

ARNOLD SCHWARZENEGGER
Governor

DALE E. BONNER
Secretary

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Department of Housing & Community Development
Department of Managed Health Care
Department of Motor Vehicles



Office of the Patient Advocate
Department of Real Estate
Office of Real Estate Appraisers
Office of Traffic Safety
Department of Transportation
California Film Commission
California Travel and Tourism Commission
Infrastructure and Economic Development Bank

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

March 2, 2009

RE: Urgent Regional Economic Recovery Work Plans

Dear Stakeholder:

We are writing to follow up on the February 9, 2009 letter you received from the Business, Transportation and Housing Agency's Secretary Dale E. Bonner regarding your participation in your Regional Economic Recovery Work Plan. We have had a very positive response from leaders across the state and are pleased to report that efforts are now under way in every region to develop Regional Economic Recovery Work Plans with the consensus among stakeholders in each region. Thank you for your help and leadership in this effort. We know that it will take a united and collaborative effort to meet the first deadline of having Regional Work Plan drafts completed by April 1, 2009.

Now that the Federal Stimulus bill (American Recovery and Reinvestment Act) has been signed by the President, more details are coming to light of how California and our regions, counties and cities can apply for and use those funds. It is now more important than ever that we all work together to leverage our resources to bring as much money as possible back to California. By working together to identify the most promising, shovel-ready and impactful projects across our state, we can help make our various grant applications as strong as possible. While we believe this cooperative process has the ability to yield great benefits for California, it is by no means mandatory for any organization or local government.

Attached to this cover letter you find the following additional materials which will be helpful for your involvement in your region's work plan:

1. A contact list of the regions in the state and the organizations coordinating the effort to draft the Regional Economic Recovery Work Plans
2. The Guidelines (an overview of the purpose for these Regional Economic Recovery Work Plans)
3. The Suggested Format (a template for drafting each region's work plan)
4. A sample Economic Analysis Framework for transportation projects (to assist in measuring the economic impact of the various projects in each region)

Thank you again for your support of this effort to help our state grow and recover in a sustainable way that provides as much impact as possible for all of our communities. If you have any questions, feel free to contact any of us at (916) 323-5400.

Sincerely,

Eloisa Klementich
Assistant Deputy Secretary for Economic Development

Robert Glazier
Deputy Secretary for External Affairs

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Jim Bourgart
Deputy Secretary for Transportation and Infrastructure

Regional Economic Recovery Work Plans - Regional Coordinators

Address Title	Last Name	First Name	Business Title	Organization/Agency	Region	Email List	Phone #
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Mr.	Stensly	Bruce	President/CEO	Economic Development Collaborative of Ventura County	2	Bruce.stensly@edc-vc.com	(805) 384-1800
Ms.	Hayes	Barbara	Executive Director	Sacramento Area Commerce and Trade Organization	3	sacto@sactoeoc.org	(916) 441-2144
Mr.	Randolph	Sean	President	Bay Area Institute	4	sean@bayeconfor.org	(415) 981-7117
Mr.	Manchak	Michael	President/CEO	Economic Vitality Corporation	5	mmanchak@sloevc.org	(805) 788-2012
Mr.	Doizeer	Mike	Secretariat of the Partnership	San Joaquin Partnership	6	MDoizer@csufresno.edu	(559) 294-6027
Mr.	Allen	Bill	President/CEO	Los Angeles County Economic Development Corporation	7	bill.allen@laedc.org	(213) 622-4300
Mr.	Dowling	Mark	Agency Administrator	San Bernardino County Economic Development Agency	8	mdowling@eda.sbcounty.gov	(909) 387-9801
Ms.	Klementich	Eloisa	Assistant Deputy Secretary	Business, Transportation and Agency	9	eloisa.klementich@bth.ca.gov	(916) 261-5034
Mr.	Busby	Larry	Executive Director, CSEDD	Central Sierra ED	10	cspc@mlode.com	(209) 532-8768
Ms.	Meier Wright	Julie	President/CEO	San Diego Regional Economic Development Council	11	jmw@sandiegobusiness.org	(619) 234-8484
Ms.	Dunn	Lucy	CEO	Orange County Business Council	12	L.dunn@ocbc.org	(949) 476-2242

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BUSINESS, TRANSPORTATION AND HOUSING AGENCY

Regional Economic Recovery Work Plans Suggested Guidelines

Overview and Purpose

While the Governor, Sacramento lawmakers and policymakers in Washington continue working on economic recovery strategies, the urgency of the crisis compels us to remain focused on actions that can be taken immediately to help bring about a recovery as soon as possible. All public agencies responsible for expending federal stimulus funds or other public funds should be accountable for ensuring that those resources are expended efficiently, effectively in a manner that stimulates near-term economic growth and adds long-term economic value with sensitivity to environmental impacts.

To maximize the impact of federal stimulus and other limited resources, regional stakeholders are encouraged to develop a Regional Economic Recovery Work Plan (Plan) that supports economic recovery by, at a minimum: (1) leveraging resources, (2) expediting infrastructure delivery, (3) supporting the growth of business and innovation, (4) developing the California workforce, and where possible (5) enhancing environmental quality. The Plans are intended to help identify and seize opportunities for economic recovery and sustainable growth. While not mandatory, the benefits of partnering with the State to develop a Plan include opportunities to:

- Instill public confidence by demonstrating that the region has strategies to mitigate the impact of the current crisis and expedite regional recovery
- Demonstrate readiness and ability to utilize stimulus funds quickly and effectively
- Enhance accountability in tracking utilization of federal stimulus funding
- Leverage federal stimulus funds controlled by the State
- Receive bonus points for certain Proposition 1C housing bond applications and other requests for State housing funds
- Receive State assistance in identifying and applying for state and federal grants and in meeting federal regulatory requirements
- Receive State assistance with targeted outreach and education on new tax incentives available to businesses in the region
- Receive State assistance in leveraging new economic recovery and infrastructure financing tools

Regional Economic Recovery Work Plans Suggested Guidelines

Proposed Timetable

In order to have in place by June 1, 2009, recovery plans covering every region of the State, we propose the following general timetable:

March: Regional coordination and development of draft Plan (state agencies available for consultation and technical assistance)

April 1: Submit draft Plan to the Business, Transportation and Housing Agency for review

May 1: Distribute Plan for regional buy-in (formal or informal)

June 1: Plans in place for all regions of the State (subject to on-going review)

Suggested Content

To the greatest extent possible, the Plan should be grounded in and support, but not replace, long-term plans for infrastructure, land use or economic development, including responses to recently-enacted environmental and planning legislation, such as AB 32 and SB 375. The Plan should reflect a collection of specific goals and steps that can be taken to achieve them over the next two years. The content should be: focused and specific, consensus-driven, and achievable without major legislation or significant new resources, except those which may become available as the result of stimulus or other extraordinary funding.

Infrastructure and Development

California has roughly \$44 billion in projects that are ready to start construction or place orders, which would generate nearly 800,000 jobs over the life of these projects. This includes:

- \$11.8 billion in energy and energy efficiency projects
- \$11 billion in investment in road, transit and rail construction
- \$4 billion in health care investment, including \$1.4 billion in health IT
- \$8.5 billion in water and sewer projects
- \$1.1 billion in school construction, broadband and career technical education
- More than \$5 billion in airport, park, public safety and other public infrastructure
- Over \$1 billion in low income housing projects, generating 90,000 jobs

Tier 1: Projects Considered for Immediate Funding

Regarding the use of funds subject to strict “use-it-or-lose-it” requirements, the Plan should describe how the region’s project selection and other decision-making processes will consider and address:

Opportunities to Leverage

- Immediate jobs growth (quantity and quality)
- Environmental stewardship: green infrastructure, AB 32 and SB 375 compliance
- Long-term regional economic benefits

Strategies to Overcome Regulatory and Operational Barriers

- Procurement procedures
- Small business participation
- Permit review (prior to and during construction)

Transparency and Accountability

- Means of compliance with state and federal transparency and accountability requirements

Tier 2: **Projects that Warrant Priority Review and Funding within Two Years**

Various state, local and federal regulatory and permitting agencies have the authority and responsibility to administer environmental laws and statutes, and all have opportunities to promote economic recovery while fulfilling their individual missions. While public and private stakeholders have differing missions and, at times, competing objectives, most have shared values and common interests on which consensus agreements can be built. Coordinated efforts to focus staff attention and resources on high priority projects and actions can contribute greatly to short-term economic stimulus and longer-term environmental goals.

The Plan should identify infrastructure or development projects (whether public, private or combined) that warrant priority review and funding so they can be shovel-ready within the next two years. Strong consideration and priority should be given to projects that develop sustainable infrastructure or otherwise include green components. The Plan should, in addition, identify process improvements to expedite specified projects or types of projects within existing authority. Strategies to achieve efficiencies while maintaining effective stewardship might include:

- Sequential and independent activities that could be combined and addressed concurrently. (For example, work with California Coastal Commission to consider combining CEQA and coastal permitting into one process could reduce delivery time and save project delivery cost.)
- Opportunities to receive earlier regulatory direction and tiered approvals to improve decision-sustainability along the way and reduce 11th hour revisions.
- Integrated project review and permitting processes at local, state and federal levels to save time and avoid redundancy.
- Priority project review teams to include federal, state and local authorities, as appropriate, encouraged to use innovative compliance strategies, e.g., concurrent review, EIR/EIS coordination, certified CEQA programs, tiered impact statements, mitigation banking and advance mitigation.
- To expedite individual project delivery, establish programmatic approval process by project type (environmental objective mitigation banking verses project-by-project mitigation or geographic-based coastal zone, goods movement or commute corridors).

**Regional Economic Recovery Work Plans
Suggested Guidelines**

Priority funding might include the following stimulus grants, discretionary funds or financing tools:

Energy and Environment

State and Local Government Energy Grants
Grants to States for "charging infrastructure"
State and Local Efficient Trucks and Buses
Diesel Emission Reduction Act Grants

Health Information Technology

Health IT infrastructure and provider incentives

Transportation

Supplemental grants for highway investment
Supplemental discretionary grants for a National Surface Transportation System
Grants to states for investments in high speed and intercity passenger rail
Supplemental grants for public transit investment
Transit Capital Investment Grants

Housing

Supplemental Grants to PHAs for Capital Needs
Community Development Block Grants
HOME funds
Rural housing loans and grants
Homelessness prevention grants

Federal Communications Commission

Broadband Grants

Economic Development

Economic Development Assistance Programs

Infrastructure Financing Tools

A collection of changes mainly impacting various forms of tax-exempt financing

The Plan should also address opportunities to leverage resources and eliminate potential barriers (see Tier 1). In addition to specific projects, the Plan should comment on the viability of State-led efforts to stimulate job growth with infrastructure and development, for example, a "Shovel-Ready Site Certification Program" to enhance readiness to attract and facilitate new jobs and revenue-generating development when markets return.

Tier 3: Support for Housing and Communities Impacted by Mortgage and Financial Crises

The Plan should address: (i) opportunities to leverage state efforts to expedite mortgage loan modifications to avoid foreclosures and leverage new federal foreclosure prevention and community stabilization programs, and (ii) potential opportunities for federal stimulus grants or discretionary funds, including:

- Neighborhood Stabilization Program

- Supplemental Grants to PHAs for Capital Needs
- Community Development Block Grants
- TARP II
- Homeless Prevention Funds
- HOME Gap Funding
- Weatherization Assistance
- Homebuyer Tax Credits

Support for Small Business and Innovation

The Plan should address:

1. Specific opportunities to leverage federal stimulus tools and resources, such as:

Manufacturing and Economic Recovery Tools

Industrial Development Bonds
Advanced Energy Investment Credit
New Markets Tax Credit
Recovery Zone Bonds
Tribal Economic Development Bonds
High-Speed Rail Tax-Exempt Facility Bonds

Department of Energy

Loan guarantees for standard renewables
Institutional Entities Direct Loans
Loan Guarantees Transmission

Small Business Administration

Surety bonds
Business Loans Program Account:
Sec.7(a) Guaranteed Loan Program
Fee reduction/elimination for all 7(a) loans
Sec.504 Loan Program
Sec. 7(a) Secondary Market Loans and New Direct Business Loan Program
Direct loans (Micro-loan Program)

2. Specific opportunities to leverage state and local tools and resources, such as:

Green Teams – Help small businesses reduce energy costs up to 10% by creating a “green team” program tasked with helping businesses to be more efficient.

Innovation Zones – Create “innovation zones” around the State’s universities, federal laboratories and research centers to stimulate and support young innovative companies in advanced manufacturing, life sciences, information technology, and environmental or renewable energy and other such industries selected by local and regional officials. Companies in the zones would be eligible to compete for a collection of state and federal grants or financial incentives to support growth, innovation and technology transfer.

**Regional Economic Recovery Work Plans
Suggested Guidelines**

Innovation Fund – Have the Small Business Loan Guarantee Program partner with private venture companies to develop and manage an “innovation fund” that would be available to early-stage startups that are finding it increasingly difficult to raise capital.

Foreign Direct Investment -- Work with cities, counties and economic development corporations throughout the State to create a statewide foreign direct investment program that would target foreign firms looking to locate or expand in the U.S.

Workforce Development

The Plan should address:

1. Specific opportunities to leverage federal stimulus resources:

Employment and Training Administration

Training and Employment Services

Training and Employment Services (Adult)

Training and Employment Services (Youth)

Training and Employment Services (Dislocated Workers)

Training and Employment Services (National Emergency Grants)

Training and Employment Services (Dislocated Workers National Reserve)

Training and Employment Services (YouthBuild)

Community Service Employment for Older Americans

Office of Job Corps

2. Specific opportunities to leverage state and local tools and resources, such as:

Green Collar Jobs Council – Work with the newly established Green Collar Jobs Council to identify and develop strategies and specific actions necessary to address the growing need for a highly skilled and well-trained workforce that meets the needs of California's emerging green economy.

Suggested Format

Each Regional Economic Recovery Plan should be approximately 10 pages in length, recognizing that attachments or back-up materials may be appropriate. The Business, Transportation and Housing Agency will soon provide a suggested template for consistency among the regions.

If you have any questions, comments or concerns in the meantime, please contact Brian McGowan, Deputy Secretary for Economic Development and Commerce, at (916)-323-5408, or brian.mcgowan@bth.ca.gov.

**Regional Economic Recovery Work Plans
Suggested Format**

The following template is intended to achieve a measure of consistency in the content and format of regional work plans. The template is offered as a further guide in preparing Regional Economic Recovery Work Plans as requested in the February 9, 2009 letter from Business, Transportation and Housing Agency Secretary Dale E. Bonner. This template, the Secretary's letter and the Suggested Guidelines for Regional Economic Recovery Work Plans (Guidelines) are available on the Business, Transportation and Housing Agency's website (www.bth.ca.gov). Interested parties are strongly encouraged to consult all three documents as guides in the development of the regional plans. Representatives of the Business, Transportation and Housing Agency and other state agencies will be available for consultation and assistance.

I. INTRODUCTION

Briefly describe the geographic region and sub-regions covered by the Plan. If the Plan covers more than one county, each county or sub-region should be separately described.

II. INFRASTRUCTURE

A. Allocation of Stimulus Funds for Transportation

Identify the regional agency or agencies that will allocate transportation funds made immediately available by the American Recovery and Reinvestment Act, and briefly describe:

1. The criteria and methods that will be applied in selecting projects to be funded. (See Caltrans sample economic evaluation framework attached.)
2. How the needs and opportunities presented by local agency projects will be addressed.
3. Any strategies or specific steps that will be taken to minimize or overcome regulatory or operational barriers that may impede the timely and effective investment of stimulus funds. For example, strategies or steps to streamline procurement procedures, ensure appropriate small business participation and achieve efficiencies in processing permits prior to or during construction of projects.
4. The methods that will be used to comply with applicable transparency and accountability requirements.

Attach as Exhibit A, a document that briefly describes selected projects that present opportunities to work with state and local partners in competing for transportation infrastructure grants made available by the American Recovery and Reinvestment Act, as referenced in the Guidelines or otherwise.

For each project identified in Exhibit A, briefly describe the essential features that make the project a strong candidate for stimulus funding, covering, in particular: (a) project readiness, (b) potential for near-term jobs creation, (c) potential for long-term regional

**Regional Economic Recovery Work Plans
Suggested Format**

economic benefits (with an emphasis on opportunities to leverage other investments in proximity to or impacted by the project), and (d) environmental stewardship.

B. Allocation of Stimulus Funds for Other Infrastructure

Identify the regional agency or agencies that will allocate non-transportation infrastructure funds provided by the American Recovery and Reinvestment Act, and briefly describe:

1. The criteria and methods that will be applied in selecting projects to be funded administered by the regional agency or agencies.
2. How the needs and opportunities presented by local agency projects will be addressed.
3. Any strategies or specific steps that will be taken to minimize or overcome regulatory or operational barriers that may impede the timely and effective investment of stimulus funds. For example, strategies or steps to streamline procurement procedures, ensure appropriate small business participation and achieve efficiencies in processing permits prior to or during construction of projects.
4. The methods that will be used to comply with applicable transparency and accountability requirements.

Attach as Exhibit B, a document that briefly describes select projects that present opportunities to work with state and local partners in competing for infrastructure grants made available by the American Recovery and Reinvestment Act, as referenced in the Guidelines or otherwise.

For each project identified in Exhibit B, briefly describe the essential features that make the project a strong candidate for stimulus funding, covering, in particular: (a) project readiness, (b) potential for near-term jobs creation, (c) potential for long-term regional economic benefits (with an emphasis on opportunities to leverage other investments in proximity to or impacted by the project), and (d) environmental stewardship.

C. Infrastructure Potentially Shovel-Ready Within Two Years

Attach as Exhibit C, a list of infrastructure projects (whether public, private or combined) that warrant priority review and funding so they can be shovel-ready within the next two years. As noted in the Guidelines, strong consideration and priority should be given to projects that develop sustainable infrastructure or otherwise include green components.

For each project identified in Exhibit C, briefly describe the essential features that make the project a strong candidate for priority review and funding, covering, in particular: (a) project readiness, (b) potential for near-term jobs creation, (c) potential for long-term regional economic benefits (with an emphasis on opportunities to leverage other investments in proximity to or impacted by the project), (d) environmental stewardship, and (e) potential for regulatory efficiencies along the lines of those described in the Guidelines.

III. Support for Housing and Communities

Briefly describe any regional projects or initiatives that present opportunities to work with state and local partners in leveraging or competing for federal stimulus grants or discretionary funds referenced in the Guidelines.

IV. Site Certification Program

Briefly discuss the region's general readiness and level of interest in working with state and local partners to develop a state-wide or regional "Shovel-Ready Site Certification Program" that would be designed to enhance readiness to attract investment and facilitate new jobs and revenue-generating development.

V. Support for Small Business and Innovation

With regard to support for small business and innovation, briefly discuss the region's general readiness and level of interest in working with state and local partners in (1) leveraging or competing for the various federal stimulus resources identified in the Guidelines, and (2) developing any or all of the economic development initiatives referenced in the February 9, 2009 letter and the Guidelines.

VI. Workforce Development

Briefly discuss the region's general readiness and level of interest in working with state and local partners in (1) competing for federal grants for training and job placement, (2) leveraging or developing the various state and federal workforce development initiatives referenced in the Guidelines, and (3) addressing areas of high unemployment.

VII. Additional Information

Discuss any additional information that should be considered in connection with the region's Plan.

EXPLANATION OF ECONOMIC ANALYSIS FRAMEWORK

The attached Economic Analysis Framework has been developed by Caltrans as a tool and aid in selecting among the state's "shovel-ready" transportation projects eligible for federal economic stimulus funding. The purpose of this analysis is to include economic factors, both short-term and long-term, into the decision-making thought process. This comparative analysis will assist Caltrans in choosing among eligible projects, because there are not sufficient funds for all eligible projects. The short-term economic benefits, principally construction jobs, are certainly important. However, we also want to keep sight of the long-term economic benefits—such as increased mobility and productivity that lead to greater economic activity—resulting from transportation investments.

While we recognize that there may not be as much data available for some potential projects as for others and that qualitative evaluations will have to be made, we encourage local and regional jurisdictions to consider using some version of this analysis and thought process when fashioning their stimulus programs. Instructions and documentation of the methodology and model used for this economic analysis can be accessed at <http://www.dot.ca.gov/hq/tpp/offices/ote/benefit.html>. For further information on the model, you may contact Caltrans economist Mahmoud Mahdavi at (916) 653-9525, or by email at Mahmoud.mahdavi@dot.ca.gov.

Economic Analysis Framework

#	Dist	County	Route	Project Description	Project Cost (\$1000s)	Constr. Start Date	Duration of Construction (Months)	Jobs (Constr. Cost x multiplier) (Constr. Period)	Productivity	Productivity	Annual Tax Revenues		Hwy User B/C Ratio (20-years)	Other Benefits
									Gain (\$1000s/Year) (Long-term)	Gain/Cost Index (20-years)	(Income & Sales Tax, \$1000s) (Constr. Period)	(Long-term)		

Economic Analysis Framework

NOTES:

Project Cost	Project cost includes support, right-of-way, construction, and mitigation. Job creation estimates are based on the construction cost only.
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Jobs	Cumulative jobs generated throughout the economy as a result of the project construction cost (capturing the multiplier effects). According to IMPLAN Model, one billion dollars in transportation construction cost on average would support a total of 18,000 equivalent full-time jobs in the state, mostly during the construction period.
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Productivity Gain	<p>Improved mobility (travel time savings) reduces cost of travel/shipments and business activity and increased productivity. The improved business profitability in turn promotes business expansion, job creation, income generation, etc. These longer-term economic development benefits are estimated as value added to the Gross State Product (GSP).</p> <p>Productivity Gain (or Value added to GSP) is the opportunity cost of time lost in traffic congestion, and is based on a 20-year post-construction average. It is calculated using estimated project's average annual travel time savings monetized at the state's average productivity or output per hour of labor (\$54).</p>
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Productivity Gain/Cost Index	<p>Expected 20-year Productivity Gains (or value added to GSP) divided by total project cost (discounted to account for time-value of money and adjusted for inflation). The index indicates relative economic merit (or return) per dollar spent; the higher the index, the better the project would be in terms of longer-term economic benefits.</p> <p>For example, an index of 2.6 means one dollar (or \$100 million) spent today will add \$2.6 (or \$260 million) to the GSP over the next 20 years due to improved mobility. Index = Productivity Gain per year x 13.5 real discount factor /total project cost.</p>
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Tax Revenues	Short-term Tax Revenues = Payroll (jobs generated X \$45,000 State's average annual labor earnings) X 8.5% (which is the state's average income and sales tax per \$1 of income per DOF). Long-term Tax Revenues = annual productivity gain (or value added to GSP) at the State's average income and sales tax rates.
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Highway User B/C Ratio	Benefit-Cost Ratio is present value of monetized system efficiency gains (travel time savings, accident reductions or safety benefits, vehicle operating cost savings, and vehicle emission reductions) divided by present value of total project costs, estimated using the Department's Cal-B/C Model. The B/C Ratio indicates expected benefits over 20 years for each dollar spent.
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Cal-B/C Model, instructions and documentation can be accessed at <http://www.dot.ca.gov/hq/tpp/offices/ote/benefit.html>