made and most impressed with the discussion taking place. It is not lost to the individual players the rural nature of the Valley and the need to be certain to include those small towns along with the big cities.

Mr. Weber affirmed this to be a remarkable discussion and significant milestone of alignment in the history of the Valley and confirmed his support of the proposal here.

Mr. Quackenbush confirmed he is impressed by the collaboration and stated his support of the initiative but asked to hear from Mike Dozier about incubating this initiative and what has happened. Mr. Dozier responded that the Secretariat office initially had concerns about how to administer the program under the Partnership name but those concerns have been assuaged and the office is favorably disposed to support the proposal.

Mayor Swearingin noted “we are a coalition of the willing” but cities are nowhere near acceptance of the concepts laid out in the Blueprint. Part of the tension around this issue has been that the cities just want to run off and be by themselves. Mayor Swearingin asked the Board to please understand that cities have a long way to go to change their laws, change their way of doing business and cross that finish line.

Mr. Assemi extended his thanks to the City of Fresno – Keith Bergthold – for making a proposal to the BIA (Building Industry Association) about sustainable building in the city of Fresno. Mr. Assemi recommended that kind of leadership and communication be adopted at all cities to keep open the lines of communication between leadership and business.

Mr. Grupe commented that the dreams of sustainability are great but then you have to go implement them. Agreeing with Mayor Swearingin, Mr. Grupe noted you get going on something and build and build on it until suddenly it’s unaffordable any more. Urban developers are hearing about “inclusionary urbanism”¹⁴ but you have to be sure there are people in the room who say “I could do this if you really do pass all these requirements”. We should move forward with this but need to be able to pay for it

Mr. Parra asked if the cities and counties would be consulted when responding to the NOFA; Mr. Jackson reminded the group that there is a north end of the county that has not been included in the discussions as far as he knows. Mr. Smith confirmed that cities will be consulted; counties will not.

The motion is to authorize the Director to work with the compact to move forward in pursuit of the NOFA and then come to EC with a recommendation.

Sunne – if we vote today as made today – to declare our intent to be the role of applicant when the NOFA comes out and follow back up with the EC and ultimately to the Board. Experience with Federal NOFAs is we have to be prepared for a long notice time and short response time. We want a sense of the Board’s thoughts prior to the issuance.

Ms. D’Adamo asked if the resolution could be amended to provide for additional outreach to cities that were not included in the discussions and to address some of the concerns of the counties. As a member of the ARB it is important that a resolution or motion like this survive. It should be consistent with the Blueprint and every region in the state will be required to comply

¹⁴ **Inclusionary zoning:** A system that requires a minimum percentage of lower and moderate income housing to be provided in new developments. Inclusionary programs are based on mandatory requirements or development incentives, such as density bonuses.

with SB 375 – this initiative will be a tool to facilitate compliance with SB 375. Those that haven't had the opportunity to learn about this may concur that this would be a good tool for assistance.

Mr. Saldaña confirmed having concerns as those being expressed and recommended the Board endorse the concept and make sure the Partnership and work groups are involved in the concept of going through the process.

Mr. Nelson interjected that the problem is this issue is an action item on the agenda but the background material was not available until the meeting itself.

Mr. Harper proposed the Board take the handout for review and research then have a Board conference call and vote once the proposal has been reviewed

Secretary Bradshaw agreed on the difficulty of voting on something just received today. Agreeing with Mayor Swearingin, Secretary Bradshaw commented that the Valley is in a much better position than other regions in the area of smart growth. The Secretary recommended the Board take simple vote today that says we want to continue to pursue the concept of the Partnership being the lead applicant for the Smart Valley Places application. At the time the NOFA is issued the Board could then have a conference call to determine whether to proceed with the application itself.

Mr. Parra moved that the Partnership continue to pursue being the lead application for the Smart Valley Places application. Mr. Harper seconded and the Board voted to approve the motion.

XI. Public and Board Comment

Assemblymember Cathleen Galgiani (California District 17) thanked the Board for its continued support. Ms. Galgiani announced the 5pm reception on June 22 for the new Executive Director of the California High-Speed Rail Authority, Mr. Roelof van Ark. Ms. Galgiani encouraged all Board members to attend the reception.

Jean Okuye identified herself as a farmer in Merced County and stated the need for the Partnership's continued support in planning to protect agricultural land and water in Merced County and the San Joaquin Valley.

With thanks to all, Chair Bradshaw adjourned the meeting at 2:47 pm.