



**Mega-Region Working Group  
SACOG – MTC – SJCOC  
Friday, February 10, 2017  
12noon (or immediately following MTC Committee meetings)  
Bay Area MetroCenter  
375 Beale Street, San Francisco, CA 94105  
1<sup>st</sup> Floor Yerba Buena Room**

**AGENDA**

- 1. Welcome and Introductions**
- 2. Mega-Region Goods Movement Plan and Statewide Freight Planning and Funding Update.**  
Staff will provide an overview of this study as well as statewide planning and funding opportunities taking shape this spring/summer. In addition to better understanding economic clusters that bind our metros together, Mega-region investment priorities may emerge. These priorities can help shape federal and state advocacy joint-efforts.  
Presenter: Matt Maloney
- 3. Future Mobility Joint-Research Efforts.** Major California MPOs, including SACOG and MTC, are beginning to collaborate on some applied Smart Cities research concerning social mobility, as well as autonomous and connected vehicles. An outcome from these efforts may be joint-advocacy efforts for statewide policy initiatives and collaborations on pilot projects.  
Presenters: Doug Johnson, MTC, Matt Carpenter, SACOG
- 4. Economic Development Partnerships.** Staff from MTC's partner agency, the Association of Bay Area Governments (ABAG), will discuss current economic development efforts that include an US-Economic Development Administration (EDA) initiative to establish a regional Economic Development District.  
Presenter: Cynthia Kroll, ABAG
- 5. Next Steps**
- 6. Other Business/Public Comment/Adjourn**



# northern california mega-region goods movement economic cluster study

**WHO:** Caltrans and four regions including the San Francisco Bay Area, the Sacramento area, San Joaquin County and the Monterey Bay area will lead the project, with active participation of key stakeholders – employers and businesses in key industries, local economic development and transportation agencies, workforce investment boards, and community groups, among others.

**WHY:** The regions are coming together to develop strategies that can support the mega-region’s vast goods movement economic cluster, which already employs more than 1.7 million workers. The project will address a range of topic areas including, land use, transportation, economic development and workforce training.

**WHAT:** Strategies will be informed by an analysis of the mega-regional economic cluster as well as a deeper assessment of land use, transportation, economic development and workforce training plans and policies in up to five “focus areas.”

**WHEN:** MTC and its regional partners launched the study in November 2016 and the final report is anticipated to be completed by June 2018.

**Partner agencies include:** the Association of Monterey Bay Area Governments, the Metropolitan Transportation Commission, the Sacramento Area County of Governments and the San Joaquin Council of Governments

**Staff contact:** Vikrant Sood, MTC, vsood@mtc.ca.gov



**SIZE:** 19 counties and 150 cities

**POPULATION:** 12.2 million people or 31.5% of the state’s population in 2015

**ECONOMY:** \$875 in Gross Regional Product, the highest in per capita terms of any U.S. mega-region in 2014

**JOBS:** Over 1.7 million jobs in the goods movement related sector



**KEY STAKEHOLDERS:** Regional agencies will engage a diverse range of stakeholders and interest groups in the study. These include but are not restricted to: businesses and industry groups; workforce training institutions; community advocates; ports; trucking and railway operators; congestion management agencies; and local economic development agencies; among others.

**STUDY OUTCOMES:** Regional agencies will define the vast goods movement economic cluster; identify key challenges and opportunities related to land use conflicts, system bottlenecks, job growth and workforce training; identify up to five focus areas that are critical to the mega-region's goods movement system; develop strategies for the focus areas; and adopt an implementation action plan.

**STUDY OVERSIGHT:** The Mega-Region Working Group composed of policymakers from MTC, SACOG and SJCOG will oversee the development of this study. In addition, the respective boards for each regional agency will provide additional oversight and direction over the course of the project.

**PROCESS:** Regional agencies launched the project in November 2016 and anticipate completion by June 2018.



*Winter 2016 to  
Spring 2017*

**Data Collection  
and Assessment:**

Economic Cluster  
Global Trends  
Assets/Strengths  
Threats/Weaknesses

*Summer to  
Winter 2017*

**Challenges and  
Opportunities:**

Transportation  
Land Development  
Middle-Wage Jobs  
Worker Training

*Spring to  
Summer 2018*

**Strategies and  
Recommendations:**

Focus Areas  
Action Plan

**DESIRED OUTCOMES:**

- Expanded opportunities for low-wage workers;
- Improved system efficiency and safety;
- Lower congestion and fewer delays;
- Reduced emissions and community impacts; and
- More competitive projects for federal funding.

**GOODS MOVEMENT SECTOR:**

An estimated **\$1 trillion** worth of goods originated or passed through the mega-region's ports, warehouses, industrial districts and rail yards in 2012. This number is projected to grow to more than **\$2.6 trillion** by 2040.

**GOODS MOVEMENT NETWORK:**

The mega-region is connected through a network of highways, railroads and marine terminals. Transport of high-value agriculture goods also rely on aviation.



# Overview: Future Mobility Research Program

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## **A Partnership of MTC, SACOG, SCAG and SANDAG**

*To identify and address common interests of the MPOs related to changing travel, policy, and planning shaped by Emerging Tech*

Funding: \$250,000



Future Mobility: Wide Ranging Impacts & Implications

*Planning and Travel data, TNCs, Transit Access and Ridership, Vehicle technology, Freight Tech and Patterns, Roadway & Curb design, Parking requirements, Scenario and Project analysis, and more*

# Consulting Bench

- ARUP
- Cambridge Systematics
- Nelson Nygaard
- PB – WSP
- RAND
- RSG
- Sam Schwartz Engineering
- Steer Davies Gleave



# Task Order One – Sam Schwatrz

## MPO's and Future Mobility: Roles and Opportunities





# Task Order Two - ARUP

## Modeling Assumptions for Long-Range Planning





# Task Order Three - TBD

On and Off - Model Analysis of CV and AV



# Future Topics

**Data, Transit Tech, Land Use, Active Transport, Governance and ...**



# Forum to Exchange Findings

**Where and When are the Best Times to Coordinate Work**



## Contact - Future Mobility Research Program

Doug Johnson, MTC – [djohns@mtc.ca.gov](mailto:djohns@mtc.ca.gov)

Matt Carpenter, SACOG – [mcarpenter@sacog.org](mailto:mcarpenter@sacog.org)

*Vision: A strong and resilient economy, spurred by a culture of innovation and inclusion, providing opportunities, shared prosperity, and a sustainable quality of life for all residents and workers*

# DRAFT COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY FOR THE SAN FRANCISCO BAY AREA: EXECUTIVE SUMMARY

## INTRODUCTION

With a diverse range of innovative, knowledge-based industries, a well-educated labor force, low unemployment, and comparatively high household incomes, the nine-county Bay Area has an economy that many other regions envy. Yet this prosperity has created challenges that the region is struggling to address. From housing prices that rank among the highest in the nation and traffic congestion that ranks second, critical infrastructure that is in need of repair, vulnerability to natural hazards, and tens of thousands of people living in impoverished communities with limited opportunities, the continued prosperity of the Bay Area is at risk.

To address these challenges Bay Area leaders in business, economic and workforce development, government, and community organizations have recognized the need to work collaboratively to meet the region's challenges head on. Forming a nine-county regional Economic Development District shaped by a Comprehensive Economic Development Strategy (CEDS) is a first step in this direction to maintain, and improve upon, the region's economic prosperity and quality of life in a more resilient, sustainable, and equitable fashion.

## WHAT IS THE CEDS

A Comprehensive Economic Development Strategy (CEDS) is a strategy driven plan for regional economic and workforce development that reflects the region's needs and priorities and recommends an approach to achieving economic goals. As framed by the US Economic Development Administration, the CEDS report includes the following elements:

- Vision statement
- Profile of the Bay Area, which provides a summary of the state of the region's economy
- Strengths, Weaknesses, Opportunities and Threats
- Strategies for a Resilient Bay Area Economy
- Performance Measures [to add] that evaluate the implementation of identified priority actions and impact on the regional economy.

The report builds on the strong analytic work of earlier Bay Area planning efforts. An economic strategy committee of representatives from cities and counties, economic and workforce development organizations, and equity and business organizations oversees and shapes the content of the report.

## TOWARD A RESILIENT, PROSPEROUS AND EQUITABLE ECONOMY

The report highlights agreement on several overarching themes:

- A strong economy and economic growth is necessary to create the environment for greater shared economic prosperity
- Economic growth and opportunity are integrally tied to regional housing production, which in recent years has not matched regional economic growth, either numerically or spatially
- The region's economic prosperity has not been shared by all communities, with the North Bay and East Bay lagging behind the West Bay and South Bay
- To maintain competitiveness of industries and employers, higher skill levels are needed in many new and replacement jobs.
- Career paths to middle wage jobs will require improved skills for lower wage workers, while retaining middle wage earners in the region requires a broader housing base.
- Transportation, goods movement, water systems, broadband, and other infrastructure investments are needed to make the region more resilient to economic downturns and natural hazards
- Planning, funding and regulatory reform at the regional, state and federal levels are required to improve comprehensive planning to address our challenges.

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## **A PROFILE OF THE BAY AREA ECONOMY HIGHLIGHTS EXISTING CONDITIONS**

The region's economy, population, and physical assets have put it in the position of a global model for innovation and growth. Yet the position is not a secure one, and that growth itself raises challenges for the environment, housing and circulation, fixed infrastructure, and especially for workers and citizens least equipped to compete.

### *POPULATION AND THE COMMUNITY*

The Bay Area's population is one of the region's strong assets, yet at times one of the most challenged.

1. The Bay Area had 7.65 million people at the beginning of 2016, or an increase of 500,000 from 2010. The pace of growth is heavily dependent on domestic and international in-migration, which are fueled by the economy.
2. The region's labor force is highly educated and diverse. In 2015, 45 percent of the Bay Area population 25 and older had attained a bachelor's degree or higher, compared to 30.6 percent nationwide and 30.9 percent in California.
3. Yet many lack the skills necessary to improve their career opportunities and incomes over time. Over 300,000 adults aged 25 or older, almost entirely immigrants, do not speak English well. More than 170,000 of these adults also have less than a high-school education.
4. High income and low poverty characterize the region as a whole, but not all of its parts. Every county in the region, has neighborhoods where incomes fall below 80 percent of US per capita levels.
5. Household income has not kept up over time and all Bay Area Counties except San Francisco, had household median incomes (adjusted for inflation) below 1989, 1999 and 2005 levels.

### *INDUSTRY AND EMPLOYMENT*

Strong growth and volatility are two sides of the region's economy.

6. Bay Area economic output exceeded \$720 billion in 2015 and growth outpaced the nation.
7. The region's wage and salary employment exceeded 3.7 million in the first quarter of 2016, led by professional and business services and education and healthcare, which accounted for two-thirds of jobs gained between 1990 and 2015, replacing manufacturing and government. Yet, while the region has outpaced the state and nation since 2010, it also outpaced both in job loss during the previous two recessions.
8. Volatility in the region's key sectors and barriers to development in pockets within the region, strain the region as a whole in periods of downturn
9. Between 1990 and 2015, manufacturing employment dropped by one-third, but has seen a recovery in employment since 2010.
10. The Bay Area has more than twice the employment in the information sector than the nation as a whole, and 40 percent more employment in professional and business services. The surge in the information sector has been concentrated almost exclusively in the West Bay and South Bay around Silicon Valley.
11. The top five traded [or export related] clusters – Business Services, Distribution of Electronic Commerce, Information Technology and Analytical Instruments, Education and Knowledge Creation, and Hospitality and Tourism-- had almost 800,000 jobs in 2014.
12. Between 2010 and 2015 high wage jobs grew the most, but there are more low-wage jobs (nearly 1.5 million jobs). Regionally, Computer and Mathematical Occupations (high wage) grew by the greatest amount, over 85,000 jobs, followed by Food Preparation and Serving Related Occupations (low wage) (57,530 jobs), and Management Occupations (high wage) (50,720 jobs).

### *SHELTER, RESOURCES, MOBILITY AND RESILIENCE*

The strength of the economy and high levels of wealth juxtaposed with poverty have challenged the physical and built environment to keep up with the demands of a diverse range of businesses and individuals. Housing is the number one concern listed by many business and economic development organizations, while transportation, comes in a close second. Aging infrastructure, and the

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underlying risks from the natural environment raise questions around the long term resilience of the region's built spaces and connecting networks.

13. Extraordinarily high prices and extremely low production levels characterize the Bay Area's housing market. Although homeowners have generally benefited from rapid price appreciation, in 2015 almost half of all renters paid 30 percent or more of their income towards housing, with 24 percent paying half or more of their income on rent.
14. As many as 150,000 housing units could be unusable after a major regional earthquake.
15. Maintenance costs absorb almost 90 percent of discretionary capital funding for transportation. These expenditures have significantly improved road conditions and bridge safety, but leave little over to meet new demands.
16. As the economy strengthens, so does Bay Area roadway and transit demand. Congestion delays increased by 28 percent between the previous peak in 2006 and the most recent period measured in 2015, while total delay (including other causes as well as congestion) grew by an estimated 14 percent.
17. The region's water supply is challenged by drought and our energy infrastructure has not kept pace with demand.

#### STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

The characteristics illustrated in the profile highlight the region's major strengths and weaknesses, as well as opportunities for actions that address challenges from within and outside.

##### Summary Strengths include

- A diverse, transnational, educated labor force
- Employment and GDP growth outpacing the nation
- Innovative culture & venture capital spur new industries
- Historic industries that generate innovation spillover opportunities
- Quality of life including a unique natural environment attracts talent and investment
- Cluster of leading higher education institutions
- Infrastructure networks that tie together a nine-county region and beyond

##### The region faces challenges such as:

- Population groups with language limitations and skill deficits
- Sectors with a history of employment volatility, leading to periods of high unemployment across the region
- A growing housing affordability gap affects many income groups, and increasing employer difficulties of attracting and retaining workers
- Aging Infrastructure and a shortfall in funding for both maintenance and new investment
- Land use and other fragmented or complex regulations that impede responses to growth

#### STRATEGIES AND ACTIONS

Strategies and actions presented in the CEDS are a consolidation of ideas and proposals from the past five years of efforts throughout the region and from economic development, workforce, business, and equity organizations that have participated in the CEDS process to date. The strategies are organized around four major goals, each with a set of overarching objectives.

**GOAL 1: BUSINESS CLIMATE.** Retain and expand our strong economic base and culture of innovation.

**GOAL 2: WORKFORCE.** Upskill the workforce and provide pathways to better jobs by improving the alignment between workforce skills and business needs and evaluate ways to improve low wage occupations.

**GOAL 3: HOUSING AND WORKSPACE.** House the labor force needed to fill the low, middle and high wage jobs required by our economy while providing flexibility for timely expansion of workspaces.

**GOAL 4: INFRASTRUCTURE.** Prioritize investments to address the growing strains on transportation, water, energy and communications.

**Goal 1 BUSINESS CLIMATE.** Retain and expand our strong economic base and culture of innovation.

**Objective 1.1** Support key clusters that drive the economy.

**Objective 1.2** Retain and expand the region's culture of innovation and enable companies to start, grow and thrive here, especially small and medium sized firms.

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Objective 1.3 Strengthen the economic development capacity of local jurisdictions by sharing best practices and data.

Goal 2 WORKFORCE. Upskill the workforce and provide pathways to better jobs by improving the alignment between workforce skills and business needs and evaluate ways to improve low wage occupations.

Objective 2.1 Enhance the quality of K-12 education to meet the changing needs of the population and businesses.

Objective 2.2 Improve California's higher education system to generate a globally competitive workforce.

Objective 2.3 Support economic growth and economic mobility for low- and moderate-wage workers of all ages.

Objective 2.4 Strengthen the local economy by supporting the immigrant pipeline into the local labor market.

Goal 3 HOUSING AND WORKSPACE. House the labor force needed to fill the low, middle and high wage jobs required by our economy while providing flexibility for timely expansion of workspaces.

Objective 3.1 Enhance Plan Bay Area (PBA) to ensure a land use pattern with space for all activities that contribute to the regional economy.

Objective 3.2 Provide enough housing to meet the needs of the Bay Area's current and future population.

Objective 3.3 Ensure local regulations and permitting processes support retention and expansion of local business and infill development.

Objective 3.4 Advocate for state regulatory changes that impede local infill development and ensure cities have the appropriate resources to provide necessary services and future maintenance.

Goal 4 INFRASTRUCTURE. Prioritize investments to address the growing strains on transportation, water, energy and communications.

Objective 4.1 Improve Regional Mobility through transit enhancements and investments

Objective 4.2 Increase access to jobs, economic opportunity and capacity for all workers by increasing transportation equity.

Objective 4.3 Prepare for the future by expanding investment in communications and energy infrastructure, and ensure the existing regulatory framework supports these developments.

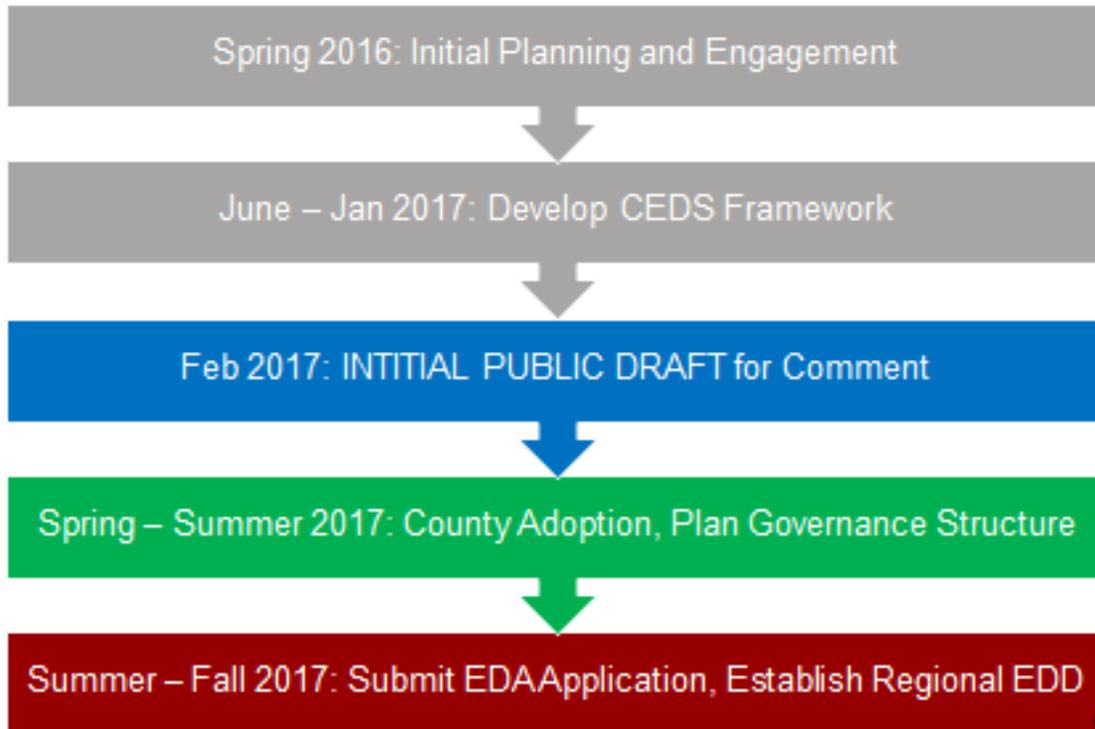
Objective 4.4 Reduce the impact of natural hazards on community infrastructure, particularly in low opportunity areas that are most at risk.

Objective 4.5 Improve the management of existing resources and increase funding to rebuild and expand infrastructure (e.g. roads, transit, water and energy).

**PERFORMANCE MEASURES [TO BE ADDED]**

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## UPDATED SCHEDULE AND NEXT STEPS



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