

ABAG
March/April 2001



Service Matters

ECONOMIC HIGHLIGHTS FOR 2001 & 2002 ABAG PROJECTS ECONOMIC OUTLOOK

What's the prognosis? Are there "limits to growth?" Is the Bay Area "afraid to spend?" Do we have enough to "power our economy?" What about the big "R"...is recession on the horizon?

These questions and more were answered at the Association of Bay Area Governments' (ABAG) thirteenth annual regional short-term economic conference, "Limits to Growth? Regional Economic Outlook—2001 & 2002," held on February 15th. Economists unveiled a back-to-basics examination of Bay Area growth and development. They forecasted the future of Bay Area economy over the next two years, examining Bay Area economic development as related to high technology, energy challenges, taxable sales, housing market shortages, commercial construction, and our slowing economy.

Economist Paul Fassinger, ABAG Research Director, with Chief Economist Ted Gibson of the California Department of Finance, Senior Economist Robert Kleinhenz of the California Association of Realtors, and ABAG Senior Regional Planner Brian Kirking presented the latest economic figures to an audience of local elected officials, city and county budget directors, Bay Area organizations and agencies, members of the business community, interested members of the public and media. The economic projections were discussed in relationship to California's growth and the "new economy" and addressed Bay Area economic hyperbole and fears currently being expressed.

Highlights of Economic Projections

The Economy: Bottom line, there is cautious optimism for the Bay Area and California, even with the challenges of housing shortage and energy reliability. "Economic activity is slowing, but no recession is imminent," commented Paul Fassinger, ABAG Research Director. Growth in the Bay Area will be slower than the rest of California, but it is healthy and will continue. The

average household income will increase from \$109,110 to \$124,300 in 2002. A 5.4% inflation rate is projected for the Bay Area in 2001, an increase from the 4.4% in 2000; however, it is expected to decrease to 4.8% in 2002. Another way to look at these numbers and economic impact is to note that the average Bay Area household income rose 8.4% this past year, as opposed to an inflation increase of 4.5%.

Job Growth: Although the loss of so many "dotcoms" has many worried about technology stability and regional job growth, "they only represent 10% of high technology, with high technology manufacturing remaining stable and continuing to expand," observed Paul Fassinger. In the Bay Area, he indicated that 86,400 new jobs were added in 2000 with 40,000 new jobs projected in 2001 and 60,000 new jobs in 2002.

From a statewide perspective Chief Economist Ted Gibson reported that "job growth again exceeds expectations, with California accounting for 86% of US job growth during the fourth quarter in 2000." He added that the North Bay (Napa-Solano, followed by Santa Rosa) leads the state in percentage of job growth.

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Economic Highlights

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He also explained how California is the focus of the “new economy,” where growth again exceeds expectations. Most statewide indicators are stronger than expected: payroll reports show 3.6% job growth with 2.8% expected in 2001; personal income is up 12% (boosted by hi-tech stock options) and increasing 6% in 2001.

Bay Area Taxable Sales Growth: Population growth is steady in the Bay Area, increasing 1-2% annually, while real incomes have grown substantially every year. ABAG projects that, even as income growth slows, there is still positive movement. Although housing costs remain extraordinarily high, the rate of cost increase has moderated. This positive growth in income and jobs has translated into double-digit retail sales growth in the Bay Area. Total taxable sales grew 8.4% in 2000 with 6.2% growth forecast in 2001, increasing to 6.3% in 2002. Non-residential building permits soared in 2000 with more projected over the next two years, although with less dramatic increases, reported senior regional planner Brian Kirking.

Housing Challenge: Housing supply, especially multi-family, remains disappointing, with only modest gains projected throughout California, according to Senior Economist Robert Kleinhenz of the California Association of Realtors. The Bay Area continues to lead in the shortage of housing supply and as least affordable. The median home price for the Bay Area in 2000 was \$243,390 and is

expected to increase 8.5% to \$264,080. Marin County continues to lead the state and Bay Area in median home price at \$658,653, with San

Mateo County’s median home price close behind at \$625,000. Alameda County leads the Bay Area in numbers of homes sold.

Energy Reliability Challenge: The “dysfunctional” electricity market was examined for its short term and long term effects on Bay Area and State economy, Essentially California is a “low energy” state, which means that it is 47th in overall energy consumption per capita, 49th in electricity consumption per capita, and 49th in total energy spending as a share of gross state product. California’s basic energy efficiency and relatively low energy consumption is helping cushion the State’s economy. In the Bay Area utility costs account for about 4% of average household expenditures. With that said, concern was expressed over the indirect impact of business utility costs which could be passed on through consumer prices in the coming months.

Reliability, not price, was considered the major risk for California and the Bay Area. The economic costs related to reliability will be affected by generation capacity, long-term contracts, and transmission capacity. The question of whether the lack of reliability will cause jobs/people to relocate is also being monitored.

Forecasts Available

ABAG’s short-term economic forecast, which is presented annually, helps local governments and other public/private sectors forecast future revenue and plan budgets for Bay Area growth and development. This economic report, is available online where it can be ordered at the Web Store at www.abag.ca.gov. For more discussion regarding its detailed economic analysis, contact Paul Fassinger, ABAG Director of Research, at 510/464-7928.

Supervisor William (Bill) Carroll
President

Councilmember Gwen Regalia
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Richard Spees
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Eugene Y. Leong
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Patricia M. Jones - Managing Editor
Kathleen Cha - Editor/Writer
Karen Johnson - Contributing Writer
Leah Zippert - Contributing Writer
Vicki Rutherford - Design & Production

 Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604-2050
Phone: 510.464.7900
Fax: 510.464.7970
E-mail: info@abag.ca.gov
abagOnline: <http://www.abag.ca.gov>



ABAG President Bill Carroll presents former Assemblymember John Knox with a commemorative ABAG pin as part of a special Legislative Reception in January honoring legislators and their participation in ABAG History. “Jack” Knox was recognized for his groundbreaking efforts to achieve a strong and capable regional planning agency in the 1970s. The Reception was hosted by ABAG’s Legislation & Governmental Organization Committee.

FOLLOW THE PATH OF REGIONAL FOOTPRINTS: UPDATE ON SMART GROWTH WORKSHOPS

The Bay Area's five regional agencies – including ABAG – and a multi-stakeholder coalition have joined forces to work with local governments, stakeholder groups, and the public at large to develop a smart growth alternative land use scenario for the region.

The objective of the Regional Agencies Smart Growth Strategy/Bay Area Alliance Regional Livability Footprint Project is to achieve support among public officials, civic leaders, stakeholder organizations and interested members of the public for a preferred land use pattern that will inform how the Bay Area could grow over the next 20 years. Through workshops and extensive outreach to local governments, this support will be translated into maps revealing which areas could be available for different kinds of development and which environmentally-important areas could be preserved or enhanced, thus producing a “regional livability footprint.” A major component of this effort will be to look for infill development opportunities both on vacant and underutilized land, as well as looking for opportunities for development on the edges of our urbanized areas. The combined effort will also identify a set of implementation actions and incentives that local governments and regional agencies need and can use to implement desired land use changes, thus producing a “smart growth strategy” for the region.



Partnering with ABAG on this ambitious endeavor are Bay Area Air Quality Management District (BAAQMD), Metropolitan Transportation Commission (MTC), Bay Conservation and Development Commission (BCDC), Regional Water Quality Control Board (RWQCB) and the Bay Area Alliance for Sustainable Development.

Public workshops will begin in Spring 2001 and public officials, stakeholder organization leaders and the public at large will be invited to participate. Workshops will be customized for each county to build on local smart growth initiatives in progress, so that this groundbreaking regional effort can build on existing programs and public workshops can be customized to local needs. A series of Reconnaissance workshops have been conducted to help this process. During the workshops, participants will work together to develop a preferred land use scenario for future growth within their county and identify the fiscal and regulatory incentives needed to implement this vision.

A consultant team led by Dyett & Bhatia was recently engaged to assist with the public workshops: they will prepare and present materials, lead a mapping exercise where the alternative scenarios will be developed, and perform analyses of alternative scenarios that emerge.

For a complete description of the project, including the workshop schedule, visit the Smart Growth website where you can also join the project mailing list: www.abag.ca.gov/planning/smartgrowth.

ABAG SPRING GENERAL ASSEMBLY INCENTIVES FOR ACTION: GROWING WITHIN OUR BOUNDARIES



Local, state, and national experts on land-use, housing, and quality of life issues will engage in an interactive, action-oriented dialogue framing the Bay Area's future during ABAG's Spring 2001 General Assembly (GA). On April 12, 2001, at the San Francisco Sheraton Palace Hotel, public and private sector participants will examine action incentives for Bay Area housing and smart growth. Co-sponsored by the Urban Land Institute (ULI) and the State Department of Housing and Community Development (HCD), this GA will feature

special panels and respected professionals like Gary Binger, ULI, Director of California Smart Growth Initiative; and Cathy Cresswell, HCD's Acting Deputy Director. The conference concludes with a gala reception and dinner celebrating ABAG's Fortieth Anniversary following the program which begins at 10:30 am. Registration materials will be mailed early in March and participants are encouraged to register online at www.abag.ca.gov/events/ga. Registration deadline is **March 27, 2001**.



Dioxins Pollution Prevention – First Steps

The Bay Area Dioxins Project, a collaborative effort of local governments around the San Francisco Bay coordinated by ABAG, has prepared a draft report that compiles and presents dioxins pollution prevention options that local governments are considering during the coming year. The report considers in detail eleven known or assumed sources of dioxins emissions and outlines options to reduce or eliminate each of these emission sources.

According to the participants of the Bay Area Dioxins Project, there is no other comprehensive study like this. Funded by participating Bay Area local governments and a partial grant from U.S. Environmental Protection Agency (EPA), this is a work in progress. Local government agencies are counting on public participation to improve the report. Currently interested parties like community groups, individuals with unique concerns, and industry groups are being encouraged to submit comments on the draft report to Bay Area Dioxins Project Community Liaisons, Michael Green and Katie Silberman with the Center for Environmental Health. They will incorporate these community concerns into the final document, which will also help inform future efforts of the Bay Area Dioxins Project. This report, written by TDC Environmental, is an important step in assisting local government agencies initiate pollution prevention efforts. For more information on the report and the Bay Area Dioxins Project, contact Jennifer Krebs, Senior Environmental Planner, at 510/464-7977 or at jenniferk@abag.ca.gov.

POLICY REDUCING DIOXINS IN ACTION PALO ALTO PURCHASES CHLORINE FREE PAPER

In response to regional concerns about dioxins, the City of **Palo Alto** is now purchasing “process chlorine free paper” (PCF)—paper that does not use chlorine-based bleaching agents during its manufacture. The paper is 100% post-consumer recycled content and is bleached with hydrosulfite and hydrogen peroxide instead of chlorine—an element known to produce dioxin during the paper bleaching process. Because Palo Alto

consumes about 17,000 reams of letterhead and copy paper annually, the switch to PCF paper will save approximately 511 trees, 209,285 gallons of water, 90 cubic yards of landfill space, and enough energy to power 30 Palo Alto homes for a year. This is compared to the 30 percent recycled paper the City used previously. In addition, the move to non-chlorine bleached paper is another step towards what will likely be a regional movement to reduce dioxin emissions.

Palo Alto’s paper specification change was initiated by a dioxin reduction policy adopted by the City Council in July, 2000 (**Marin County, San Francisco, Berkeley, Oakland, and Port of Oakland** have similar policies). Dioxin has been designated by the U.S. Environmental Protection Agency (EPA) as a persistent carcinogen and endocrine disrupter known to cause cancer and reproductive problems in humans and behavior changes in wildlife. Dioxin is a by-product of combustion, chlorine bleaching, and chemical manufacturing which bioaccumulates in the food chain and remains in the environment for years.

Dioxin is a nation-wide concern which prompted several cities in the San Francisco Bay Area, including Oakland, Berkeley, Port of Oakland, Alameda County, and Palo Alto, to band together with Association of Bay Area Governments and examine regional approaches to reducing dioxin emissions.

“Palo Alto is using its purchasing power to reduce dioxin releases not only within Palo Alto, but at the point where the paper is made. This approach is needed as we move towards being a sustainable society,” says Phil Bobel, the City’s Environmental Compliance Manager. “Because dioxin can’t be contained regionally, it has to be addressed, at least in part, by government agencies purchasing products that don’t contribute to the dioxin problem.” Palo Alto is considering the expansion of its chlorine-free paper effort to also include unbleached bathroom products—possibly as soon as spring of this year.

For more information about the City's PCF paper purchase, contact: Julie Weiss, City of Palo Alto Environmental Specialist, 650/494-7629, or Marina Lutze, Buyer, 650/329-2500. For more information about dioxins, visit: www.epa.gov/ncea/pdfs/dioxin/, or the ABAG Dioxins Task Force and its efforts to help local government and communities address dioxins contamination at <http://dioxin.abag.ca.gov/>.

Celebrate Earth Day 2001 A Focus on Energy and Global Warming

Cities, counties and environmental organizations of the Bay Area are sponsoring a series of special Earth Day activities and events throughout April, with April 22 designated as the official Earth Day. Helping achieve a healthy environment and raise awareness regarding personal and public solutions to environmental problems is the goal of Earth Day. There is also a special focus this year on the issue of energy and global warming, addressing the issue that burning fossil fuels to produce energy causes global warming and other serious environmental problems.

Earth Day displays will demonstrate how individuals, business, campuses, and communities can adopt energy efficiency and clean energy solutions and lead the way to a clean energy future. **ABAG's Bay Area Green**

GRANTS AVAILABLE TO BUILD OR PLAN THE BAY TRAIL

The San Francisco Bay Trail Project has announced the availability of grant funds to speed development of the Bay Trail. Local governments, special districts and qualified nonprofit organizations are eligible to apply for a grant to build Bay Trail segments in their communities or to undertake necessary planning studies. The program favors construction of high priority trail segments with matching or in-kind contributions, and innovative solutions and partnerships. Also eligible are planning, design or technical studies that overcome obstacles to future trail development.

Business Program will be on prominent display in many events as an outstanding option for businesses and consumers. The Bay Area Green Business Program offers businesses free assistance to move from just being compliant to engaging in sound environmental practices—conserving energy, water, and other materials while reducing pollution and waste.

Some of the Bay Area events include: San Francisquito Creek Clean-Up (4/21) and an Earth Day Sunrise ceremony (4/22), sponsored by Bay Area Action and the Peninsula Conservation Center Foundation; Berkeley Earth Day 2001 (4/21); Earth Day 2001 at the Chronicle Pavilion in Concord, sponsored by Clear Channel Communications and Contra Costa Earth Day 2001; Napa Earth Day 2001, sponsored by the Napa Chapter of the California Native Plant Society (4/14-4/15); Earth Day—San Mateo Coast Beach Clean-Ups, sponsored by Save Our Shores (4/21); and in Palo Alto a Earth Public Forum (4/12), Sustainability Event (4/21), and Trail-building at the Arastradero Preserve (4/22), sponsored by the Bay Area Action/Peninsula Conservation Center Foundation. There is also an effort to make April 19th “Car Free” Day, coordinated by the Commons.

For information on Earth Day events around the Bay Area and state, visit the Earth Day Network website at www.earthday.net; and for more information on the Bay Area Green Business Program displays and events, visit their website at <http://greenbiz.abag.ca.gov> or call ABAG Regional Coordinator Ceil Scandone at 510/464-7961.

The grants are administered by the Association of Bay Area Governments (ABAG). Bay Trail Project Manager Janet McBride explains that, “thanks to Governor Davis, the California Legislature, the State Coastal Conservancy and the voters of California, 7.5 million dollars has been earmarked for the Bay Trail from Proposition 12—the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000.” For more information and to request an application, contact Laura Thompson at 510/464-7909. Application materials are also available on the Bay Trail website at <http://baytrail.abag.ca.gov> and can be e-mailed upon request. The application deadline is April 6, 2001.



ECONOMIC AMENITIES – PARKS ARE MORE THAN JUST PLAY

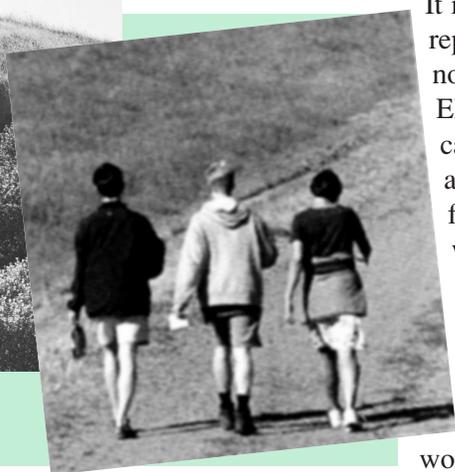
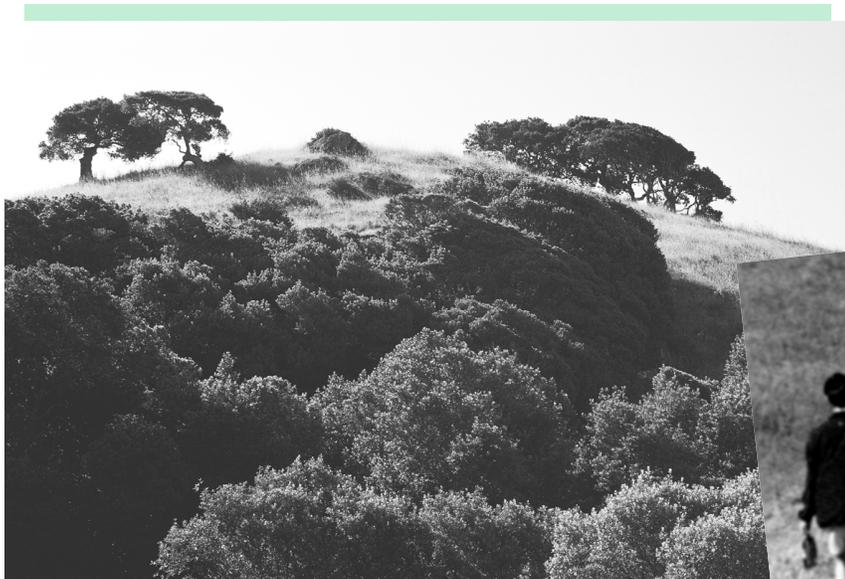
If you walk on a trail or take your children to a playground, you enjoy the experience, but do you place a dollar value on it? Many East Bay residents live next to or use the East Bay Regional Park District (EBRPD) properties without considering how park lands provide economic benefits. EBRPD's latest report, titled *Quantifying our Way of Life*, defines the regional amenities provided by park lands in economic terms. The significant findings identified in the report, prepared by Economic & Planning Systems (EPS), add another dimension to understanding regional resources and planning for future growth.

EBRPD owns, manages or operates over 91,000 acres of recreation areas, parks, preserves, shorelines and trails in Alameda and Contra Costa Counties. These lands were acquired over the past 66 years, with 76,000 acres added since the 1970s. The lands and facilities provide opportunities for a variety of recreational and educational activities and for environmental purposes. These uses generate

Economic benefits include quality of life and property values, user utility and agricultural production. One significant dollar value identified in the report is the annual \$73.6 million dollars generated from user utility, which is the monetary value that users place on each visit.

Public benefits include ecosystem services; definition of urban form; replacement value; and health, education, public safety and transit opportunities. Replacement value is a key factor in the report. If the EBRPD had not been created and the land preserved, then the cost for that land today would be \$960 million. The District actually spent \$365 million (year 2000 dollars) over the past 66 years acquiring the lands.

Additional benefits are derived from user and District net new impact from expenditures. Some of these expenditures only occurred in the East Bay due to the EBRPD and are defined as net new expenditures generating net new employment and income. District land users per year provide the East Bay with a total economic impact of \$148 million from the purchase of durable and non-durable goods. The District's spending has a total economic impact of \$18.2 million per year.



economic and public benefits for local residents, park users and the region, which are quantified in the report.

Report Highlights

Quantifying our Way of Life defines lands and facilities as benefits in specific monetary terms or for very complex benefits, as general contributing factors. The two major types of benefits described are economic and public.

It is clear from the report that the economic benefits of the EBRPD are significant. The District's ability to meet its future challenges will determine how well these amenities keep the East Bay one of the most desirable places on earth to reside, work, and do business.

For additional information or a copy of the report, please contact the East Bay Regional Park District online at www.eb.parks.org or at 510/544-2200.

THE REAL DIRT ON LIQUEFACTION

BAY AREA'S SUSCEPTIBILITY COULD IMPAIR VITAL INFRASTRUCTURE

An earthquake hits. In some areas, sewer, water and natural gas pipes break. Roads buckle. Airport runways are not operational. In others, the damage is far less severe. The difference is an area's vulnerability to liquefaction, a poorly understood earthquake hazard. About half of the urban land in the Bay Area has significant liquefaction concern.

To help identify areas at risk for liquefaction, the Association of Bay Area Governments (ABAG) has released new and comprehensive liquefaction hazard maps as well as an accompanying report, *The REAL Dirt on Liquefaction: A Guide to the Liquefaction Hazard in Future Earthquakes Affecting the San Francisco Bay Area*. The hazard maps were developed by ABAG with funding from the U.S. Geological Survey (USGS).

What Is Liquefaction?

The report explains that, during an earthquake, sandy or silty soil can become saturated with water and act like a liquid instead of solid ground. In order for liquefaction to occur, the soil must be: (1) made of uncompacted or unconsolidated sand or silt; (2) "soggy" or water saturated and (3) shaken long and hard enough by an earthquake to trigger liquefaction.

Susceptibility to liquefaction varies depending on the first two factors. Liquefaction hazard maps go a step further by factoring in earthquake shaking hazards to estimate whether liquefaction will be "triggered." The areas that have the highest risk are along the coast of the Bay—here, the high water table typically saturates the loose sandy soil and fill that make up much of the soil.

What Does Liquefaction Do?

The effects of liquefaction can be profound. Foundations may be torn apart and entire buildings may sink. However, the most significant risks are to infrastructure,

particularly underground pipelines, airports (especially runways), harbor facilities and road or highway surfaces. Many of these facilities, vital for emergency response in case of an earthquake, can be rendered unusable.

Mitigation

Fortunately, various utilities and government agencies have established or are creating programs to mitigate liquefaction hazards. At a workshop conducted by ABAG to unveil the report and maps on February 7, 2001, representatives from



Pacific Gas & Electric (PG&E), the San Jose International Airport (SJC), East Bay Municipal Utilities District (EBMUD), and others spoke of their plans to lower their risk of liquefaction damage. For example, PG&E is continuing its 25-year, \$2.5 billion dollar Gas Pipeline

Replacement Program (GPRP), initiated in 1985, to install pipeline upgrades that are significantly more resistant to earthquake damage, including liquefaction. SJC's runway program will extend runways to create a pavement section sufficient to "bridge" particularly hazardous stream channels.

Yet there is still much to do. The *REAL Dirt* report and maps were not issued primarily for geologists or engineers—they are intended for those who work for and with governments, businesses, utilities and residents in the Bay Area as part of an effort to lessen the risks posed by liquefaction. The maps "provide an opportunity for us to identify and mitigate the liquefaction hazard," according to Jeanne Perkins, ABAG Earthquake Program Manager. "Understanding what liquefaction is and what areas are at risk is the first step to preventing damage."

MARK YOUR CALENDAR!

March 2001

- 14 - 12:00 Noon
ABAG POWER
Executive Committee
 MetroCenter, ABAG Room 106B
- 15 - 3:30 p.m.
Legislative & Governmental
Organization Committee
 MetroCenter, ABAG Room 106B

- 15 - 5:00 p.m.
Finance & Personnel Committee
 MetroCenter, ABAG Room 102A
- 15 - 7:30 p.m.
Executive Board
 MetroCenter, Auditorium
- 23 - 10:00 a.m.
Regional Steering Committee
on Homelessness & Housing
 MetroCenter, Auditorium

April 2001

General
 Assembly
 registration
 materials will be
 mailed



Notable Numbers....

- 86%**
 Percentage of US job growth generated by California, fourth quarter 2000.
- 5.4%**
 2001 inflation rate in Bay Area, projected to be 4.8% in 2002.
- 1.3%**
 Unemployment rate in San Jose, lowest in the state. San Francisco (1.8), Santa Rosa (2.0), and Oakland (2.2) following close behind. 1.9% for the whole Bay Area.
- 10%**
 Percentage of internet jobs generated by "Dot.com" companies.
- 60.3%**
 Increase of utility natural gas costs over the past year.
- Data and Projections from ABAG and CA Department of Finance, Regional Economic Outlook Forum: 2001 & 2002*

The Association of Bay Area Governments

SPRING GENERAL ASSEMBLY

Co-Sponsored by the Urban Land Institute (ULI) and
 State Department of Housing and Community Development (HCD)

April 12, 2001
Sheraton Palace Hotel,
San Francisco
10:30 am – 9 pm

Don't Miss ABAG's 40th Anniversary Gala Reception and Dinner!

Go on-line to register at: <http://www.abag.ca.gov/events/ga> • **Deadline for registration is Tuesday, March 27, 2001**

 Association of Bay Area Governments
 P.O. Box 2050 • Oakland, CA 94604-2050
 website: <http://www.abag.ca.gov> • e-mail: info@abag.ca.gov

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