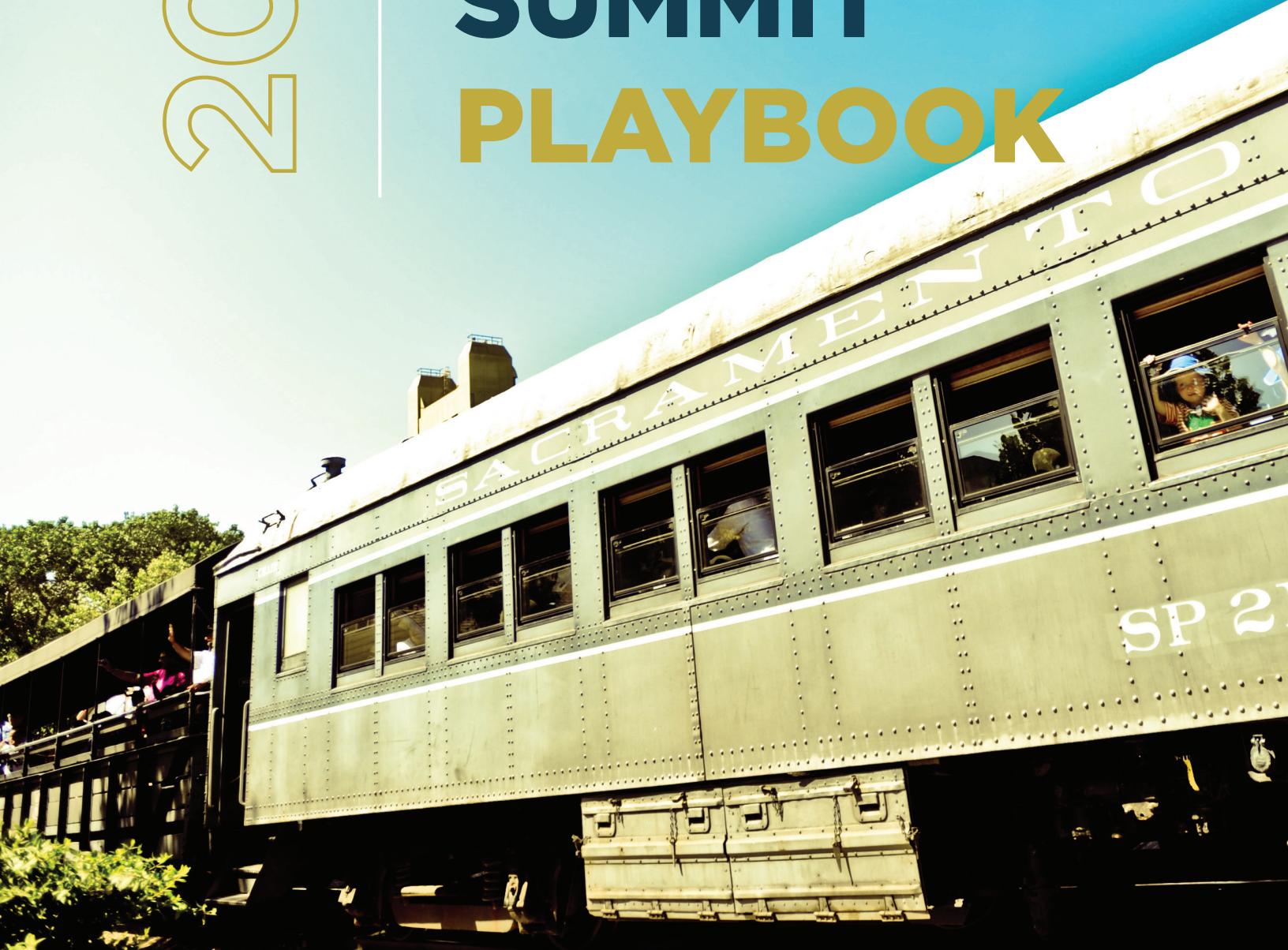


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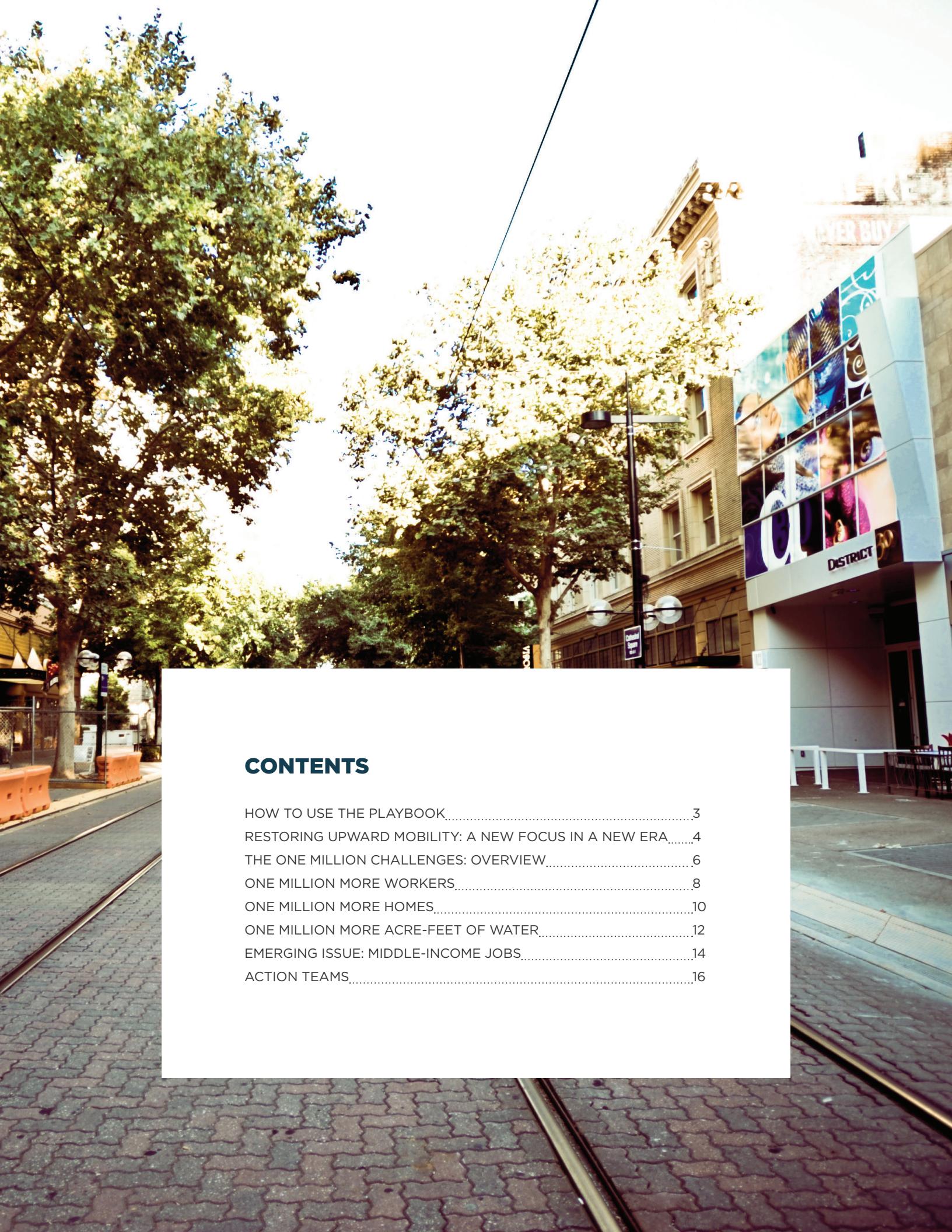
CALIFORNIA ECONOMIC SUMMIT PLAYBOOK



The Roadmap to Shared Prosperity



#CAECONOMY.ORG



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HOW TO USE THE PLAYBOOK

- 1 Pick up the Playbook. This will be your policy guide at the Summit.
- 2 Read about the Summit's focus on upward mobility and the One Million Challenges.
- 3 Take the Playbook to your action team meeting and help shape what's in store for 2017.
- 4 Bring your action team's plans to the next set of discussions: How to advance the One Million Challenges.
- 5 Keep the Playbook handy on December 14 as Summit leaders highlight ideas for progress and forward motion. And get ready for a year of action.

KEY QUESTIONS TO CONSIDER DURING THE SUMMIT

- » Will these strategies achieve the One Million Challenges?
- » Can you commit to supporting these ideas in 2017?
- » Which elements will you champion?

RESTORING UPWARD MOBILITY: A NEW FOCUS IN A NEW ERA

One month after the historic presidential election rattled the nation's political foundation, California finds itself a deep blue state in an increasingly red nation. While many Californians cast their ballots differently than voters in Middle America, the same economic hardship that motivated people there can be found in all of California's regions.

While job growth is steady, so too are concerns about rising income inequality and stubbornly high levels of poverty. For millions of Californians of every age and race and gender, the future is clouded by economic uncertainty, rising costs (especially for housing), and fading hopes for upward mobility.

These issues—and the consequences for the millions of people struggling with them—have always been the urgent, driving force behind the California Economic Summit.

For the last five years, the Summit partnership of public, private, and civic leaders has defined and pursued an ambitious agenda for restoring economic opportunity—one that is neither blue nor red.

The *Roadmap to Shared Prosperity* outlines a non-partisan, inclusive path toward sustainable growth that is right for California—and that may now be a model for the rest of the nation. Grounded in distinct regional perspectives, the Summit has rallied leaders of every political stripe around solutions that meet the high standard of a “triple bottom line”—simultaneously growing the economy, improving environmental quality, and increasing opportunity for all.

Over the last year, the Summit has advanced this work through its One Million Challenges, three ambitious goals that seek to prepare Californians for higher-wage jobs, increase housing affordability, and encourage infrastructure investment. (See page 6.)

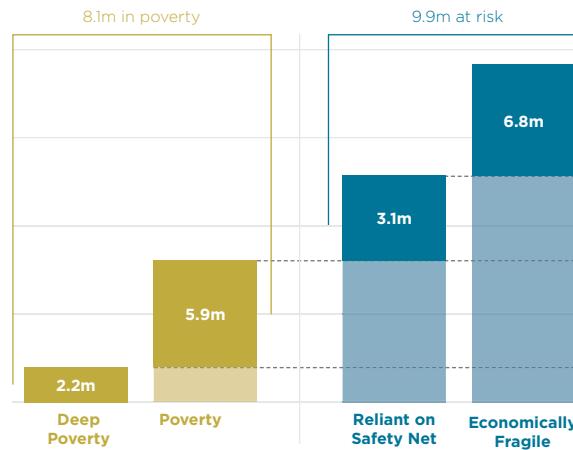
The 2016 election season brought widespread economic dissatisfaction into stark relief—and reaffirmed the Summit's commitment to its priorities and values. That is why California Forward and its partners in the California Stewardship Network have spent much of the last year probing deeper into the drivers of persistent poverty and stifled mobility—to gauge the *Roadmap*'s effectiveness and to understand how it could be bolstered to provide more lasting, more comprehensive solutions.

The Summit's analysis scrutinized the drivers of poverty—and offered one startling conclusion:

CALIFORNIA'S AT-RISK POPULATION IS BIGGER THAN IT APPEARS

More Californians live in poverty than any other state—8.1 million people, or 22 percent of the population. But there is an equally large group (3.1 million people) living just above the poverty line who rely on income supports to keep their households functioning—and who are one lost job or health issue away from poverty. An additional 6.8 million people are considered “economically fragile,” living in households earning below their area’s median income (which varies by region, from \$43,000 a year in the San Joaquin Valley to \$64,000 in the Bay Area). According to a new Real Cost Measure developed in 2015 by the United Way, nearly one in three Californians struggle to meet basic needs, rent, food, and health care.

MILLIONS OF CALIFORNIANS REMAIN ECONOMICALLY VULNERABLE



Data source: Poverty Measure from Stanford/PPIC data; Middle income from HUD and analysis.

REGIONAL MOBILITY STRATEGIES, TAILORED STATE ACTION

What is causing this economic vulnerability? The Summit's analysis explored three major drivers behind these numbers:

1 RISING LIVING COSTS ARE OUTPACING WAGES

Housing, electricity, and fuel costs are making it hard for California families to make ends meet. Rising rents and home prices aren't limited to coastal areas: Low-income families—especially people of color—are cost-burdened by housing in nearly every county. A recent McKinsey study found that nearly half of California households struggle to buy or rent a home in their community, and as much as \$140 billion in economic activity is being lost each year due to the high cost of housing alone.

2 THERE IS A GROWING MISMATCH BETWEEN SKILLS AND AVAILABLE WORK

In many regions, workers lack the skills to qualify for available jobs, from health care to manufacturing. To meet labor market demand, California will need to produce an additional one million more graduates with bachelor's degrees and one million more workers with middle-skilled credentials over the next 10 years. This skills gap is especially stark in regions like the Inland Empire, where Latinos make up half the population—and 20 percent of the jobs require a bachelor's degree—but where less than one in ten Latino adults have graduated from college.

3 CALIFORNIA ALSO DOESN'T HAVE ENOUGH WELL-PAYING JOBS

Despite its growing economy, California doesn't have enough good jobs to keep families out of poverty. If the state's goal was to ensure every household has access to at least one job paying wages above the poverty line, California would still have a deficit of 1.6 million jobs.

WHAT CAN THE SUMMIT DO BETTER—AND WHAT IS MISSING?

The Summit Roadmap outlines a plan for taking on some of these challenges. But achieving these goals will require a more concerted effort, especially because the Summit analysis identifies another layer of complexity well known to many Californians: The major drivers of stagnating mobility are different in every region—and will require different solutions.

In the Bay Area, for example, rising housing costs are impacting upward mobility far more than job availability. In the northern counties, the primary issue is lack of living wage jobs. In the San Joaquin Valley, skills gaps are the most critical factor. In much of Los Angeles and the Inland Empire, all three factors are significant contributors to stubbornly high poverty levels.

To be effective, state policies focused on poverty and upward mobility will need to accommodate for these regional differences. This will be a major theme of the 2016 California Economic Summit—and a focus of the Summit's work in 2017. On December 13-14 in Sacramento, several options will be considered, including expanding the scope of existing Challenges and introducing a new focus on producing more middle-income jobs (see page 14). As it has in other areas, the Summit can serve as a backbone to support regional efforts, while also working with state leaders to ensure poverty reduction and upward mobility strategies are tailored to the diversity of California's regional needs.



THE ONE MILLION CHALLENGES: AN OVERVIEW

In the 2016 *Roadmap to Shared Prosperity*, the California Economic Summit outlined three major goals for advancing broadly shared and sustainable growth in every region.

These One Million Challenges built on the Summit's past successes—and focused the Summit network on helping more Californians get the skills they need, promoting policy changes that would dramatically increase housing affordability, and developing new ways to manage the state's water supply.

These three ten-year goals continue to be the centerpiece of the Summit's work:

 ONE MILLION MORE SKILLED WORKERS	SUMMIT PROGRESS 
<p>To restore upward mobility and meet employers' needs, California needs one million more graduates with bachelor's degrees and one million more workers with middle-skilled credentials over the next 10 years.*</p> <p>While millions of Californians struggle to make ends meet in low-wage jobs, industries from health care to manufacturing still can't find the skilled workers they need. The Summit has set a goal of closing this looming "skills gap" by better connecting training programs with each other—and with regional labor markets.</p>	<p>In 2016, the Summit led a coalition that supported the creation of a new \$200 million Strong Workforce Program for promoting career technical education. This new program, one of the top priorities of the California Community Colleges' 2015 Strong Workforce Task Force, will provide additional funding to community colleges that improve training programs by collaborating with regional industry and civic leaders.</p>
 ONE MILLION MORE HOMES	SUMMIT PROGRESS 
<p>With supply falling far below demand—and with half of Californians now unable to rent or buy a home in their communities—California needs to build one million more homes in the next 10 years. **</p>	
<p>California has built housing on this scale before, but communities today struggle with numerous obstacles—from fiscal disincentives and lengthy approval processes to community opposition that makes it difficult to say yes to new housing. In 2017, the Summit will advance an "all of the above" solution to increase affordability by offering incentives to communities that expand their supply of housing near jobs and transit.</p>	<p>The Summit hosted a series of stakeholder convenings in 2016 to identify the most impactful, politically viable elements of an "all of the above" solution. Brought together by the Summit, a coalition of builders, housing advocates, equity groups, environmentalists, and local government leaders have contributed to a policy framework that will be brought to the Administration and Legislature in 2017.</p>
 ONE MILLION MORE ACRE-FEET OF WATER	SUMMIT PROGRESS 
<p>Californians continue to use more water each year than the state's infrastructure can sustainably provide. To create a reliable and environmentally-sound water supply—for residents, businesses, and farms—California needs to conserve, capture, and re-use one million more acre-feet of water each year for a decade. ***</p>	
<p>To address this challenge, the Summit is helping state and regional leaders accelerate progress toward integrated water projects within watersheds that capture stormwater and replenish groundwater, improve efficiency and reuse, and reduce flooding and water pollution.</p>	<p>After playing an integral role in developing the next generation of local infrastructure financing tools, the Summit has worked with regional water leaders in 2016 to better connect land use planning and water management—and to allow more communities to govern, pay for, and manage local water projects.</p>

* Source: California Community Colleges Task Force on Workforce, Job Creation, and a Strong Economy, 2015

** Source: "How California's Housing Market Is Failing to Meet the Needs of Low-Income Families," California Housing Partnership Corporation, 2014

*** Source: California Water Plan, Update 2013

LINKING LEADERS AND SOLUTIONS: HOW TO GET THERE

The Summit's work on the One Million Challenges is well underway, with wins in 2016 including new state investments in workforce training, a successful push to refocus state housing policy on both low-income households and expanding overall supply, and growing awareness of the potential of new approaches to water governance and financing.

Continuing this work in 2017 are action teams of more than 700 experts and practitioners from business, government, equity, and environmental groups—making the Summit one of the largest coalitions in the state of leaders committed to sustainable growth and the triple bottom line.



2017 ACTION PLAN

With the new Strong Workforce Program in place—along with investments in linked learning, career pathways, and adult education—the Summit will focus on forging these programs into coherent community and regional systems. The goal:

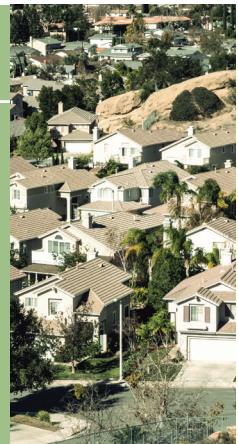
- 1. Enable students to define their future:** The Summit will assist communities and regions through targeted outreach campaigns and new online planning tools.
- 2. Create a unified and efficient system connecting employers and institutions:** The Summit will work alongside institutions to better align tools, technologies, and practices.
- 3. Accelerate innovation, adaptation, and replication:** The Summit will help institutions and employers reduce time to completion and improve access to meaningful employment.
- 4. Increase return on investment to secure adequate and reliable funding:** The Summit will promote funding stability by helping institutions leverage funds and document results.



2017 ACTION PLAN

The Summit framework includes two categories: A set of fiscal incentives for jurisdictions that approve housing and increased accountability for communities not building adequate housing. The Summit will support efforts to do the following in 2017:

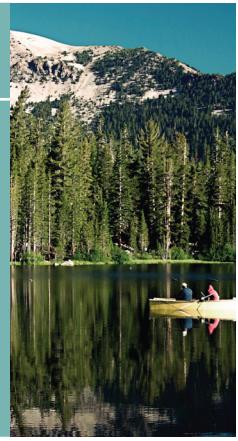
- 1. Connect fiscal incentives to state and local actions that increase affordability:** The Summit has identified a set of incentives that could be offered to jurisdictions that approve new housing close to jobs and transit, to state and local programs that increase housing supplies, and to jurisdictions that change local regulations to reduce housing costs and accelerate development.
- 2. Increase accountability for adequate housing:** The Summit will support efforts to strengthen existing housing laws, while increasing enforcement for jurisdictions that are not approving adequate affordable and market-rate housing.



2017 ACTION PLAN

The Summit will help water management innovators overcome three major historical challenges, focusing on the following:

- 1. Identify governance options to support integrated and watershed-scale solutions:** The Summit will support regional efforts to better align resource planning and change state practices to accelerate these changes.
- 2. Identify funding and financing options to support watershed solutions:** The Summit will work with water managers, business leaders, and civic organizations to promote new ways to pay for water infrastructure.
- 3. Support regulatory innovations to enhance sustainable water management:** The Summit will work with state and regional leaders to reduce barriers to sustainable water management.





ONE MILLION MORE SKILLED WORKERS

To restore upward mobility and meet employers' needs, California needs to produce one million more graduates with bachelor's degrees and one million more workers with middle-skilled credentials over the next 10 years.

New investments in workforce development programs have received strong bipartisan support as a primary and unifying strategy for reducing poverty and restoring upward mobility. But California—its economic regions, industry clusters, and educational and training institutions—has a long way to go to achieve an adequate, integrated, and efficient system that serves students, recalibrates workers, and supports employers.

Expectations for what can be accomplished are raised by what *has* been accomplished. A new Strong Workforce Program requires community colleges to rely on labor market data, plan regionally, and consult with employers and civic leaders to determine new Career Technical Education (CTE) programs. The state and local workforce investment boards and the Adult Education Block Grants are aligned with the colleges on metrics and crafting new partnerships with employers.

Guided pathway efforts to create linked learning through CTE Incentive Grants and California Career Pathway Trust funds are expanding pipelines from the K-12 system. And the Awards for Innovation in Higher Education spotlight how collaboration among institutions can reduce a student's time to completion.

To be successful, this effort must be tailored to each of the state's diverse economic regions.

These initiatives must now be forged into coherent community and regional systems—uniformly informed by data, strengthened by efficient relationships with employers, and held accountable for performance by government, business, and civic stewards. The Summit's efforts in 2016 identified some specific ways to further encourage and support regional coherence and state alignment.

Maturing these systems will be a powerful lever to increasing earning power and economic resiliency—giving all Californians a chance to succeed in dynamic workplaces that have left many behind.



THE VALUE: IMPROVING THE WORKFORCE TRAINING PIPELINE

The Summit will be successful when:

- **More workers are developing the skills** they need to earn a livable wage
- **Employers can work more easily with institutions** to produce the skilled employees they require
- **Businesses spend fewer resources** searching for and training workers
- **Training programs adapt more quickly** to meet new demands for specific skills
- **New marketplaces are created** for partnerships between institutions and employers through contract education



AN ACTION PLAN FOR 2017

1 ENABLE STUDENTS TO DEFINE THEIR FUTURE

The Summit will assist communities and regions to strengthen student-focused strategies and tools to help all students chart a path to employment, whether they are seeking certifications for skilled jobs or profession-oriented bachelor degrees.

- **Targeted outreach campaigns:** Efforts to rebrand CTE and market for success can align programs like Linked Learning to help students understand their post-secondary options. This work must target entry-level and second-career students.
- **Revitalize job images:** As part of a marketing strategy, the Summit will work with regional partners to make in-demand occupations more appealing and relevant to current, future, and displaced workers.
- **Online planning tools:** The Summit will partner with the California Community College Chancellor's Office to build on the Salary Surfer—developing early career exploration tools for use by counselors, teachers, parents, and students starting in the middle school years.

2 CREATE A COORDINATED SYSTEM CONNECTING EMPLOYERS AND INSTITUTIONS

The Summit will work alongside institutions to develop new tools, technologies, and practices that allow employers to inform curriculum and programs, increase the value to students, and develop a system of continuous improvement.

- **Strengthen mechanisms to share information:** Data tools need to be matured to define and communicate the knowledge and skills needed in the workplace—and to help employers find prepared students.
- **Engage employers from the start:** The Summit will work with regional civic and college leaders to identify employers willing to help design curricula, recruit instructors, and provide internship and apprenticeship opportunities.
- **Operationalize an effective feedback loop:** The Summit will develop a coalition of private and public leaders to build effective data-based tools that can inform choices by students, employers, and institutions. This will improve outcomes and provide feedback for better system performance.
- **Create regional stewardship for results:** At the community and regional levels, the Summit will convene business, civic, and government leaders to assess progress and identify ways to target resources to increase employment opportunities and economic vitality.

3 ACCELERATE INNOVATION, ADAPTATION AND REPPLICATION

California needs to encourage innovations that reduce time to completion and lead to meaningful employment:

- **Promote innovations and connect institutional entrepreneurs:** The Summit will identify an effective strategy, such as online portals, that connects change agents so they can share information and learnings—and replicate successes.
- **Build programs to industry standards:** Some valuable and broadly applicable innovations—such as program alignment with industry-valued credentials—should be deployed quickly in other regions and industries.
- **Support a culture of innovation:** The Summit will gather feedback from business, civic, program, and institutional leaders to gauge how state policies could evolve to encourage continuous improvement.

4 INCREASE RETURN ON INVESTMENT AND ENSURE ADEQUATE AND RELIABLE FUNDING FOR PRIORITIES

To protect this year's investments from budget cuts in the next recession, the Summit will support a strategy for long-term funding stability by leveraging existing funds, documenting value and results, and committing to continuous improvement.

- **Recession proof:** Funding partnerships with unions, employers, philanthropy, and civic efforts—as well as the braiding of public funding streams—will be pursued to maximize value and political support.
- **Better showcase the value:** The Summit and regions will document return on investment through strategic implementation of new and existing programs.



LINKING LEADERS AND SOLUTIONS

Some of the workforce training innovators involved in the Summit:

- **Gustavo Herrera**, Young Invincibles
- **Michael Kirst**, California State Board of Education
- **Cathy Martin**, California Hospitals Association
- **Rebecca Miller**, SEIU-UHW
- **Janet Napolitano**, Univ. of California President
- **Eloy Ortiz Oakley**, CA State University Chancellor (incoming)
- **Alma Salazar**, LA Area Chamber of Commerce
- **Van Ton-Quinlivan**, California Community College Chancellor's Office
- **Timothy P. White**, CA State University Chancellor



ONE MILLION MORE HOMES

With supply falling far below demand, California needs to build one million more homes for low- and middle-income Californians in the next 10 years.

With half of California households now struggling to rent or buy a home in their communities—and with an estimated \$140 billion in economic activity being lost each year to the high cost of housing—the Summit has spent the year working to build a coalition that can increase the supply, and reduce the price, of the homes California's growing population needs to prosper.*

This effort has focused on promoting an “all of the above” solution to the state’s housing crisis, expanding resources for subsidized affordable housing, while also increasing production of market-rate housing near jobs and transit.

After hosting a series of convenings with housing stakeholders in 2016, the Summit has identified the major elements of a policy framework on the scale needed to address California’s housing shortage. The Summit will share these ideas with the Administration and work with a coalition of builders, housing advocates, equity groups, environmentalists, and local government leaders to move them into the Legislature in 2017.



THE VALUE: INCREASING THE SUPPLY OF HOUSING NEAR TRANSIT AND JOBS

The Summit will be successful when:

- **Housing affordability improves** for all Californians
- **More housing is built near jobs and transit,** reducing traffic and achieving state climate goals
- **More low-income households have a safe place to call home**
- **Infrastructure costs are reduced** through expanded use of new financing tools



LINKING LEADERS AND SOLUTIONS

Some of the organizations that participated in the Summit’s 2016 housing convenings:

- Bay Area Council
- California Building Industry Association
- California Department of Finance
- California Department of Housing & Community Development
- California Housing Consortium
- California Housing Finance Agency
- California Housing Partnership Corporation
- California League of Cities
- California League of Conservation Voters
- California State Association of Counties
- California Tax Credit Allocation Committee
- California Urban Partnership
- East Bay Leadership Council
- Housing California
- Kennedy Commission
- Monterey Bay Economic Partnership
- Natural Resources Defense Council
- Northern California Carpenters Regional Council
- The Nature Conservancy
- The Pacific Companies
- Planning & Conservation League
- Rural County Representatives of California
- Sacramento Area Council of Governments
- San Diego Housing Commission
- San Francisco Council on Community Housing Organizations
- Silicon Valley Leadership Group
- Southern California Association of Governments
- SPUR
- The Two Hundred
- USA Properties
- Western Center on Law & Poverty

* SOURCE: “A Toolkit to Close California’s Housing Gap: 3.5 Million Homes by 2025,” McKinsey Global Institute, 2016 - <http://www.mckinsey.com/global-themes/urbanization/closing-californias-housing-gap>



AN ACTION PLAN FOR 2017

The Summit will support efforts to promote these major elements of an “all of the above” housing package:

Fiscal incentives to encourage all types of housing near jobs and transit	<p>Identify funding: To fund three types of incentives outlined below, a combination of new and existing revenue streams will be needed. These include the following, among other options:</p> <ul style="list-style-type: none"> • A new permanent revenue source for housing (e.g. document recording fee proposed in SB 2, Atkins) • Additional existing state resources (e.g. General Fund, cap & trade, tax credits, etc.) • A new General Obligation bond for housing
<p>1 Production incentives for eligible projects, RHNA progress</p> <p>The state should tap a portion of new revenue (e.g. doc recording fee) to fund a set of property tax incentives for local agencies that approve new housing.</p> <p>These incentives should be offered to jurisdictions that:</p> <ul style="list-style-type: none"> • Approve certain types of “eligible projects” (e.g. infill development with a percentage of below-market units and anti-displacement provisions) • Qualify as “High-Performing” by making progress toward overall Regional Housing Needs Allocation (RHNA) targets 	<p>2 Program investments that promote affordability</p> <p>The state should fund successful state and local programs that promote affordability and increase housing supply, especially for low-income households. These should include:</p> <ul style="list-style-type: none"> • A new General Obligation bond, with a portion of funding targeted at infrastructure associated with infill affordable housing • Investments in successful state housing programs (e.g. HCD Multifamily Housing Program) • Expansion of state low-income housing tax credits • Other programs that support the homeless and increase access to rental housing and homeownership opportunities for lower-income and working families <p>3 Regulatory incentives that reduce housing costs and accelerate development</p> <p>The state should offer incentives to jurisdictions that change local regulations to reduce costs and accelerate all types of housing development. Examples include:</p> <ul style="list-style-type: none"> • Accelerated land use approvals (e.g. avoiding lengthy CEQA delays, form-based zoning, etc.) • State match for jurisdictions that create local Housing Trust Funds • State match for communities that reduce or cap impact fees for housing-related infrastructure • Grants for General Plan, zoning updates (e.g. reduced parking requirements) <p>Cost cutting measures could be paired with a set of “best land use practices” for protecting residents, with tiered incentives provided to jurisdictions that adopt more of them. Examples include:</p> <ul style="list-style-type: none"> • Anti-displacement provisions • Inclusionary housing thresholds • Prevailing wage elements



Increased accountability to ensure jurisdictions support adequate housing development	<p>4 Strengthen planning and regulatory statutes:</p> <p>The state should strengthen existing laws—and enforcement—to increase compliance for all types of housing. This includes, for example:</p> <ul style="list-style-type: none"> • Enforce existing no net-loss requirements and strengthen to include affordability • Establish mechanisms to enforce all existing affordable housing laws (density bonus, least cost housing, housing element law, etc.) • Other statutory changes 	<p>5 Improve approval and permitting rules, increase enforcement:</p> <p>The state should also strengthen accountability for jurisdictions that fail to approve or permit adequate affordable and market-rate housing.</p> <ul style="list-style-type: none"> • Housing Accountability Act: The Attorney General should increase enforcement of existing law. The law should also be strengthened. • State appeals board: The state should consider creating a new administrative appeals board empowered to resolve conflicts when local agencies deny projects. • Accelerated approvals: Some form of streamlined approval could be required for jurisdictions that disapprove housing consistent with local plans.
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ONE MILLION MORE ACRE-FEET OF WATER

To create a sustainable and environmentally sound water supply—and to provide more reliable sources of water to residents and businesses alike—California needs to conserve, capture, and reuse one million more acre-feet of water each year for a decade.

During the first decade of this century, Californians used more water than the state's water systems could capture—creating an enormous, often overlooked, water deficit. Over those 10 years, farms and cities drew nearly 10 million acre-feet a year more from reservoirs and aquifers than was replenished by nature. That adds up to about one-quarter of the total water diverted statewide for human use. Since then, five years of drought have exacerbated the problem to crisis levels—and finally raised awareness that Californians must act boldly to secure the state's water future.

California has always needed to manage water—from winter to summer, from mountains to coast, from north to south, from dry years to wet. But climate change, economic growth, aging infrastructure, and stressed ecosystems require new and smarter strategies. To bring California's water systems back into balance, California must find ways to conserve, reuse, or capture one million more acre-feet of water each year for a decade.

The Summit is committed to meeting this challenge by developing and supporting innovative approaches to managing water in ways that advance the triple bottom line. In 2014 and 2015, the Infrastructure, Working Landscapes, and Regulations Action Teams worked

Over the last decade, Californians have used 10 million more acre-feet of water each year than its water systems capture.

together to create and implement new Enhanced Infrastructure Financing Districts to pay for water projects, integrate regional resource planning tools, and promote data technology to enable smarter project planning.

In 2016, the Summit worked with regions to identify potential pilot projects and hosted a statewide convening on how to better integrate water and land use planning.

The California Water Plan acknowledges the need for these efforts—highlighting the importance of integrated watershed management and better alignment between government agencies to enable projects that solve more than one problem and increase sustainability.

With the Summit's help, this is beginning to happen today in nearly every region, as innovators explore how to better integrate projects and overcome historical challenges related to governance, finance, and regulations.



THE VALUE: ACCELERATING REGIONAL AND STATEWIDE WATER SUSTAINABILITY

The Summit will be successful when:

- **California's water supply is more reliable**
- **Demand on the Delta is reduced**
- **Water quality improves**, especially for communities with limited access to clean water



AN ACTION PLAN FOR 2017

1 IDENTIFY GOVERNANCE OPTIONS TO SUPPORT INTEGRATED AND WATERSHED-SCALE SOLUTIONS

The Summit will seek partners and funding to facilitate alignment of resource planning across watersheds and identify changes in state policies or practices that can enable or accelerate these evolutions. Many regions have already begun this work (through joint power authorities, special districts, or newly forming groundwater sustainable agencies), but existing governance systems are not always structured for collaboration.

To accelerate innovation, the Summit will support regional water leaders interested in assessing the effectiveness of their governance structures and evolving to better manage integrated projects. Other local government, civic, and business leaders need to be involved in these assessments to creatively and courageously develop and enact the right governance solutions.

2 IDENTIFY FUNDING AND FINANCING OPTIONS TO SUPPORT WATERSHED SOLUTIONS

The Summit will seek funding and partners to work with water managers, business leaders, and civic organizations to identify funding streams and financing models necessary to pay for integrated and watershed-scale management solutions. These new funding models should include rate structures that ensure the financial sustainability of water agencies as per-customer water use declines. They should also encourage and reward (rather than punish) customers who reduce consumption and reuse water. Another element should involve incentives for the use of Enhanced Infrastructure Financing Districts to leverage local public and private investment in water management and ecosystem restoration. A final element is the potential to pilot ecosystem services as a way to link investment with the long-term value creation of sustainably managed landscapes.

3 SUPPORT REGULATORY INNOVATIONS TO ENHANCE SUSTAINABLE WATER MANAGEMENT

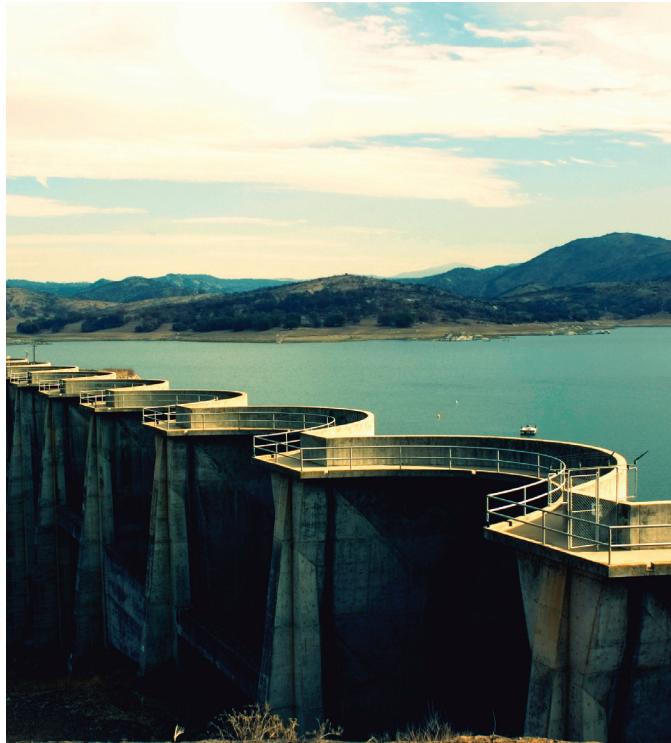
The cost and complexity of today's regulatory framework—with several government agencies regulating each other—is preventing innovative and risk-taking leaders from developing management strategies that resolve the issues targeted by the regulations in the first place, including negative impacts on wildlife, unhealthy water quality, and unsustainable consumption trends. The Summit will seek funding and partners to work with regional and state leaders willing to identify regulatory barriers to sustainable water management—and to develop pilot approaches to more efficiently accomplish the purpose of the regulations.



LINKING LEADERS AND SOLUTIONS

Some of the water policy innovators involved in the Summit:

- **Celeste Cantú**, Santa Ana Watershed Project Authority; former director, State Water Resources Control Board
- **Judy Corbett**, Local Government Commission (retired)
- **Wade Crowfoot**, California Water Foundation
- **Martha Davis**, Inland Empire Utilities Agency
- **James Gore**, Sonoma County Board of Supervisors
- **Kamyar Guivetchi**, California Department of Water Resources
- **Glenda Humiston**, University of California Division of Agriculture and Natural Resources
- **A.G. Kawamura**, former California Secretary of Agriculture; Solutions from the Land
- **Frances Spivey-Weber**, State Water Resources Control Board
- **Kerri Timmer**, Sierra Business Council
- **Jay Ziegler**, The Nature Conservancy





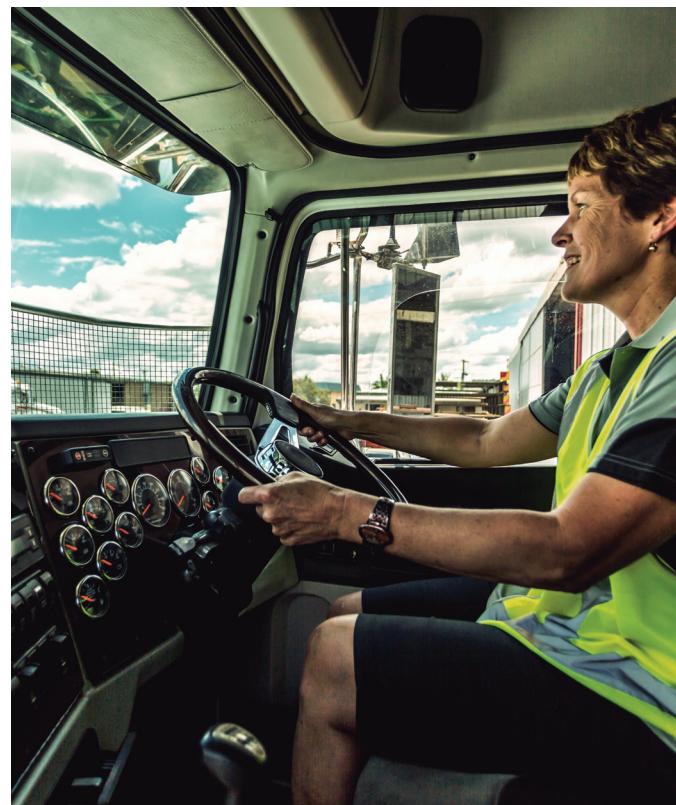
EMERGING ISSUE: MIDDLE-INCOME JOBS

As wages stagnate in many industries and income inequality expands, what can the Summit do to promote solutions?

California is creating jobs again—in almost every part of the state—but questions continue to linger about whether these new jobs offer the right kinds of work, at the right salaries, in the right places. And even more importantly, whether they will put the next generation of Californians on a path to upward mobility.

Take Los Angeles, for example: Between 2010 and 2014, the region created more than 335,000 jobs—but many of these jobs went to low-wage workers in service industries. Earning well below the region’s \$56,000 median income, these workers may be employed, but there are legitimate concerns about how they will move up the economic ladder. During this same period, of course, the region’s poverty rate barely budged—standing at nearly 18 percent at the end of 2014. Today, more than 1.3 million residents in Los Angeles are deemed “severely economically depressed,” facing high poverty and unemployment rates 1.5 times the national average. The region now has among the highest rates of income inequality in the nation.

The rising economic tide is indeed lifting many boats in California—but not enough to provide broadly shared prosperity. Even if the state can find ways to meet all of the Summit’s One Million Challenges—dramatically reducing living costs, increasing infrastructure investment, and preparing the next generation for high-skill, high-wage work—there aren’t enough good jobs in the economy for these workers. According to analysis conducted by the Summit, if the state’s goal was to ensure every household has access to at least one job paying wages above the poverty line, California would still have a deficit of 1.6 million jobs.



If every household in California had access to one job with above-poverty wages, the state would still face a shortfall of 1.6 million well-paying jobs.



EMERGING ISSUE: IDENTIFYING STRATEGIES

WHAT CAN BE DONE TO TAKE ON THIS LOOMING “JOBS GAP?”

The Summit’s Infrastructure Action Team has been active on this issue for several years, exploring ideas for accelerating infrastructure investment—and the well-paying jobs that go with it. Several other Summit action teams have also focused on parts of a potential solution: The Capital Action Team has been promoting efforts to improve capital flow to regional industry clusters and entrepreneurs; the Advancing Manufacturing Action Team has worked to ensure manufacturing remains a foundation of the state’s economy; and the Regulations Action Team has sought to drive business growth through open data and by making state regulations more transparent.

On December 13-14, Summit participants will consider several major ideas as they determine a course of action.

Global context: While regional collaboration is necessary, global competition drives many businesses. What can the state do to ensure California businesses are able to compete in global markets?

National context: The national election has brought new attention to the jobs challenge across the country. What can California do to prepare itself for opportunities in the new political landscape, while continuing to preserve the environmental and worker protections embedded in California’s cultural values?

California context: Several state agencies are in the midst of drafting a new growth vision for the state, *Vibrant Communities and Landscapes: A Vision for California in 2050*. This draft plan identifies opportunities for integrating a range of separate agency efforts, including the Climate Change Scoping Plan, the Regional Transportation Plan Guidelines, the Sustainable Freight Action Plan, updated General Plan Guidelines, implementation of AB 2087 for regional conservation planning, the State Wildlife Action Plan, the Water Action Plan, and implementation of SB 743 guidelines and other updates to the California Environmental Quality Act. How can these disparate strategic plans be brought together into a coherent, sustainable economic growth strategy for California?

Regional context: In the field of manufacturing, especially, California has made great strides in recent years, winning two major federal designations to promote job growth through the Investing in Manufacturing Communities Partnership (IMCP). The aerospace industry in Southern California was awarded a grant in 2014, and the Central Valley’s food and beverage manufacturing industry won a grant the following year. Are there lessons learned from these efforts that could be applied to a broader statewide jobs initiative?



LINKING LEADERS AND SOLUTIONS

Some of the jobs innovators involved in this effort:

- **Matt Bogoshian**, REV
- **Mike Dozier**, Partnership for the San Joaquin Valley
- **Jim Gollub**, James Gollub Associates
- **Paul Granillo**, Inland Empire Economic Partnership
- **Chris Harrington**, Orange County Business Council
- **Richard Swanson**, U.S. Department of Commerce
- **Greg Wendt**, Stakeholders Capital
- **Seth Wilson**, Cutting Edge Capital



→ QUESTIONS TO CONSIDER:

- **If the Summit pursued a new Middle-Income Jobs Challenge, what strategies should it deploy?**
- **What is your region doing to create middle-income jobs?**
- **How could regional jobs strategies connect to a statewide effort?**

SUMMIT ACTION TEAMS



ADVANCING MANUFACTURING

GOAL

Expand career options in fields that provide sustainable, middle-income jobs

CO-LEADS

- **Matt Bogoshian**, REV
- **Chris Harrington**, Orange County Business Council



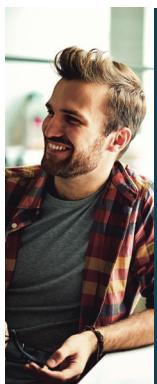
REGULATIONS

GOAL

Drive business growth through open data and by making state regulations more transparent

CO-LEADS

- **Open**



CAPITAL

GOAL

Improve capital flow to regional industry clusters and entrepreneurs

CO-LEADS

- **Jim Gollub**, James Gollub Assoc.
- **Greg Wendt**, Stakeholders Capital
- **Seth Wilson**, Cutting Edge Capital



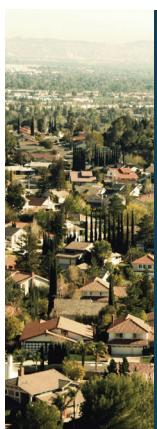
WORKFORCE

GOAL

Align the state's workforce training system with the needs of students and employers

CO-LEADS

- **Alma Salazar**, Los Angeles Area Chamber of Commerce
- **Van Ton-Quinlivan**, California Community Colleges Chancellor's Office



HOUSING

GOAL

Ensure affordable, accessible housing for all

CO-LEADS

- **Cathy Creswell**, former California Housing & Community Development Department; Creswell Consulting
- **Ray Pearl**, California Housing Consortium



WORKING LANDSCAPES

GOAL

Integrate rural and urban development, water management, and ecosystem services

CO-LEADS

- **Glenda Humiston**, University of California Division of Agriculture and Natural Resources
- **A.G. Kawamura**, former California Secretary of Agriculture; Solutions from the Land



INFRASTRUCTURE

GOAL

Promote new approaches to financing infrastructure, from transit to water systems

CO-LEADS

- **Mark Pisano**, USC Sol Price School of Public Policy
- **Sean Randolph**, Bay Area Council Economic Institute

ACTION TEAM DISCUSSION GUIDE

PROGRESS IN 2016	EMERGING ISSUES	ACTION STEPS IN 2017
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓

HOW TEAM PRIORITIES CONNECT TO ONE MILLION CHALLENGES

WORKERS	✓
HOMES	✓
WATER	✓
EMERGING: JOBS	✓

THE SUMMIT NEEDS YOU



- » To participate in the development of Summit policy proposals
- » To invite your network to Summit activities in 2017
- » To invest financially in the project so Summit ideas can be enacted and implemented



SUMMIT PARTNERS

The California Economic Summit is a partnership of California Forward, an organization that works with Californians to stimulate the economy, make government more effective, and promote accountability and transparency, and the California Stewardship Network, a civic effort to develop regional solutions to the state's most pressing economic, environmental, and community challenges.

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Thriving Regions. Thriving State.

