

San Diego Association of Governments
BORDERS COMMITTEE

June 22, 2007

AGENDA ITEM NO.: **1**

Action Requested: APPROVE

**BORDERS COMMITTEE DISCUSSION AND ACTIONS
MEETING OF MAY 25, 2007**

The meeting of the Borders Committee was called to order by Chair Patricia McCoy (South County) at 12:30 p.m. See the attached attendance sheet for Borders Committee member attendance.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Supervisor Pam Slater-Price (County of San Diego) and a second by Councilmember John Minto (East County), the Borders Committee approved the minutes from the March 23, 2007, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public comments/communications.

REPORTS (Items #3 – #6)

3. DRAFT 2007 REGIONAL ECONOMIC PROSPERITY STRATEGY

Councilmember Phil Monroe, Co-Chair of the Regional Economic Evaluation and Prosperity Strategy (REPS) Advisory Working Group, explained the "Advisory Group" was comprised of a diverse group of representatives from a cross-section of agencies and organizations which provided technical expertise and background knowledge for the regional economy.

The Advisory Group was tasked with identifying the region's economic strengths and weaknesses. They compared San Diego to 24 other cities in the United States in a number of categories. A comprehensive two volume report entitled, *Preparing for Regional and Global Collaboration* was produced which includes recommendations designed to improve the economy by strengthening its foundation. The draft has been submitted for public review and comments through June 8, 2007.

Julie Meier Wright, REPS Advisory Working Group Co-Chair, President and CEO of the San Diego Regional Economic Development Corporation, previously worked on the 1998 update. She explained the Advisory Group outlined nine strategic goals believed imperative to the region's economic health and competitiveness for investment. The evaluation volume (Vol. 2) contains the data identifying the region's economic strengths, weaknesses, challenges, and opportunities in an objective way. The prosperity strategy volume (Vol. 1)

identifies strategic goals, recommended actions, potential public policy and changes in infrastructure investments, and the individual or organization most appropriate to lead the effort.

Marney Cox, Chief Economist (SANDAG), presented the Draft 2007 Regional Economic Prosperity Strategy, reviewed and explained the data, major challenges, strategic goals, recommended actions, and next steps. He noted the Prosperity Strategy was designed to address the challenges with the objective of raising the standard of living and it will be implemented through leadership between multiple agencies, organizations, and regional and global collaboration. SANDAG will continue to monitor the progress over time by comparing the region to other areas and the nation.

Councilmember Jack Feller (North County Coastal) remarked that density in housing is key, and suggested examination of the "Platinum Triangle" in Anaheim, CA, which allows possibilities to live, work, and play in one general area.

Councilmember Ben Hueso (City of San Diego) agreed regarding higher density, however, noted the difficulty in obtaining approval from communities. He asked if local efforts make a difference in raising the standard of living, or if it has more to do with the nation.

Mr. Cox replied that San Diego is definitely affected by what happens in the nation. On a cumulative basis, San Diego's rate of growth has been nearly half of what has happened at the national level. The nation is doing something better than what San Diego is doing. Over time, the growth of San Diego's average wage rate has not kept pace with the nation.

Councilmember Hueso asked if this was attributed to the cost of land and the sprawl of the city.

Mr. Cox responded this was a contributing factor along with the cost of living and slow wage growth. The component that adds most to the cost of living is housing prices and this has eroded San Diego's purchasing power.

Chairman Chris Divers (Southern California Tribal Chairmen's Association) asked if there was a component in the report reflecting the impact the 17 tribal entities make on the County in regards to the purchase of goods and services, employment, and hospitality. He asked if the term "others" included the Native American community and the impact the tribal communities have to the overall health and growth of the County.

Mr. Cox answered Native Americans among others had been collapsed into the "other" category. The economic contribution of the Native American community is growing significantly. The main point however, is the need for balance between stable low values added jobs and high value added jobs in order to increase the pace of growth.

Howard Williams (San Diego County Water Authority) informed the Water Authority will be promoting water conservation heavily and recommended diversification.

Mr. Cox added that there are three major differences between San Diego and other areas studied: water, housing, and wages. San Diego's opportunities lie in taking advantage of these differences.

Supervisor Pam Slater-Price (County of San Diego) remarked houses are being built, however, the population is unable to afford them. She asked how the statement that only a percentage of people are able to buy homes in San Diego can be rationalized, when they don't remain on the market very long.

Mr. Cox responded that in terms of units on the market, there were very low vacancy rates, multiple buyers, and a short time between the time they were placed on the market to when they were sold. The system consumes itself through the appraisal process. Prices are downward rigid and upward mobile. San Diego will not experience significant decreases in home prices in the future.

Supervisor Slater-Price remarked that it is not believable that housing is unaffordable, as many are being purchased.

Mr. Cox replied that sources of equity allow for affordability to take place. What is being said is that until San Diego begins producing a supply of units adequate to meet the demand, prices will not stabilize. It's not about flooding the market. It's about providing a sufficient number that stabilizes prices.

Supervisor Slater-Price asked for clarification regarding the dampening effects of retirees on the wage structure.

Mr. Cox said the study followed people who stayed in the labor force and were not retirees. Retirement will have a significant impact as it will leave a labor shortage. The quality of the labor force behind it has to be adequate in the areas of replacement and the application of new skills and training in order to take advantage of the new technologies.

Supervisor Slater-Price asked why the region has been so resistant to having a discussion on fees and taxes placed on visitors.

Mr. Cox stated that other destinations have higher visitor taxes of various sorts and it's a matter of getting the elected officials and constituencies to agree to that. The problem in San Diego is that it is a "low tax area", and this may need to be increased. However, San Diego residents are paying 6 percent more in housing than the rest of the country, so there is less money to spend.

Julie Meier Wright commented that San Diego is substantially lower in most of the TOT rates than many other cities. One of the concerns in the tourism industry is the competitiveness for convention business. The creation of a "Tourism Improvement District" is currently being examined in order to address the issue.

Councilmember Ed Gallo (North County Inland) asked if San Diego is producing more goods at less cost.

Mr. Cox replied yes, San Diego has a highly productive workforce. The problem is the transfer of the wage over to the worker. Other areas have much higher wages to their total output, and the difference between output per person and wages per person is smaller than it is here, in San Diego.

Councilmember Gallo asked if this related a higher profit margin in San Diego than San Jose.

Mr. Cox said it goes to the heart of the type of jobs in San Diego, more than the profit rate. The job makeup of San Jose and other economies are significantly different. There are not as many low value added jobs and wages dominating the area.

Councilmember Jim Desmond (North County Inland) remarked that San Diego has a quality of life that is different from the standard of living and many choose to live in San Diego due to the quality of life.

Mr. Cox commented that there has been a lot invested in infrastructure that provides jobs that pay low wages. There is a need for a different investment strategy in order to change the way the costs have increased and the stagnation of the wage rates.

Councilmember Desmond stated people live in San Diego and like San Diego, and standard of living is always going to be a factor.

Councilmember Feller asked how educational requirements will be stressed in order to fill the job needs.

Mr. Cox answered that one of the strategic goals is workforce development. Recommendations regarding education included the development of a universal preschool program, and a database showing dropout rates, test scores, and overall performance.

Chair McCoy suggested that the Prosperity Strategy examine the issue of sustainable economic growth, acknowledging concerns regarding sustainability and the finite level of resources.

Mr. Cox said he looks forward to receiving comments on the report.

Julie Meier Wright added that economic development cannot be based on wishful thinking. Her organization has partnered with SANDAG to perform an "Indicators of Sustainable Competitiveness", which benchmarks San Diego with others in order to chart and review San Diego's improvement. Her organization is about to launch the "Partnership for the Global Economy", in which San Diego CEOs will be consulted regarding their impressions and priorities. She informed that climate is not sufficient, and San Diego competes for jobs. There is a need for data-driven policies and strategies that keep San Diego on par or ahead. It is important that the region stay focused on the things that will give San Diego leverage when looking at world competition and there is an opportunity to review the decisions regarding housing in order to make transit work in San Diego.

Councilmember Monroe remarked that there are a few politically sensitive recommendations in the report regarding free trade, the endorsement of a transmission line, and nuclear energy.

Action: This item was presented for discussion only.

4. REPORT ON SANDAG'S BINATIONAL MOBILE SEMINARS

Angelika Villagrana of the San Diego Chamber of Commerce (Committee on Binational Regional Opportunities, COBRO) reported on the two mobile seminars that were focused on ongoing planning activities connected to actions proposed in the Draft Otay Mesa – Mesa de Otay Binational Corridor Strategic Plan (Strategic Plan). The Mobile Seminars took place in February and March and drew approximately 40 participants each. Comments and recommendations from the Mobile Seminars were included in the Draft Strategic Plan. In this context, next steps are to present the Final Strategic Plan to the Borders Committee and to the SANDAG Board, continue working with stakeholders, and hold periodic meetings to follow up on the implementation status of the proposed strategies. The seminars provided valuable information and perspectives to the participants. Based on participants' feedback from the two Mobile Seminars, this concept can be considered to advance SANDAG's goal to implement effective binational planning, especially on current actions identified in the referenced Strategic Plan and other binational planning efforts.

Councilmember Hueso requested clarification on the Mexican government's techniques for the prevention of erosion along the Alamar River and asked if it would be a cement channel.

Elisa Arias (SANDAG) responded that it would not be a cement channel. They will be using "sustainable architecture" and are considering the use of impervious materials to avoid the previous issues with the cement channel.

Action: Upon a motion by Councilmember John Minto (East County) and a second by Supervisor Victor Carrillo (County of Imperial) the Borders Committee directed staff to proceed with next steps and consider the concept of Mobile Seminars to advance SANDAG's goal to implement effective binational planning.

5. 511 TELEPHONE AND WEB SERVICE

Thomas Bruccoleri, 511 Project Manager (SANDAG), reported on the new regionwide coverage of the 511 phone service and Web service which covers traffic, transit, roadside assistance, RideLink and FasTrak services. The Web service consolidates the regional traffic, transit, and travel information by providing links to existing sites which include airport, rail, roadside aid, and border crossing information. Additional features such as transit real-time information, TV broadcast, and additional highway signs will be operational this summer.

Councilmember Monroe asked how the travel times are updated and how accurate the information is.

Mr. Bruccoleri said sensors are imbedded in the roadway along all of the highway networks. The information is fairly accurate and is constantly changing over time.

Chair McCoy asked if the original call boxes will be phased out.

Mr. Bruccoleri answered that they have not considered phasing out the call boxes.

Councilmember Minto commented he was happy to hear of the future PDA advancements.

Councilmember Gallo said the 511 link will be added to his City's website.

Mr. Bruccoleri replied that adding the link to the City's website increases the website's sustainability.

Action: This item was presented for information only.

6. INFRASTRUCTURE BOND FUNDING: TRADE CORRIDORS IMPROVEMENT FUND AND EMISSIONS REDUCTION FUNDING PROGRAMS

Gary Gallegos, Executive Director (SANDAG), informed on the upcoming competitive funding program for approximately \$3 billion in bonds for goods movement; \$2 billion which will be controlled by the California Transportation Commission (CTC); and \$1 billion controlled by the California Air Resources Board (CARB). Many of the bond provisions require implementing legislation. The region's largest candidate in the area of goods movement is the international border and the need to continue the expansion of trade. SANDAG is presently working with the Port of San Diego in order to improve access to the maritime facilities and looking to expand rail capacity. SANDAG will also be supporting the Brawley Bypass in Imperial County.

Councilmember Feller suggested that cities along the rail corridor be prepared to handle freight and the issue of quiet zones should be taken into consideration.

Mr. Gallegos responded the goal is to unite San Diego and be strategic on goods movement projects. He reminded the Committee that Los Angeles County will be competing heavily for the funds also.

Action: This item was presented for information only.

8. UPCOMING MEETINGS

The next meeting of the Borders Committee is scheduled for Friday, June 22, 2007, at 12:30 p.m. Chair McCoy informed that the next meeting will involve some strategic planning of future Borders events.

9. ADJOURNMENT

Chair McCoy adjourned the meeting at 2:27 p.m.

Attachment: Attendance Sheet

**CONFIRMED ATTENDANCE
BORDERS COMMITTEE MEETING
March 23, 2007
12:30 p.m. to 2:30 p.m.**

GEOGRAPHICAL AREA	JURISDICTION	NAME	MEMBER/ ALTERNATE	ATTENDING	
				Yes	No
South County	City of Imperial Beach	Patricia McCoy (Chair)	Member	✓	
	City of Coronado	Phil Monroe	Alternate	✓	
Imperial County	County of Imperial	Victor Carrillo	Member	✓	
	City of Calexico	David Ouzan	Alternate		✓
North County Coastal	City of Oceanside	Jack Feller	Member	✓	
	City of Del Mar	Crystal Crawford	Alternate	✓	
North County Inland	City of San Marcos	Jim Desmond	Member	✓	
	City of Escondido	Ed Gallo	Alternate	✓	
East County	City of La Mesa	David Allan	Member		✓
	City of Santee	John Minto	Alternate	✓	
City of San Diego	----	Ben Hueso	Member	✓	
	----	Brian Maienschein	Alternate		✓
County of San Diego	----	Greg Cox (Vice Chair)	Member	✓	
	----	Pam Slater-Price	Alternate	✓	

**ADVISORY/LIAISON
MEMBERS**

COBRO	----	Dr. Paul Ganster	Member		✓
	----	Cindy Gomppers-Graves	Alternate		✓
	---	Angelika Villagrana	Alternate	✓	
County of Riverside	City of Lake Elsinore	Thomas Buckley	Member		✓
Republic of Mexico	Consul General of Mexico	Luis Cabrera C.	Member		✓
	Deputy Consul	Ricardo Pineda	Alternate	✓	
	Deputy Consul	Lydia Antonio	Alternate		✓
Southern California Tribal Chairmen's Association	Pauma	Christopher Devers	Member	✓	
	Pala	Mark Romero	Alternate	✓	
Caltrans	----	Pedro Orso-Delgado	Member	✓	
	----	Bill Figge	Alternate	✓	
San Diego County Water Authority	----	Howard Williams	Member	✓	
County of Orange	----	Debbie Cook	Member	✓	