

BAY AREA REGIONAL ECONOMIC RECOVERY WORKPLAN

Bay Area Council Economic Institute
for
The California Business, Transportation & Housing Agency

Proposal Submission Guide

Thank you for your interest in the Bay Area Regional Economic Recovery Workplan, an economic development tool developed by the Bay Area Council Economic Institute at the request of the California Business, Transportation and Housing Agency (BT&H).

Background

For a full briefing on the context and process for the Bay Area Regional Economic Recovery Workplan, please review our general information document and other postings at www.bayareaeconomy.org/recovery.

We remind proposers that the Institute is not a funding entity and BT&H is not making funding decisions on proposals based entirely this process. Proposals for funding should be sent directly to the relevant government agency. This Workplan is directed toward strategic planning for regional and state economic development, with the goal of aligning federal stimulus funds and other state resources with key regional priorities.

The Bay Area Regional Economic Recovery Workplan is designed to add value to the project submission process, by enabling decision makers in Sacramento and Washington, DC to identify from the large numbers of proposals that are received, those projects most likely to yield the highest short and long-term economic benefit for the region. With this in mind, the process outlined below is designed not only to aggregate proposals, but also to relate specific project ideas to an integrated set of criteria that constitute a short and long-term regional economic strategy. For example, proposals that align with the region's key economic drivers and/or engage multiple jurisdictions or proposers may be most likely to deliver economic benefits on a large scale.

Proposal Submission Process and Deadline

The submission deadline for all proposals is Friday, April 24 at 11:59 p.m.

All proposals should be submitted to the Institute via the online tool linked at www.bayareaeconomy.org/recovery or directly accessed at <https://www.smartesurveys.com/2009-03-111-99DE/login.html> (Username: bacei ; Password: recovery).

Information provided in your submission will be reviewed by the Bay Area Council Economic Institute and evaluated for inclusion in the Regional Workplan. Proposal content is considered public information and will be provided to State of California officials.

Entities with a large number of projects should contact the Institute for an alternative submission tool.

Questions regarding the submission process can be directed to the leaders of the region's economic development organizations, key city/county offices, and regional business councils, who are listed in the online regional outreach contact list. These organizations are working with BACEI to support the dissemination of Workplan-relevant information, advise the Institute on stakeholder concerns, and play a consultative role as feasible in framing proposals. You may also contact Paul Oliva and Kristen Durham, members of the project management team, with your enquiries.

Detailed Proposal Questions and Response Instructions

The following template mirrors the format for the online project proposal survey, and is intended to answer any questions regarding the information being requested and how to complete the survey.

Category / Question	Data Entry Requested	Instructions
General Project Information		
1. Indicate the name of the entity submitting the proposal	Short text: Max 100 characters	This may be a public agency, company, or public-private partnership and can be different than the organization name of the individual completing the form
2. List possible partners formally involved in the proposal	Long text box (approx 200 words)	Need not be exhaustive but should represent the principal parties
3. Type of project	[Check one] <ul style="list-style-type: none"> • Public • Private • Public Private Partnership 	
4. Type of entity submitting the proposal	[Check all that apply] <ul style="list-style-type: none"> • City • County • Economic Development Board • Civic organization • Private company • Education organization (e.g. community college, university, etc.) • Other (describe in 50 characters) 	Public-private partnerships, consortia or coalitions should specify the various types of entities coming together to submit the proposal. Additional detail may be provided in question 2 (partners) or question 7 (proposal description.)
5. Contact information	<ul style="list-style-type: none"> • Name • Title • Organization • Email • Phone number 	This is for contact purposes for questions only. Organization information provided for this question may be different from that provided for question 1
6. Proposal name	Short text (Max 100 characters)	Provide the concise name of your proposal
7. Provide a limited description of your proposal	Long text box (Max 1200 characters)	Submit a concise description that is as complete as possible, including its core objective and ultimate result. It is not necessary to provide full details on impact or strategic importance here, as these questions are covered in subsequent questions.
Strategic Components		
8. Indicate the Bay Area	[Check one]	We realize some proposals may spread

<p>strategic priority your proposal falls into</p>	<ul style="list-style-type: none"> • Transportation (e.g. 21st century infrastructure, improved regional mobility, and smart growth) • Water (e.g. reliability and security of the Bay Area’s water supply) • Energy/Climate (e.g. energy efficiency, smart grid transmission and other infrastructure) • Human Capital (e.g. workforce training and education) • Business Development (e.g. opportunities to reduce obstacles to project delivery, streamline funding flows, and stimulate job creation) • Science and Innovation (e.g. opportunities to leverage universities, laboratories, businesses, and other innovation drivers to advance science, technology, industry, and ultimately job creation. Projects with potential to increase productivity such as electronic medical records and broadband deployment.) • Housing (e.g. address housing foreclosures and finance, land use and affordable housing policies, and potential projects to support transit integration) 	<p>across several priority areas. However, please select only the main one. For instance, a workforce project may relate exclusively to water projects in the Bay Area, but as a workforce project you should likely select Human Capital. You can always provide clarification in question 7 (project description and question 9 (strategic impact).</p> <p>For additional guidance on these priorities, please see the subject matter strategy remarks at the end of this document.</p>
<p>9. Describe the overarching importance of your proposal to address the Bay Area’s regional economic competitiveness and the strategic priorities outlined above</p>	<p>Long text box (approx 200 words)</p>	<p>This is one of the most important questions on this form. Ideally, regional priority proposals would have broad impact across one or more areas (e.g., water or housing, with components relating to workforce or energy efficiency). Many proposals may be important for a local neighborhood or city but do not have a regional or cross-cutting impact</p>
<p>10. In which of the following counties does your proposal have a direct benefit/affect?</p>	<p>[Check all that apply]</p> <ul style="list-style-type: none"> • Alameda • Contra Costa • Marin • Napa • San Francisco • San Mateo 	<p>If your proposal benefits or affects counties outside of the nine-county Bay Area, please list them as space permits. As noted immediately above, in many instances (though not all instances), proposals with cross-jurisdictional impact may be of greatest interest in a regional workplan.</p>

	<ul style="list-style-type: none"> • Santa Clara • Solano • Sonoma • Other [List] 	
Project Planning and Timelines		
11. What is the current status of the project in terms of planning / implementation?	<p>[Check one]</p> <p><u>For Design-Bid-Build process:</u></p> <ul style="list-style-type: none"> • In design • Design completed • Ready to go to bid and/or hiring • Out to bid and/or hiring underway • Work is underway or can begin within 90 days of funding <p><u>For Design-Build process:</u></p> <ul style="list-style-type: none"> • Ready to go to bid and/or hiring • Bid is completed and design is underway • Design is completed and work is underway 	This question is appropriate for any proposal that has a hiring or contracting component, including not only construction, but also planning, training or other projects. The distinction between Design-Bid-Build and Design-Build is to accommodate public-private partnerships or planning-type projects that put the design process out to bid first.
12. What is the <i>main</i> delivery timeframe/project length of your proposal?	<p>[Check one]</p> <ul style="list-style-type: none"> • 6 months • 12 months • 24 months • Longer than 24 months 	This question seeks to understand the immediacy and concentration of your proposal's impact in calendar terms. Both short-term and longer-term proposals are invited.
13. In a best case scenario, when will you be able to start your project?	<p>[Check one]</p> <ul style="list-style-type: none"> • Project has commenced • Q3 2009 • Q4 2009 • Q1 2010 • Q2 2010 • Q3 2010 • Q4 2010 	This question in conjunction with question 12 allows us to project the economic impact in calendar terms. We recognize the uncertainty inherent in these projections in many instances.
14. What barriers affect or do you foresee affecting the execution of your proposal in the very short term?	<p>[Check all that apply]</p> <ul style="list-style-type: none"> • legal issues • regulatory issues • administrative issues • no issues • Comments 	We are interested in understanding small and large barriers to implementing high-impact proposals, and ways to address them. We are particularly interested in things that may be easy to resolve through quick regulatory refinement.
Project Funding		
15. What are the total costs of your proposal?	<p>[Costs in millions of dollars]</p> <ul style="list-style-type: none"> • Development costs • Training costs • Construction costs • Other (describe) 	Enter costs in millions of dollars. Decimals are allowed for fractions of millions (e.g., 1.7 for \$1.7mn, 0.45 for \$450,000, 1071.8 for \$1.0718 billion)

<p>16. What are the total funding sources (committed and potential) for your proposal?</p>	<p>[Costs in millions of dollars]</p> <ul style="list-style-type: none"> • State funding • Other federal funding • Other competitive grants • Private debt financing • Private equity funding • Other (describe) 	<p>You should provide a snapshot of your funding sources as proposed, including those for which you have already applied or secured, and help us understand the rough percentage of the project that is already funded.</p>
<p>17. Would you say the timing of the funding needed for your proposal falls into:</p>	<p>[Check one]</p> <ul style="list-style-type: none"> • Tier 1 / Immediate: Projects subject to immediate funding (use-it-or-lose-it) requirements. • Tier 2 / 24 months: Infrastructure or economic development projects that will be “shovel-ready” • Tier 3 / Other: Projects that do not fit into a one of the above funding timeframes or that are more long term or conceptual in nature 	<p>Identify whether the funding for your proposal can or should fall within specific time limits. Note that proposals may be strategically important for the region in any of these tiers. The purpose of this question is to indentify the time criticality of funding application or disbursement.</p> <p>Tier 1 projects may include strategies to overcome regulatory and operational barriers to project delivery (e.g., relating to procurement procedures, or permit review).</p> <p>Tier 2 projects should merit priority review within the next two years, with special priority given to projects that develop sustainable infrastructure. Tier 2 can include projects that could fit within this category with relatively simple policy adjustments to expedite the project, though these should be noted in question 14.</p> <p>Tier 3 may include proposals to improve the business environment or stimulate innovation that aren't essentially connected to Tier 1 or Tier 2 projects.</p>
<p>18. Have you already applied for state and/or federal funding for this project?</p>	<p>[Check one]</p> <ul style="list-style-type: none"> • Not yet applied • Applied and awaiting approval • Application approved, but funding is on hold • Disbursements have begun, and project is underway 	<p>Many strategically important projects have already gone through an application process, and in some instances may even have been selected for funding or commenced work. Entering data for such proposals allows the Institute to incorporate important projects into the recovery workplan even though they may already be funded or have commenced.</p>
<p>Job Creation</p>		
<p>19. Number of people the proposal anticipates employing</p>	<p>[Enter actual numbers of employees]</p> <p>a) in the 0-6 months following the</p>	<p>This is a direct employment measure for the project, including the employees of contractors. We seek to understand the</p>

	<p>launch of the project</p> <p>b) in the 6-12 months following the launch of the project</p> <p>c) in the 12-24 months following the launch of the project</p>	<p>jobs that will directly be produced by funding. For planning, training, or other types of grants, the direct employment may be low. Question 20 relates to the broader employment impact due to supply chain effects, new business formation, R&D activities, and the like.</p>
<p>20. Describe how this proposal may relate to sustainable job creation and long term competitiveness of the Bay Area workforce.</p>	<p>Long text box (approx 200 words)</p>	<p>This is your opportunity to provide detail on those jobs created by a project that are not solely dependent on stimulus funding and may be sustainable in the long-term.</p>
<p>Economic Impact</p>		
<p>21. The estimated net economic benefit that your proposal may deliver to the California economy is:</p>	<p>[Check one]</p> <ul style="list-style-type: none"> • under \$25 million • between \$25 and \$50 million • between \$50 and \$100 million • between \$100 million and \$500 million • above \$500 million 	<p>This question relates to the broad economic impact beyond jobs. Economists would express this as a gross domestic product (GDP) measure, which is meant to include the value of all the indirect, induced, business expansion, and capacity expansion effects that may have been considered in question 20.</p> <p>There are several broader and longer term impacts you may foresee from your proposal:</p> <ul style="list-style-type: none"> • Indirect impacts may occur at suppliers or vendors of contractors • Induced impacts may come from multiplier effects related to consumption (e.g. employees making purchases at local retailers) • Business creation or industry expansion (e.g. the activity triggers new business formation or even an entirely new industry due to new technology) • Expansion of Bay Area productive capacity (i.e., the proposal allows the Bay Area sustainably to support more residents or businesses)
<p>22. Briefly explain your answer to question 21</p>	<p>Long text box (approx 200 words)</p>	<p>You are invited to indicate other economic benefits that may extend beyond the expenditure of stimulus dollars (e.g., new business creation or expansion of productive capacity). Such projections are inherently imprecise, and not all proposers will be able to provide them. In recognition of that, questions 20 and 21 demonstrate your thinking about broad economic impacts and help the Institute to assess the</p>

		strategic importance of the proposal to the region and state.
Environmental Sustainability & Social Justice		
23. Describe the measures taken in your proposal that enhance environmental sustainability in the Bay Area and beyond. These measures would be beyond what existing State and Federal law require.	Long text box (approx 200 words)	Environmental sustainability may be related to resource efficiency, conservation, commute distance reduction, increased use of public transportation, increased use of renewable energy or supplies, reductions in greenhouse gas emissions, reduced pollution discharges, or any other environmental sustainability impacts relevant to your proposal.
24. Describe the measures taken in your proposal to address the needs of disadvantaged communities in the Bay Area?	Long text box (approx 200 words)	Positive impacts on disadvantaged communities may relate to hiring, training, access to services, reduced pollution, increased educational attainment, increased entrepreneurship, or any other measures or impacts that support improved quality of life and/or economic benefit for disadvantaged communities in the Bay Area.

Core Project Criteria

Projects and initiatives included in the plan should meet one or both of two criteria:

1. **Jobs.** Significant near-term job creation
2. **ROI.** Potential to generate long-term growth with high return on investment

Additional criteria include

3. **Job sustainability.** Likelihood to create jobs that are sustainable in the longer-term
4. **Geographic impact.** Cross-jurisdictional or cross-sectoral scope (e.g., projects that are regional in nature or span more than one city, county or sponsoring organization)
5. **Resource leveraging.** Degree of leverage of state and federal resources with matching funds or other resources
6. **State alignment.** Alignment with State programs and priorities. Proposals should be achievable without major legislation or significant new state resources outside Federal or other stimulus programs.

Note that Tier 3 type initiatives to deal with longer-term regulatory reform or implement an overarching strategy such as business environment improvement are welcome and may be considered more carefully after BT&H's June 1 deadline for workplan submission.

Subject Matter Guidance

Projects or initiatives of interest in this process should fall into one of seven subject categories that map to Bay Area regional priorities.

Projects outside of these areas will be considered, but must be particularly compelling.

The Institute defines the subject matter areas as follows:

- **Transportation:** Priority projects for funding (Tier 1 or 2) and process improvements that deliver 21st century infrastructure, improved regional mobility, and smart growth
- **Water:** Improving reliability and security of the Bay Area's water supply
- **Energy/Climate:** Energy efficiency, grid modernization (smart grid), electric system reliability, renewables, and R&D
- **Human Capital:** Workforce training and education to support near-term recovery and future industry needs
- **Business Development:** Opportunities to reduce obstacles to project delivery, streamline funding flows, and stimulate job creation through business expansion
- **Science and Innovation:** Opportunities to leverage universities, laboratories, and other innovation drivers that expand Bay Area competitiveness or global industry leadership—and ultimately job creation—through programs, policies, or specific projects. Projects with potential to increase productivity such as electronic medical records (EMRs) and broadband deployment in underserved communities.
- **Housing:** Address housing foreclosures, housing finance, land use and affordable housing policies, and potential projects to support transit integration and related priorities

The following pages provide guidance in each of these areas.

The Institute's recovery webpage (www.bayareaconomy.org/recovery) provides additional background information, including documents from the California Business, Transportation & Housing Agency, and analysis of the federal stimulus bill from the California Legislative Analyst's Office, the Brookings Institute, and the California League of Cities.

Additional background and comments may be added to the Institute's website during the proposal submission period.

The following guidance has been developed with support from a team of issue-specific (subject matter) advisors to the Institute. The guidance provides background information for project proposers regarding each field to which we have attached strategic priority, and information where it is available on the current status of decisions regarding the regional allocation of federal stimulus funds. We encourage you to review the paper(s) that relate most directly to your proposal for additional context.

Subject Matter Guidance Transportation

Includes subject matter advisor input from

Therese W. McMillan, Metropolitan Transportation Commission (MTC)

Transportation proposals should seek to deliver 21st century infrastructure, improved regional mobility, and smart growth.

Tier 1/Immediate Projects

Federal stimulus. These projects have already been identified and prioritized, though there are some projects in a secondary MTC list that may be important to seek non-federal stimulus funds.

- Further background. MTC, via Resolution No.3885 adopted on February 25, 2009, outlines the region's American Recovery and Reinvestment Act (ARRA) program, with specific projects matching those highway and transit funds guaranteed to the Bay Area by formula. A total of 80% of those funds are for rehabilitation projects for local streets and roads and transit capital, and those funds are well on their way to obligation. The other 20% of funds are geared to discrete, safety or capacity enhancing projects in line with MTC's soon-to-be adopted long range plan. However, in the event that some of these formula-based projects do not advance to obligation under the very short deadlines, MTC has been developing a set of secondary rehab-oriented projects. MTC's terminology to distinguish the primary and secondary projects is unfortunately also Tier 1 and Tier 2. Particularly MTC's Tier 2 would be obvious candidates for the Bay Area Recovery "Tier 1" list for any non-federal stimulus dollars. The web address for viewing MTC's adopted Tier 1 and Tier 2 lists can be found at <http://www.mtc.ca.gov/news/info/stimulus2.htm>

State-disbursed. An existing MTC priority list should be the Bay Area focus.

- Further background. There are regional highway rehabilitation and new construction projects to be funded by the state-disbursed ARRA funds that are primarily Prop 1B projects bottled up in the state budget crisis. Selection of these projects will be overseen generally by the California Transportation Commission. MTC's priority list should be the Bay Area focus. The current draft recommendations are located at the following website: http://apps.mtc.ca.gov/meeting_packet_documents/agenda_1250/10c_Res3896_Rev_Supplemental_Doc.pdf

Tier 2/24 months

Projects in this category would likely fall under the third ARRA program, consisting of federal discretionary programs at the national level. MTC focus is in three areas:

- US DOT Secretary National competitive program
- The High Speed Rail program
- The New Starts program

There are other projects that the region could endorse as having regional importance. In particular, the following would be worthwhile vetting for projects of regional strategic significance:

- For energy and emission reduction/climate change projects related to the goals outlined by the California Air Resources Board, the Bay Area Air Quality Management District would be the lead regional sponsor in partnership with MTC.
- Trade related projects, especially those at, or providing access to, the Port of Oakland under the Proposition 1B Trade Corridors Improvement Fund (TCIF). The current adopted list of Northern California priorities can be found at <http://www.mtc.ca.gov/funding/infrastructure/index.htm#tcif>. This list represents dozens of projects, many of which might be worthwhile to reexamine for three reasons:
 - a) Those projects that for whatever reasons didn't move successfully in the first wave of Proposition 1B (e.g., the full Donner pass expansion project)
 - b) Those projects that have had, for a number of reasons, to be down scoped within the Prop 1B funding envelopes, but would be better, more economically contributing projects with a larger scope (e.g. the Martinez subdivision project; Port of Oakland Outer Harbor Intermodal Terminal);
 - c) Those Tier 2 projects that are far enough along in the planning and environmental process to be remotely considered "shovel ready" in two years (e.g. Capitol Corridor operational improvements, North Airport Road improvements).

Tier 3

MTC recommends focusing efforts on advancing Senate Bill 375, which is already central to the work program of the Joint Policy Committee (consisting of MTC, ABAG, BAAQMD, and BCDC). There are limited pots of current stimulus money applicable to SB 375 issues. However, assistance to SB 375 planning and implementation is also a very appropriate use for the state portion of the energy efficiency block grant program, established under the Energy Independence and Security Act of 2007 (EISA) and supplemented with ARRA funding. Two key categories for SB 375-related projects are based on MTC's *Transportation 2035* long range plan along with land use coordination:

- Transportation system efficiencies
- Transportation pricing

Subject Matter Guidance

Water

Includes subject matter advisor input from
Robert D. Whitley, Whitley Burchett & Associates

Water proposals should seek to improve the reliability and security of the Bay Area's water supply.

Economic activity is dependent on a reliable water supply system, but the San Francisco Bay Area is experiencing water shortages, causing disruptions in water consumption with economic consequences. Any economic recovery plan must include regional programs to enhance water supply sustainability to individual residential, commercial and industrial customers.

Tier 1/Immediate Projects

Applications for Tier 1 drinking water and wastewater funds have already been made; however, applications far exceed available funds, so it may be worthwhile to monitor the award processes to determine the amount of awards to the Bay Area region.

- **Further background.** The federal economic stimulus American Recovery and Reinvestment Act of 2009 provides federal funds to be allocated to each state. California will receive about \$160 million for drinking water projects and \$283 million for wastewater projects. These allocations are for construction projects that can be under a construction contract by February 2010 (shovel ready). Drinking water funds will supplement the existing Drinking Water Revolving Fund, administered by the state Department of Public Health (California Health & Human Services Agency). Wastewater funds will supplement the existing State Water Pollution Control Revolving Fund, administered by the State Water Resources Control Board (California Environmental Protection Agency).

Tier 2/24 months

The priority for the next two years should be to continue Tier 1 programs and fund additional needs not receiving funding under the ARRA, while concomitantly developing regional strategies to achieve a reliable and sustainable water supply. There are three potential areas of further focus in the near term:

- **Water Conservation.** Use of innovative technology, engineering, maintenance and operating practices are necessary to achieve reductions in the amount of water used in the region. Water conservation measures can be implemented immediately by every water utility and should be the highest priority.
- **Water Recycling.** Water recycling is capital intensive, requiring political, financial, public and engineering support. Federal and state financial assistance programs are available, but with limited funds.
- **Alternative Energy.** Water delivery, treatment and distribution systems require significant electrical energy. Energy conservation and alternative sources (solar, biofuels, waste gas utilization and etc.) must be considered. Technology exists, but could be enhanced to make the necessary capital investments more attractive to public and private investors.

Historic water resource/supply policies have been driven by individual water utilities for their respective service areas. There is no Bay Area regional perspective or strategy regarding water supplies. The five major water utilities are attempting some cooperative arrangements, but there still is no comprehensive water supply policy. Tier 2 proposals could lay the groundwork for long-term infrastructure planning and water management agenda-setting:

- **Economic Impact Analysis.** Any water shortage will cause a disruption in water consumption patterns by individual and business consumers, with associated economic impacts. Individual water agency analysis of shortage scenarios have not accounted for regional impacts. An analysis of the impact on the Bay Area regional economy caused by a long-term/permanent water shortage is needed to provide the basis for understanding the need to invest in very capital-intensive facilities.
- **Delta Vision Policies.** A Delta Vision Strategic Plan recently produced for the Governor's Office is comprehensive, thorough, and identifies the need for fundamental changes in how water movement through the Delta is managed. The plan's recommendations would have varied impacts on different parts of the Bay Area, and the region as a whole will experience an impact on its physical, cultural, economic and water supply relationship with the Delta. A Bay Area Regional perspective is needed to help formulate discussion and debate around the recommendations.
- **Regional Water Strategy.** An overall regional water strategy should be developed that would supplement the sub-regional utilities and provide for a Bay Area perspective about future proposals.
- **Workforce Development Programs.** Existing water/wastewater utilities are managed, operated and maintained by highly skilled individuals, many of whom are nearing or at retirement age. Utilities are finding limitations of the availability of skilled individuals. A coordinated workforce development program would assist the utilities in finding and hiring for these essential jobs.
- **Levee Reinforcement.** Emergency response programs, as well as levee protection and reinforcement programs, are needed to minimize the risks to public health, safety, and negative economic impact from levee breaches.
- **Earthquake Readiness.** The Bay Area's water collection, distribution, and treatment systems have aged significantly, and the infrastructure that provides drinking water and wastewater treatment for the region is vulnerable to losses that may stem from an earthquake. Capital investment for the reinforcement and modernization of existing structures is critical to ensuring water availability in the time of crisis, and it promises to deliver added water savings through decreased system losses in non-crisis times.

Tier 3/Long-term

The long-term sustainability of the Bay Area economy is dependent on major investments in the water infrastructure. Four areas are recommended for focus:

- **Delta Environmental Restoration.** Scientific evidence is compelling that the ecologic health of the Delta is failing, a dangerous situation as water movement through the Delta supplies about 2/3 of the California population, including major sub-regions of the Bay Area. Ecosystem improvement and restoration projects have been identified by federal and state agencies and must strategically proceed at the same time as the major improvements to improve water conveyance facilities.

- **Delta Conveyance.** The movement of water around the Delta and to water utilities under the State Water Project (SWP) is politically, environmentally, and economically contentious. The Delta Vision process considered the various proposals and impacts to the Delta and concluded that improved conveyance facilities are needed and that a dual system be formulated. Physical, environmental, financial and political impacts are being evaluated. Major portions of the Bay Area directly receive water supplies from the SWP. Thus, our region's economic interdependence requires a reasoned resolution of the issues and timing for construction of an improved conveyance system.
- **Storage.** Current seasonal cycles of drought, inadequate water resources into the existing reservoir system, and the increasing demand for water all indicate that additional storage volume is needed. Any storage improvements will be controversial. Existing groundwater basins could be augmented for storage by a system of recharge and extraction wells. Options to add more reservoir capacity in the natural river channels are being evaluated, including options to expand the capacity of the existing Los Vaqueros Reservoir, the capacity of Lake Shasta, and a new off-stream reservoir near Maxwell (Sites Reservoir).
- **Desalination.** Northern California water sources are plentiful, but the quality due to salinity is not beneficial for most uses. Desalination processes can produce high-quality drinking water and are in practical use in water-short areas of the world. However, they are expensive, with high energy requirements. The major water utilities are jointly evaluating the siting, cost and operating parameters for a prototype desalination facility that can be jointly owned and operated to supplement water resources of the Bay Area.

Subject Matter Guidance Energy/Climate

Includes subject matter advisor input from

R. Sean Randolph, Bay Area Council Economic Institute
David Rubin, PG&E

Energy proposals should advance improvements in energy efficiency, transmission and other infrastructure, as well as research and development.

The regional agencies' Joint Policy Committee (JPC) has identified climate change as a regional priority. Through the JPC, the region is developing plans and policies related to energy and the environment.

One goal is to make the Bay Area a model in California and the nation for how, concurrently, to manage climate change and grow a green economy. Many cities, counties, and business organizations have launched a range of climate change initiatives. Moreover, the Bay Area has emerged as a national and global leader in the research and development of renewable energy, energy efficiency technology, and policies designed to support such strategies in hand with reducing CO2 emissions.

The funding, policy, and potential proposal priorities for the Economic Recovery Workplan are still under analysis by the subject matter team, particularly in terms of clarifying Tier 1, Tier 2, and Tier 3 types of proposals. The Institute will continue to work with the subject matter team to develop a paper providing this detail and will communicate through the regional outreach team when this paper is available.

In the meantime, based on its past research and analysis, the Institute is particularly interested in understanding proposals that advance Bay Area capabilities, coordinate with existing programs to avoid duplication, and increase opportunities for leverage in the following areas:

- Energy efficiency and conservation
- CO2 reduction
- Renewable energy research, development, and deployment
- Energy efficient infrastructure
- Electricity system reliability
- Smart grid
- Workforce-related proposals in green jobs and energy-related careers

Alignment of project with priorities and policies of the California Public Utility Commission and California Energy Commission will be considered.

Subject Matter Guidance

Human Capital

Includes subject matter advisor input from
Lorne Needles, United Way of the Bay Area
Virginia Hamilton, California Workforce Association

Human capital proposals should offer workforce training and education to support near-term recovery and future industry needs.

The federal stimulus presents an important opportunity – and some challenges – for the Bay Area. We must find a way to support near-term recovery and get unemployed people jobs so they and their families can survive. Other job opportunities will occur through economic growth, attrition and turnover. The Bay Area must mesh its workforce strategies with its economic development strategies to prepare highly-qualified workers – and a workforce development system – that will ensure that our local economy returns to prosperity and remains competitive and robust. This challenge links skills preparation of the Bay Area workforce with attraction and retention of world-class employers and companies, to ensure lives of sufficiency and dignity for our people in the face of three trends:

- The recession
- The retirement of the highly skilled baby boom generation, creating skills shortages in critical job categories despite the recession
- Outsourcing of jobs from the Bay Area when we lack the prepared workers to fill the needs of employers

These trends drive the following overarching human capital goals of the regional stimulus strategy:

- Move people without jobs into jobs created by the stimulus
- Prepare people to move up in their companies, institutions, and industries
- Help people compete for and keep great jobs for their full careers, even as the economy continues to change
- Invest in human resources for the greatest possible impact now and for the future

Funding streams

The following is a partial list of funding streams that we expect to play a role in the regional plan. They include stimulus as well as pre-existing streams. New information is emerging continually about the various state and federal funding streams, the potential uses of funds, and process for applying.

- Workforce Investment Act Discretionary Funding. Includes the state's 15% discretionary funds, Competitive Grants for High Growth Industries, and National Emergency Grants
- Trade Adjustment Assistance, US Department of Labor
- Temporary Assistance to Needy Families (TANF): Workforce development for recipients of public assistance
- Other Department of Labor: On the Job Training / Supportive Services, Community Service Employment for Older Americans, YouthBuild
- Department of Energy, Electricity Delivery, Weatherization Assistance, etc.
- Health and Human Services: Health Resources and Services Administration, Community Services Block Grant, Vocational Rehabilitation State Grants, Child Care and Development Block Grant; funds for nurse and nurse anesthetist training; etc.

- Department of Transportation, 0.5% set-aside for employment training with certain projects
- Housing and Urban Development: Hope VI \$ for employment training
- Dept of Justice: OJJDP – Employment training for re-entry for ex-offenders
- California Department of Education – Adult Education, Teacher Quality Enhancement
- California Employment Training Panel
- California Employment Services funds
- Infrastructure / Public Lands improvements and restoration
- Brownfield Cleanup of hazardous waste sites
- Others that may be relevant (please feel free to suggest what these are)

Priorities: Success for Three Categories of Potential Employees

Programs must demonstrate that they are capable of providing effective services designed for a specific category. Proposals may offer programs that address more than one of these categories; in that case, the plan for workers in each category must be clear, distinct, and sound.

- 1) **“Ready to go” employees:** Potential employees who possess the basic skills and hard skills to fill available jobs (see definition of terms, below). Programs will provide them with:
 - i. Assessment of skills, experience, education, interest, and aptitude
 - ii. Brush up / polishing of soft skills
 - iii. Some work-ready people may need some quick brush up on specific hard skills, as for a new database or software. This could be done very quickly, in a week or less, and could be accomplished through independent self directed or online learning.
 - iv. Outreach, referral, and matching to available jobs
- 2) **Participants needing short-term training:** Potential employees who will be qualified for available jobs after hard skills training that takes up to 6 months. Programs will provide them with:
 - i. Hard skills training customized for specific available jobs.
 - ii. Income supports that allow the participant to meet living expenses during training. Work supports that also enable participants to complete training (such as child care or transportation benefits, public health coverage, or others). This may include creative use of / partnering with public resources and programs, and experience in addressing these issues will be highly valued.
 - iii. Counseling/coaching before/after job placement to help the participant resolves other needs/problems that may affect employment and adjust to the new job.
 - iv. Outreach, referral, and matching to available jobs
- 3) **Participants needing long-term training:** Potential employees who will be qualified for available jobs after training/support on hard skills, soft skills, and/or basic skills. Programs will provide them with:
 - I. Hard skills training customized for specific available jobs. Usually leads to a certificate or degree in a particular industry or job category, and includes jobs requiring higher levels of expertise/education. (Note: Expert job training programs are generally differentiated by industry. Historically individual providers have chosen to specialize in certain job categories like construction, health professions, logistics, etc. So, the high quality skills training we hope to see is likely to be offered at community colleges, through apprenticeship programs, or by nonprofit providers with 2-3 years track record in providing vocational skills training).
 - II. Basic skills development and soft skills training on resume writing, job search, interviewing, and workplace behavior.

- III. Programs that offer work experience through on-the-job training (OJT), or that use a non-profit/for profit business to offer transitional work experience, or programs that coordinate with employers in offering trainees with job-shadowing.
- IV. Income supports that allow the participant to meet living expenses during training. Work supports that also enable participants to complete training (such as child care or transportation benefits, public health coverage, or others). This may include creative use of / partnering with public resources and programs, and experience in addressing these issues will be highly valued.
- V. Counseling/coaching before/after job placement to help the participant resolve other needs/problems that may affect employment and adjust to the new job.
- VI. Outreach, referral, and matching to available jobs

Note on definition of terms. *For the most part terms are used here as is common in the workforce development field, simplified for brevity.*

- “Basic skills” – Skills that form the foundation for being employable (examples: literacy at the high school diploma or GED level; ability to speak, write, and read English)
- “Hard skills” – Vocational skills required to perform a particular job (examples: welding, mechanical engineering, algebra specific to carpentry)
- “Soft skills” – Skills required to get a job, communicate effectively, work in teams, etc. (examples: interviewing, preparing a resume, taking instruction from a supervisor, problem-solving).
- “Work supports”: Services and benefits that enable a participant to complete job training. Will vary for each individual according to their situation, and may include child care, transportation assistance, and other benefits like health coverage, etc.
- Income supports – Stipends, pay in transitional or subsidized employment, or other compensation that enables the participant to meet living expenses while in training.

Key principles for workforce development programs

Proposed programs should fit with the framework outlined above while supporting as many of the following key principles as possible:

- 1. The program is relevant to the priorities set for stimulus funds and existing state funds, and for the current and future Bay Area job market.**
 - a. Programs should prepare people for jobs and sectors that are prioritized in the ARRA and existing state funding streams. These include but are not limited to:
 - I. Projects funded with stimulus money
 - II. Displaced workers
 - III. The ‘green’ sector: energy efficiency and reliability, renewable energy, electricity delivery, weatherization assistance, environmental cleanup, etc. Health professions
 - IV. High-growth industries (including broadband and advanced manufacturing, healthcare information technology...)
 - V. Preparing workers for good jobs that open through employee attrition or turnover
 - VI. Companies and sectors impacted by international trade

Other specific categories: women and minorities, older Americans, person with disabilities.
 - b. Programs should demonstrate that they have used labor market forecasts or other reliable data to target industry sectors and career categories that will be high growth areas for the Bay Area economy in the next 5-7 years.

2. **The program is responsive to other existing and emerging federal and state priorities.** The federal government and state government are indicating priorities they have for how funds for human capital will be used. Responding to these priorities will make proposed programs and the regional plan more competitive. A partial list includes:
 - a. Rapid response to get recently unemployed people back into the workforce quickly.
 - b. Able to train people in cohorts for job categories that are opening up in large numbers. Able to achieve scale with services.
 - c. Innovation in preparing people for jobs being created in the short-term. Drawing effectively on existing capacity (e.g. apprenticeship programs, higher education institutions).
 - d. At the same time, investing in longer-term training that prepares people not only for current jobs but sustainable careers. Programs may invest at a higher cost per person to achieve this.
 - e. Use of funds for training/direct service, not program infrastructure.
 - f. Coupling training with work supports, especially income (stipends or financial incentives) while the person participates in training/education.
 - g. Beyond jobs related to short-term stimulus projects, prioritize jobs or industries that are not easily exportable.

3. **The program operator(s) has a proven track record and are committed to accountability.** Note that the regional proposal submission process is not a selection process and so does not review the experience of the proposers. However, program operators should be able to demonstrate experience managing and delivering on public contracts; that they have pre-existing relationships with key employers or the demonstrated ability to form close partnerships with key employers and labor unions; and that they have successful experience working with workforce investment boards, the Employment Development Department, and/or other relevant city, county, and state departments. Since stimulus-projects may cross city and county jurisdictions, stronger program operators will have the experience and capacity to connect workers with jobs and training opportunities across jurisdictions. In addition, the program operator should use rigorous and commonly-accepted performance measures for the effectiveness of its program(s), and the ability to track and report them regularly.

4. **Use of best practices, including sector-based and career ladder/pathway strategies.** The stimulus presents an opportunity to ensure that the most effective approaches are adopted and expand.
 - a. **Sector based:** The workforce development field has continued to evolve to be more effective. At the leading edge of practice, workforce development programs are striving to be 'sector based' – focused on and created in partnership with specific industries and employers. Characteristics that distinguish a sector based approach include:
 - i. Industry specific. Training is developed and delivered with specific jobs/industries committed to employing the participants when they complete.
 - ii. Industry driven and partnership centered. Employers are involved in designing and delivering the training.
 - iii. Provide win-win solutions for workers and employers. Programs continually think with employers about how new jobs are emerging, or how existing jobs are evolving.
 - iv. Regional in scope
 - v. Focus on systems change

 - b. **Employer commitment.** Proposals will receive stronger consideration if there is a commitment from the employer to hire graduates of the specific training program.

- c. **Group or cohort-based training.** Workforce development services can be created and scaled up more efficiently when designed to serve whole cohorts of participants.
 - d. **Career ladders/pathways.** Prepares people for a sustainable career in a particular industry or job category Includes coaching to develop a long-term personal plan, skills upgrade training as needed to allow people to be promoted; working with employers to plan ahead for the jobs that will be available when stimulus funds sunset; etc.
 - e. **Bundling of services.** Evaluation of programs by the Annie E. Casey Foundation and other shows that people are more likely to get and keep good jobs if other services they need for self-sufficiency are bundled in a coherent manner with the workforce opportunity. These services can include asset-building, uptake of public benefits, etc.
- 5. Programs help achieve alignment of the Bay Area’s workforce development system and resources for maximum success.** The regional plan will prioritize projects that help evolve the Bay Area’s current workforce system to be more coordinated and more effective. They demonstrate how they can complement / create flexibility within programs and institutions; shift and customize quickly as employment opportunities change; engage in creative partnerships with non profits, government, higher education, and others; connect efforts through ‘bridge’ programs (example: contextualized basic skills that help someone learning soft skills prepare to enter a construction pre-apprenticeship); leverage other resources; etc.
- 6. Programs that are inclusive of people from all segments of the community, and that prepare people for well-paid, sustainable jobs and careers.**
- a. Outreach to and opportunities that are accessible for communities of color, poor and disadvantaged job seekers, people with disabilities, and others.
 - b. Even if a person takes a low-paying job created by the stimulus, the programs will help move him/her up the career and income ladder over time. Use the California Self-Sufficiency Standard to measure how well we are doing. The federal poverty line suggests that a family of 4 needs \$20,000 a year to get by, which is absurd in the Bay Area. The Standard estimates that the family needs about \$65,000 in our region. So, one outcome of the regional plan is how well we are moving employees toward jobs that meet the Standard. For more information: <http://www.insightcced.org/index.php?page=ca-sss>.
 - c. Prepare workers with credentials that are portable between employers, and ‘stackable’ with other education and training. Prioritize partnerships with businesses that will employ Bay Area residents, rather than outsourcing good jobs offshore or ‘in-sourcing’ them to other states. Work with business to create and attract jobs that will endure, and to prepare our residents to hold on to those jobs.
- 7. Programs that connect young adults ages 18-25 with these job opportunities and help launch their careers.**

Approaches for distressed communities

In high-distress communities many people who could contribute to the economic recovery and the region’s vitality have been unable to do so because of skill/education gaps, lack of opportunity, and gaps in mechanisms that give them access. We encourage the innovative use of funding to address these barriers in a way that is a win-win for employers and potential employees:

- Grow and include small businesses from these communities. Set goals for local, small business and/or disadvantaged business development contracting, subcontracting, vendor and/or

suppliers. For construction contracting, use stimulus funds to provide bonding assistance or incentivize general contractors to provide “wrap-around” bonding to aid available and qualified local, small or disadvantaged businesses who may not be able to access affordable bonding in order to compete for the contract. Support non-profits who work directly with businesses or developers to provide them with an updated list of local, small and/or disadvantaged businesses to solicit bids from. Finally, provide funding to help self-employed or micro-enterprise businesses¹ develop or grow into a small business.²

- Set social and/or residency hire goals. Provide funding to organizations that can assist with recruiting, screening, training and referring local residents to assist the developer, contractor, subcontractors, vendor, suppliers or manufacturers with fulfilling their local residency hire.
- Prioritizing major development projects³ that participate in project stabilization or community benefits agreements.⁴ These agreements spell out the designated local public or non-profit agency to recruit and hire local residents from.
- Monitoring and support. Designate public agency(ies) responsible for monitoring and enforcement of these goals. Provide funding to support intermediaries that will manage and disseminate “cooperative business” loans and offer “cooperative business” development technical assistance.

¹ Self-employment and/or micro-enterprise are defined as a business with 10 or less employees.

² Small businesses are defined as having between 11 – 50 employees.

³ Major development projects are those with a budget of \$25 million and above.

⁴ A community benefits agreement or project stabilization agreement includes business development and hiring goals. It often includes community benefits in the form of setting aside land for community land-banking; or building community facilities such as health centers, elderly centers, etc.; or setting aside a pool of funding for community partners to help the developer in meeting their business development and hiring goals.

Subject Matter Guidance

Business Development

Includes subject matter advisor input from
Karen Engle, Oakland Metropolitan Chamber of Commerce

Business development proposals should pursue opportunities to reduce obstacles to delivery of stimulus projects, streamline funding flows, and stimulate job creation through business expansion

The project team acknowledges that the business development subject may encompass a wide variety of proposals, issues, and opportunities. Transportation infrastructure, housing, science and innovation, and human capital are already addressed in other areas.

Proposals with a business development concentration are therefore likely to focus on three areas:

- Access to financial capital and efficient capital markets
- An effective regulatory framework and legal system
- Support activities for business formation, market development, or demand stimulation

Proposals may stimulate business activity by

- Stimulating aggregate demand (i.e., spending federal dollars to pay construction companies to weatherize low income homes stimulates activity in the construction industry; enacting tax breaks; matching buyers and sellers; stimulating foreign demand for local products or services)
- Reducing transaction costs or otherwise streamlining the process by which businesses can invest and do business.
- Influence decision making by investors and business owners to do something they wouldn't otherwise do by: (1) subsidizing the cost of one of their inputs (real estate, personnel, operating capital); or (3) changing the tax and regulatory environment in which they operate.

There a number of tactics economic developers can use to influence all of the above, of which the following four are only examples:

- Streamlining the technology commercialization process (which more directly falls under the "Innovation" subject heading)
- Conducting multi-jurisdictional processes to identify and implement important strategies and initiatives for industry development
- Marketing
- Hosting events to streamline access to information and resources about various business financing avenues as you suggest

Opportunities for Regulatory or Policy Measures

Proposals in this area should specifically examine specific ideas for regulatory or non-legislative policy measures the state could enact that would streamline business development activity and hasten economic recovery. For example, architects working on Bay Area school construction projects have noted that budget and staffing cuts at the Division of the State Architect are resulting in delays in the review and approval process and delays in school construction which will employ thousands of workers. A near term solution would be for the state to allow school districts to pay for plan checkers to work

overtime or on furlough days or to use stimulus funds to do so. This kind of non-project, near-term idea for removing obstacles to economic and business activity is the focus of the Business Development subject matter for the Bay Area's Regional Economic Recovery Work Plan.

Proposals must indicate *specific* regulatory or process changes that could be made by state agencies in the near term that would result in increased opportunities for business growth and job creation. While open to longer term suggestions for major reforms, BT&H has specifically invited proposals for regulatory or other improvements that could be achieved quickly and without significant new legislation.

Proposals of this nature should include:

1. An assessment of the regulatory or policy obstacle or problem;
2. A specific remedy or set of remedies that would address the problem via action at the state level.

Ensuring Clarity in Proposals

Because the proposal submission tool is designed for an extremely broad range of proposals, there are not detailed breakdowns of sector or issue categories.

The project team recommends that, to the extent feasible, proposers ensure clarity in their proposals as to the sector-based categories and issue-based impacts, and their impacts.

Sector-based categories. The Bay Area economy is driven by a number of key industry sectors (for greater specificity as to the statistical definition of these sectors, see the Bay Area Council Economic Institute's *Bay Area Economic Profile*, 2008). Many of these sectors are well represented by regional industry associations. A *partial* listing of these sectors and their related industry association is:

Information Technology

Semiconductor Industry Association
Association for Computing Machinery, San Francisco Bay Area Chapter

Green Technology

Northern California Solar Energy Association
Association of Energy Engineers - Bay Area

Construction

American Institute of Architects
Home Builders Association of Northern California
California Building Industry Association
Bay Area Sheet Metal & HVAC Contractor Association

Transportation & Logistics

Pacific Merchant Shipping Association

Health and Life Sciences

Bay Bio
Hospital Council of N. and Central California

Tourism & Hospitality

California Restaurant Association
San Francisco Convention & Visitor's Bureau
Oakland Convention & Visitor's Bureau
San Jose Convention & Visitor's Bureau

Financial Services

Bay Area Mortgage Association (BAMA)

Agriculture & Food Processing

Napa Valley Grape Growers Association
Napa Valley Vintners Association

Issue-based categories. There are a number of aspects of the state's business climate that are cross-cutting in nature in that they are issues that impact the ability of businesses to grow across sectors. Proposers are encouraged to make clear the issue or issues their proposal involves. Some examples are:

Small Business

Access to capital
Tax credits
Job training
Bonding for construction projects

Worker's Compensation Insurance**Real Estate Development**

Entitlement processes
Surplus property disposal
Toxic remediation (Brownfield regulations)

Broadband Access**Incentives (Enterprise Zone changes, matching grant funds, others)**

Subject Matter Guidance

Science and Innovation

Includes subject matter advisor input from
Kim Walesh, City of San Jose

Science and Innovation proposals should address opportunities to leverage universities, laboratories, and other innovation drivers that expand Bay Area competitiveness or global industry leadership—and ultimately job creation—through programs, policies, or specific projects. Projects with potential to increase productivity, such as electronic medical records (EMRs) and deployment of broadband in underserved communities, are encouraged.

The project team acknowledges that the science and innovation subject may encompass a wide variety of proposals, issues, and opportunities. In many instances, science and innovation will be applied directly in other areas, including transportation technologies, energy and environmental technologies, construction technologies, and learning or educational technologies that may fit within other areas.

It is important to be clear that, for purposes of the Bay Area Recovery Workplan, there are not existing, accepted methods of scoring, prioritizing, or negotiating funding priorities for science and technology projects.

Rather, the proposal process is intended to inventory the major science, innovation, and productivity-enhancing projects springing up from institutions/communities in the Bay Area that are engaged in seeking stimulus funds. The focus of the regional workplan is to describe these projects in a synthesized, compelling way, providing regional and strategic context, so that the projects can be understood and advocated for by leaders in the Bay Area and Sacramento.

Proposals should consider that the entire Bay Area functions as an integrated region for innovation. What is important are the professional relationships between people in universities, laboratories / research centers, and business that make tech transfer actually happen, and the structures that create incentives or other facilitation for this dynamic process.

Proposers may want to differentiate between short-term projects that aid recovery by stimulating spending, and longer-term projects that are intended to be aid structural transition.

Subject Matter Guidance

Housing

Includes subject matter advisor input from

Carole Galante, BRIDGE Housing

Ken Kirkey, Association of Bay Area Governments (ABAG)

Housing proposals should address housing foreclosures, housing finance, land use and affordable housing policies, and potential projects to support transit integration and related priorities.

Housing development proposals are likely related to four areas:

- **Stalled low-income housing tax credit projects.** The state currently has a long list of low-income housing projects that were designed to be funded in various ways, including with Proposition 1C funds, but put on hold based on the state budget crisis. There is close to \$750mn total in projects, and there is not likely to be enough money to advance all projects. The list of projects includes those on hold financially, with approvals, or under construction.
- **Transit-oriented development and infill.** A large number of these types of projects already slated to be funded under Prop 1C are stuck due to the budget freeze. In addition, the state has developed an RFP for new projects for the next round of funding. These types of proposals represent initiatives that fund new development and subsidize costs of housing at transit locations (such as development of housing at Macarthur BART).
- **Local public housing projects.** San Francisco and other cities are looking at transforming their public housing projects, many of which are in bad shape and need to be torn down and redone as mixed income housing. There may be opportunities in the short term to move forward projects that involve planning dollars versus capital dollars.
- **Master-planned infill communities.** There are many master-planned communities based on an infill concept—Mission Bay is one large example. Current sources of housing funds can fund construction, but often there are not ancillary funds to support development of essential services that are necessary for a successful housing project, such as development of charter school, small retail, public park, or community center.

Housing Proposals Based on Regional Planning

The project team recommends that proposals be in line with the existing planning process by regional agencies. ABAG, MTC, and BCDC teamed up on the Focus Initiative to create a blueprint that directs housing growth to the right places. The initiative groups projects around Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs).

PDAs encompass most of the transit-served infill opportunities in the Bay Area and represent a real opportunity to focus growth and investment. They are also in line with Senate Bill 375 mandates and the state's regional blueprint plans. Tremendous investment is needed on all fronts, including infrastructure and housing. The Prop 1C awards in the Bay Area were very good, but a lot of very solid projects went unfunded.

The project team recommends that planned PDAs be examined for proposals.

Mortgage Finance

There is also an interest in proposals that address the mortgage crisis, including developing programs for homeowners at risk of foreclosure, those who have been forced out of housing due to foreclosure, and dealing with blight and the effects of foreclosures.

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