

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY FOR THE SAN FRANCISCO BAY AREA: PREAMBLE

The nine county San Francisco Bay Area is uniquely positioned in its physical setting and within the global economy. What happens in the San Francisco Bay Area has implications not only for the region's businesses and workforce, but also statewide, nationwide and globally. Our strengths and advantages are also among our greatest challenges. For example:

- The pace of growth of this highly successful and innovative region impacts, housing and transportation costs, stressing employers, workers and residents.
- The region's knowledge-based economy succeeds by creativity and innovation, bringing out first-to-market products that are less constrained by cost competition than industries in other parts of the country. Yet the conflicting needs of the rapidly growing export economy and the local economy could seriously threaten the overall viability of the economic fabric.
- As middle and lower income workers flee high housing costs in the region, public and private service jobs go unfilled, threatening community quality and viability.
- Coastal and bay access have nurtured the 9th busiest metropolitan port complex in the nation, but also leave many jurisdictions susceptible to rising tides induced by climate change.
- Looming pension liabilities and a ballot-box tax revenue structure have shackled local government's ability to maintain basic infrastructure and to respond to new demands.
- The diverse knowledge base and entrepreneurial culture of risk taking have led to big winners, as whole new industries are born, and periods of big losses, as each successive innovative cycle leads to bursts of growth followed by stages of readjustment.
- The growth in demand for labor attracts a global workforce, but the region has been unsuccessful in meeting these new demands from its home grown labor force, much less regenerating the additional trained workers that will be needed as a large generation of labor retires.

The demands on our region's economy are complex—to maintain a knowledgeable labor force in a setting where required skills change rapidly and a portion of the labor force is ill prepared to learn many of the new skills; to address the impacts of high costs on vulnerable populations where growth seems to generate a wealthy cohort insensitive to price; to retain the environmental qualities and social diversity that makes the region attractive while being open to new ideas and opportunities.

A Comprehensive Economic Development Strategy for the San Francisco Bay Area must go beyond the traditional realms of economic development to address the needs of all types of businesses—traditional employers with decades of history and the region and the gazelles that have given the region its innovative character; employers who drive the new economy and those that provide basic services; the needs of all of the population, from highly educated new arrivals to long term residents who have seen job prospects move beyond their skill set; and the needs of local agencies and communities, some with unprecedented

growth in wealth and others with deteriorating resources. The region's issues cannot be addressed by individual programs and jurisdictions operating on their own, but need an approach that shares knowledge, ideas and resources to work together for a resilient and innovative economy.

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