



SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS



SOUTHERN CALIFORNIA
LEADERSHIP COUNCIL

THE 4TH ANNUAL SOUTHERN CALIFORNIA ECONOMIC RECOVERY & JOB CREATION SUMMIT

Thursday, December 5, 2013
OMNI LOS ANGELES HOTEL

ACCOMPLISHMENTS TO DATE

DECEMBER 2, 2010 ROAD TO RECOVERY ECONOMIC SUMMIT

In partnership with the Southern California Leadership Council and other business leaders, SCAG conducted a successful December 2, 2010 economic summit attended by over 300 business and community leaders to review the information prepared by the late Jack Kyser, SCAG Chief Economic Advisor, and his team of experts.

BUSINESS FRIENDLY PRINCIPLES

To demonstrate that Southern California communities are committed to working together to keep businesses within California and find ways to reduce or remove impediments to economic growth, 170 cities and counties have since adopted "Business Friendly Principles" at SCAG's request.

COUNTY ECONOMIC REPORTS

SCAG's economic advisors prepared detailed reports identifying the key economic drivers, industries and challenges for each county in the SCAG region. The reports were generated from data analysis and interviews with key business and economic development leaders in each county.

SOUTHERN CALIFORNIA ECONOMIC RECOVERY & JOB CREATION STRATEGY

With input from member cities and counties, public and private sector leaders, and labor leaders, SCAG's team of economic advisors consolidated the information from the county reports to prepare the Southern California Economic Recovery & Job Creation Strategy that included a common set of priorities for the region that helps businesses, public agencies, and communities improve their economic viability with immediate and long-term recommendations. The Strategy was adopted by SCAG's Regional Council at its June 2, 2011 meeting.

"BEAT THE CANAL"

With the expansion of the Panama Canal set to open in 2015, SCAG has partnered with Jobs 1st Alliance to increase awareness of the possible threat to the SCAG Region's economy from diverted cargo and identify specific obstacles to implementing funded goods movement projects.

2012-2035 REGIONAL TRANSPORTATION PLAN/SUSTAINABLE COMMUNITIES STRATEGY ECONOMIC ANALYSIS

SCAG's economic advisors prepared a comprehensive economic analysis of the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy that identified the employment benefits of the plan from construction investments, as well as the economic benefit from an improved transportation system.

PHASE II OF THE SOUTHERN CALIFORNIA ECONOMIC RECOVERY & JOB CREATION STRATEGY

Phase II expands upon the original plan by outlining additional activities that focus on areas such as reforms, advocacy, industry cluster analysis, and economic impact analysis. To highlight the importance of getting Southern California's economy back on track, the Regional Council approved actions such as encouraging its 191 member cities and six counties to adopt a version of the California Film Commission's Model Film Ordinance and Best Practices.

ECONOMIC BENEFITS FROM ACCELERATING TRANSPORTATION INFRASTRUCTURE INVESTMENT

Featured at the 3rd Annual Economic Summit In December 2012, SCAG's economic advisors analyzed the impacts of accelerating project delivery, moving a 5-year tranche of the 2012-2035 RTP/SCS forward 5 years. The results of the study showed immediate economic benefits with 102,143 construction jobs created annually and sooner, 204,293 jobs created annually due to infrastructure enhancements and enhanced economic competitiveness, and an annual decrease of overall construction costs by \$1.25 - \$1.95 billion (or 5-9% per year).

AB 401 - DESIGN-BUILD

SCAG supported the Orange County Transportation Commission's efforts to pass State legislation that would grant them the authority to utilize the design-build procurement method for the Interstate Highway 405 Improvement Project. AB 401 instead authorizes the California Department of Transportation to utilize design-build for up to 10 projects on the entire state highway system, and would authorize regional transportation agencies to utilize design-build for projects on or adjacent to the state highway system.

FEDERAL FREIGHT/GOODS MOVEMENT FUNDING

In support of one of the agency's 2013 Federal Legislative Priorities, SCAG provided testimony at the Southern California field hearing of the Special Panel on 21st Century Freight Transportation established by the House Transportation & Infrastructure Committee to make recommendations for inclusion into the successor surface transportation bill to MAP-21. The Panel incorporated policies supported by SCAG such as dedicated and sustainable funding for multimodal freight Projects of National and Regional Significance (PNRS), establishment of a national multimodal freight policy and network, and exploration of new funding mechanisms to ensure sustainable freight revenue sources into its final recommendations for the next bill.

THE 4TH ANNUAL SOUTHERN CALIFORNIA ECONOMIC RECOVERY & JOB CREATION SUMMIT

AGENDA

- 9:00 a.m. **REGISTRATION & NETWORKING**
- 10:00 a.m. **WELCOME REMARKS & INTRODUCTION**
Hon. Greg Pettis, SCAG President, City of Cathedral City
Randall Lewis, Executive Committee Member, Southern California Leadership Council
Frank Mottek, Summit Moderator, Anchor, "The Business Hour," KNX 1070 Newsradio
- 10:15 a.m. **OPENING KEYNOTE**
Hon. Darrell Steinberg, President pro tempore, California State Senate
- 10:30 a.m. **STATE & REGIONAL ECONOMIC PROGRESS REPORT**
During the past year, SCAG has made progress on several key initiatives that directly benefit the Southern California economy. Additionally, the recent California Economic Summit highlighted the fact that there is still much work to be done to keep California's economy moving forward. Hear a comprehensive roundup of Summit activities, successes and accomplishments, and what the experts say needs to happen next.
Paul Granillo, Co-chair, California Economic Summit and President & CEO, Inland Empire Economic Partnership
Greg McWilliams, Chair, SCAG Global Land Use & Economic (GLUE) Council
- 10:45 a.m. **REGIONAL ECONOMIC UPDATE: POISED FOR GROWTH, BUT WHEN WILL IT HAPPEN?**
News headlines declare that the national economy has recovered. There has been progress, but that progress has been slow and uneven. With poverty rates rising and nearly 800,000 Californians still unemployed and actively looking for work, some are asking, "What recovery?" Hear what SCAG's team of independent economists has to say about Southern California's economy, and the outlook and timeline for job creation and economic growth.
- 11:30 a.m. **FUTURE-PROOFING THE ECONOMY: EDUCATING FOR ECONOMIC COMPETITIVENESS**
The educational achievement gap between Northern California and Southern California reveals a compelling need for progress on this front. Our panel of workforce and economic development leaders will discuss the educational and economic disparities between Northern and Southern California and recommend action strategies to ensure Southern California is preparing for long-term economic competitiveness.
Panelists:
Jim Adams, Council Representative for Orange County, Los Angeles/Orange Counties BCTC
Kelli Bernard, Deputy Mayor of Economic Development, City of Los Angeles
Hon. Mike Eng, Board Member, Los Angeles Community College District
Dr. Henry D. Shannon, Superintendent/President, Chaffey College
- 12:30 p.m. **WORKING LUNCH & UPDATE FROM THE GOVERNOR'S OFFICE**
Kish Rajan, Director, Governor's Office of Business & Economic Development
- 1:00 p.m. **OBSERVATIONS & ROUNDTABLE DISCUSSION WITH LEGISLATORS AND SUMMIT PARTICIPANTS**
- 1:30 p.m. **WRAP-UP, MEASURING PROGRESS & NEXT STEPS**
- 2:00 p.m. **SUMMIT ADJOURNMENT**

UNEMPLOYMENT AT A GLANCE

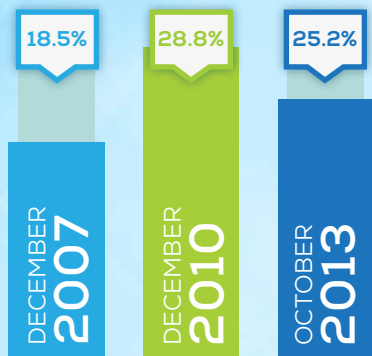
Between December 2007 and December 2010, the six counties that encompass Southern California experienced the deepest and longest recession since the 1930s with 1 million jobs lost. Even though the recession technically ended over three years ago, California continues to have the fourth highest unemployment rate in the nation with over 1.5 million out of

work including nearly 800,000 in the region. Three years ago at the inaugural Economic Summit, lead Economist Jack Kyser along with a team of economic advisors compared the pre-recession to post-recession unemployment numbers in the region, State of California, and United States. The purpose was to determine the number of jobs that would need to be created

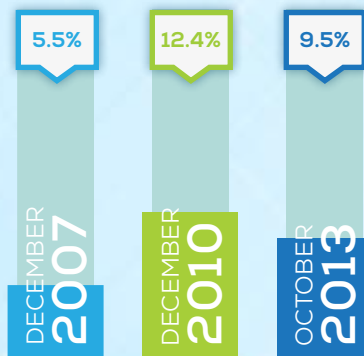
to return to peak level employment in each county. This year's summit includes a comparison of three time periods: December 2007 (pre-Great Recession), December 2010 (peak unemployment), and October 2013 (present day). As shown in the graphs to the right and below, unemployment levels are below their peak. However, none have returned to the level prior to the Great Recession.

UNEMPLOYMENT THROUGHOUT THE SCAG REGION

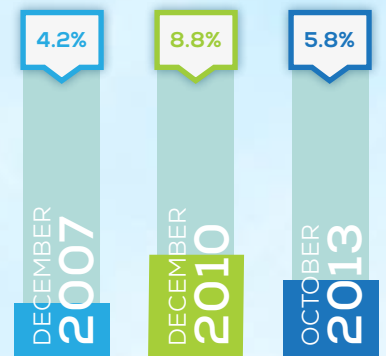
IMPERIAL



LOS ANGELES



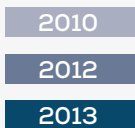
ORANGE



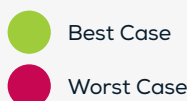
RECOVERING LOST JOBS IN THE SCAG REGION

In the fall of 2013, the economic team once again reviewed and analyzed the current economic indicators and employment trends to estimate a probable timeline for economic recovery by each county. The region is experiencing economic growth and job creation, but the rate is slow, uneven and inconsistent. The graph to the right outlines the projected best and worst case time frames for each county to return to pre-recession unemployment levels. Note the difference between Imperial County where the recovery range is between 2013 and 2014 compared to Los Angeles County whose recovery date could reach as far out as 2020.

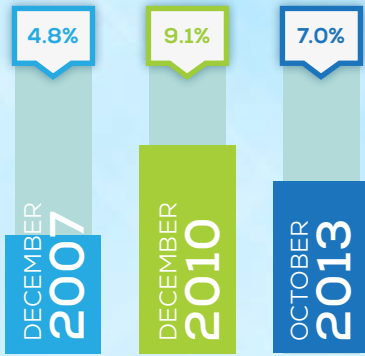
YEAR FORECAST WAS MADE



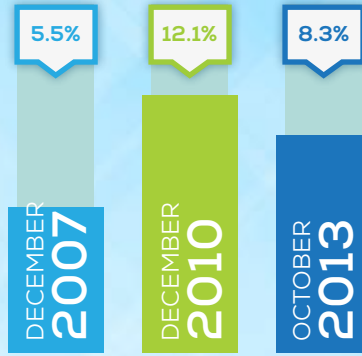
RETURN TO PRE-RECESSION UNEMPLOYMENT LEVELS



UNITED STATES



CALIFORNIA



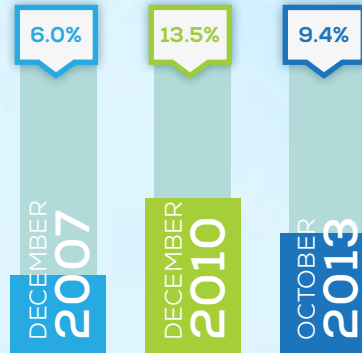
SCAG REGION



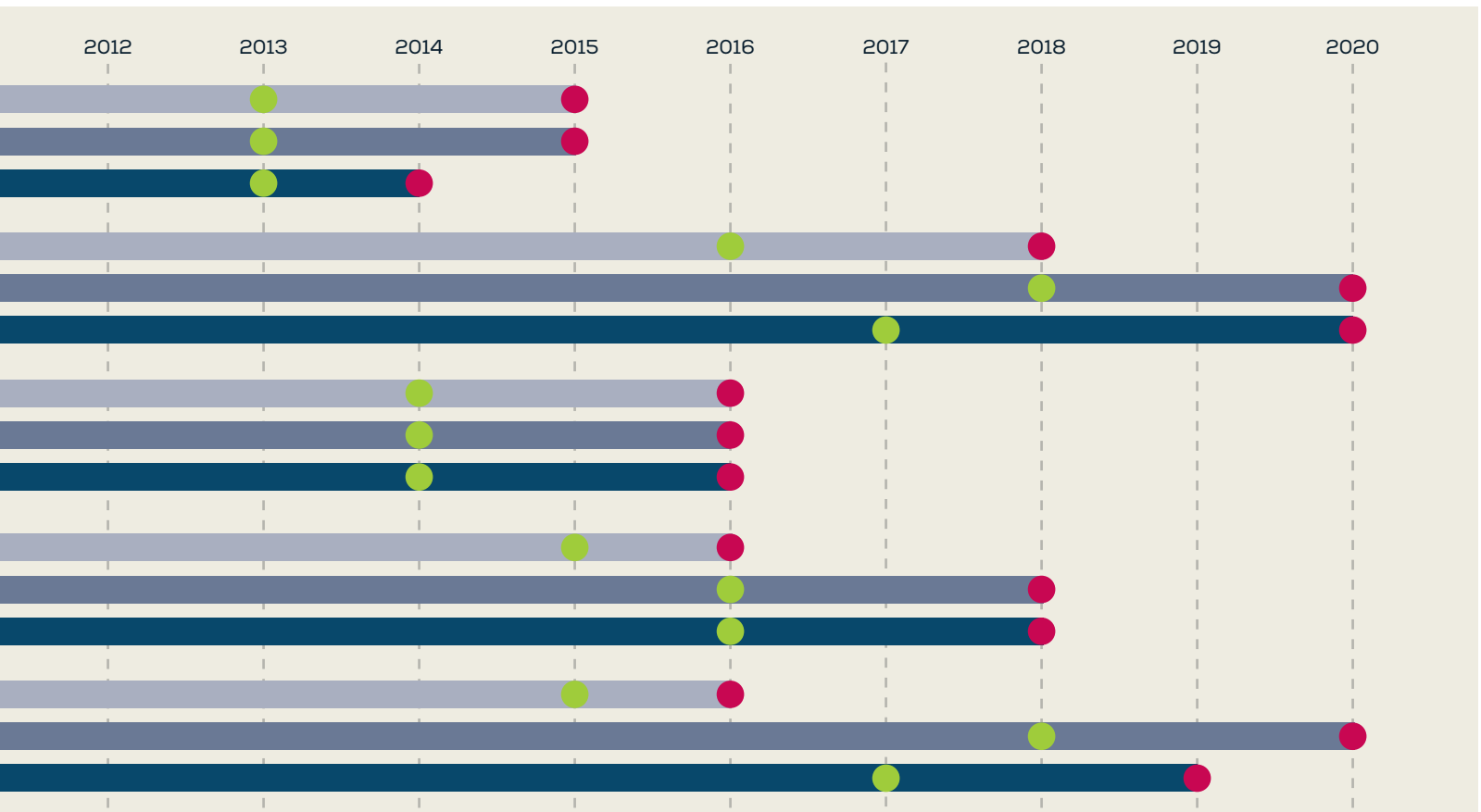
RIVERSIDE



SAN BERNARDINO



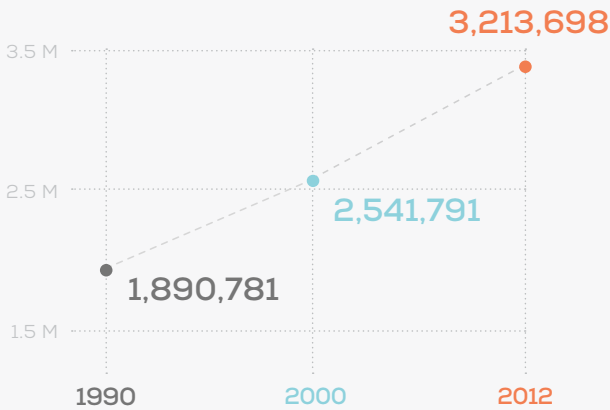
VENTURA



A GROWING SOUTHERN CALIFORNIA CONCERN

With the stock market hitting all-time highs, recent media reports give the impression that the national economy has fully recovered, leading many to believe that the economic woes caused by the Great Recession are largely behind us. Although job growth is up and unemployment rates have declined in 2013, many SCAG region residents are not yet realizing the benefits of economic recovery. Poverty in Southern California has risen significantly in the last two decades and is acutely concentrated in households of lower educated workers.

Population in Poverty in the SCAG Region: 1990–2012



From 1990–2012, the share of residents in the SCAG region living below the federal poverty level increased from 13% to 18% (less than \$23,550 annual income for a family of 4). Today, the region has 3.2 million residents in poverty, up 69% from 1.9 million in 1990, compared to population growth of only 26%.

Poverty status is determined by the U.S. Census Bureau at the federal level by comparing households’ average income against a minimum threshold of basic living needs. It does not take into account the wide variation of cost of living across regions throughout the U.S. Since Southern California is considered to have a relatively high cost of living, the official poverty rate at the federal level likely understates the actual incidence of poverty in Southern California.

Population in Poverty by County: 1990–2012

| | IMPERIAL | LOS ANGELES | ORANGE | RIVERSIDE | SAN BERNARDINO | VENTURA |
|------|----------|-------------|---------|-----------|----------------|---------|
| 2012 | 37,332 | 1,870,813 | 395,380 | 398,102 | 415,149 | 94,910 |
| 2000 | 29,681 | 1,674,599 | 289,475 | 214,084 | 263,412 | 68,540 |
| 1990 | 25,517 | 1,308,255 | 200,860 | 131,690 | 174,727 | 47,742 |

IN THE SCAG REGION **1 IN 4** CHILDREN ARE IN POVERTY

CHILDREN IN POVERTY
25.2%
SCAG REGION

IMPERIAL
32.8%
COUNTY

LOS ANGELES
27.2%
COUNTY

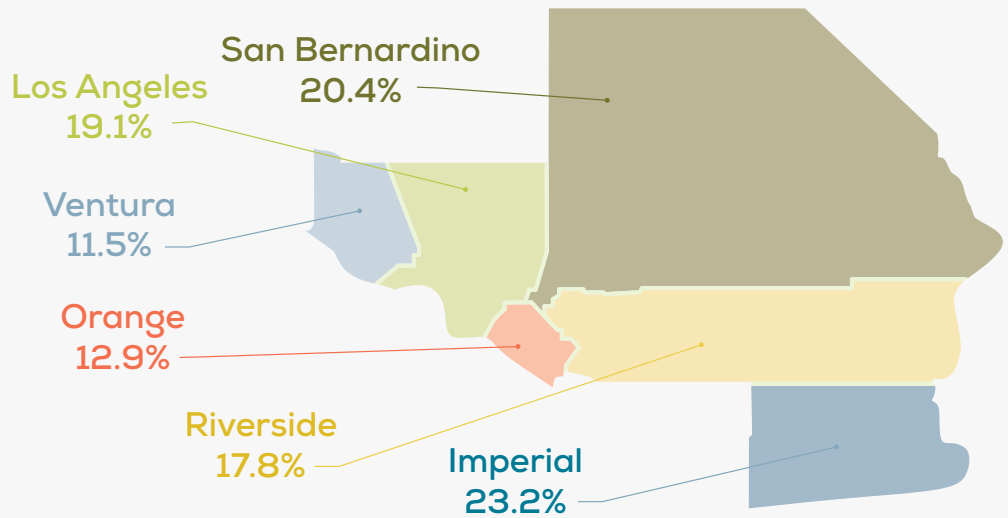
Changes in Poverty by Ethnic Composition: 1990–2012

| | HISPANIC | WHITE | AFRICAN AMERICAN | ASIAN |
|------|-----------|---------|------------------|---------|
| 2012 | 1,979,275 | 587,192 | 304,336 | 269,857 |
| 2000 | 1,493,692 | 477,330 | 275,309 | 218,860 |
| 1990 | 1,020,485 | 460,988 | 243,008 | 173,524 |

The burden of poverty has also fallen disproportionately on specific groups within SCAG's community. There is a clear social justice dimension with shares of poverty in the SCAG region at 26% for African Americans; 24% for Hispanics; 12% for Asians; and 10% for Whites.

Percentage of County Population in Poverty 2012

Poverty has a definite geographic dimension as well. A careful look at the 2012 American Community Survey (ACS) shows the extent to which the burden of poverty has fallen disproportionately on specific communities within the SCAG region. For example, 23% of Imperial County's residents are living below the poverty line versus 11% in Ventura County.



CHILD POVERTY IS ON THE RISE IN THE SCAG REGION

Perhaps most alarming is the extent to which poverty impacts a growing number of children in the SCAG region. In 2012, over 25% of Southern California's youth lived below the poverty line, ranging from 17.7% of Ventura County youth to 32.8% in Imperial County.

ORANGE
17.9%
COUNTY

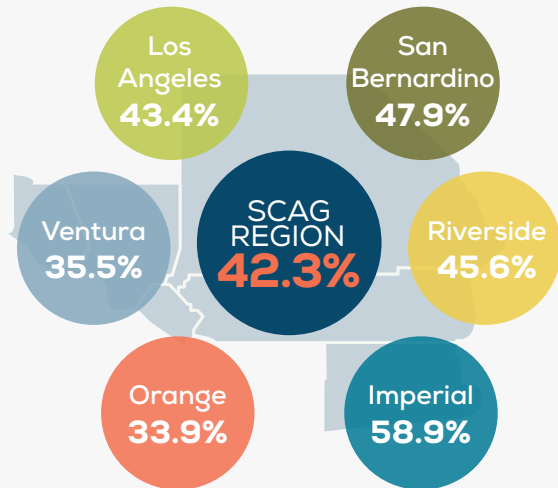
RIVERSIDE
24.9%
COUNTY

SAN BERNARDINO
28.3%
COUNTY

VENTURA
17.7%
COUNTY

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Percentage of Adults 25+ with High School Education or Less



In considering the underlying root causes of poverty, educational attainment is a highly correlated factor. Residents with lower levels of education are likely to find limited employment opportunities with mostly low (and stagnant) wage potential. Poverty rates for working residents without a high school diploma are about 26% in the SCAG region, 60% higher than for those with a high school diploma. The weak earning power for those at the lowest rungs of educational attainment represents a stark picture of the preponderance of the “working poor” in Southern California.

Educational attainment challenges in Southern California follow similar ethnic and geographic lines as poverty, with significant geographic disparities in the SCAG region – respective shares of adult population with high school or less educational attainment range from 59% in Imperial County to 34% in Orange County. Differences are also found when looking at educational attainment among SCAG region ethnic communities with 66% of Hispanic adults, 35% of African American adults, 27.6% of Asian adults, and 25.4% of White adults having a high school education or less.

Nexus of Educational Requirements, Job Growth & Median Pay






Although Southern California finds itself in the midst of recovery, unemployment rates remain stubbornly high with nearly 800,000 Southern Californians unemployed and actively looking for work. Unfortunately, low paying sectors such as retail, consumer services, dining, hospitality, and agriculture have seen the fastest growth in Southern California since the Great Recession ended. These occupations, which have few entry level requirements, are projected to grow by 578,721 from 2012-2020, but their 2013 median pay is just \$29,039.

Many pathways to the middle class for families – good paying jobs in construction, manufacturing, and logistics/warehousing – traditionally did not require college degrees. In today’s economy, however, those with a high school or less education are more likely to experience protracted economic hardship. These same sectors were also hit hardest by the Great Recession and are still struggling to recover, facing many hurdles and barriers to robust job growth.

California Employment Development Department (EDD) data is revealing in terms of what sectors might provide good-paying job opportunities in the future. Five sectors show promise: Construction; Health Care; Finance, Insurance and Real Estate; Logistics; and Manufacturing.

EDD forecasts these sectors to add 403,800 jobs to the SCAG region economy from 2012-2020, with Logistics leading with 143,100 new jobs, followed by Health Care (133,100) and Construction (61,600). Even Manufacturing, which EDD forecasts to create just 13,600 new jobs, will create many more job openings for trained newcomers due to the retirement of aging baby-boomer manufacturing workers.

Opportunities for Workforce Development & Growth

| | % of Workers with a HS Diploma or less | New Jobs Forecasted, 2012-2020 | Median Income |
|--|--|--------------------------------|---------------|
| Construction  | 84% | 61,600 | \$53,036 |
| Logistics  | 80.2% | 143,100 | \$44,291 |
| Finance, Insurance, & Real Estate  | 74.8% | 53,000 | \$48,010 |
| Manufacturing  | 68.0% | 13,600 | \$50,597 |
| Health Care  | 43.9% | 133,100 | \$57,444 |



PROPOSED

2014 STATE AND FEDERAL LEGISLATIVE PRIORITIES

State

PROJECT STREAMLINING & EXPEDITING

Support legislation directed at California Environmental Quality Act (CEQA) modernization and process reform that expedites project delivery and promotes the creation of jobs.

FINANCING, ECONOMIC DEVELOPMENT & COMMUNITY REINVESTMENT

Support legislation to expand use of innovative finance structures to create new opportunities for economic development, community reinvestment, and the development of transportation projects and infrastructure investment.

CAP-AND-TRADE FUNDING

Support legislation that ensures an equitable portion of revenues generated from the implementation of the Cap-and-Trade program are allocated to transportation improvements commensurate with the transportation sector's impact in causing these emissions.

MAP-21 IMPLEMENTING LEGISLATION

Support state legislation that ensures funding under MAP-21 is invested in transportation projects that improve air quality and expand the capacity of the entire transportation system.

ENTERTAINMENT TAX CREDIT

Support legislation that will enhance the entertainment tax credit to stop the loss of entertainment jobs and investment in one of Southern California's unique touchstone industries.

WATER BOND

Support legislation to invest in water infrastructure consistent with the water bond appearing on the 2014 statewide general election ballot.

MAINTENANCE OF STATE AND LOCAL ROADS AND TRANSIT SYSTEMS

Support legislation to provide dedicated, secure funding to state highways, streets, and roads to support the maintenance and rehabilitation of the state and local road and transit system.

INTERNATIONAL TRADE AND PORTS

Support legislation that will increase exports congruent with National Export Initiative (NEI) goals to double exports and create two million jobs over five years and support legislation to prevent the loss of international trade-related jobs in the Southern California region that are at jeopardy from the expanded investments by East and Gulf Coast Ports and the Panama Canal.

Federal

SURFACE TRANSPORTATION AUTHORIZATION LEGISLATION

Support recommendations of the Special Panel on 21st Century Freight Transportation for inclusion in the next surface transportation authorization bill and support the full restoration of the \$2 billion in annual funding to the National Freight Program originally contained within MAP-21 to the successor authorization bill.

PROJECT STREAMLINING & EXPEDITING

Support legislation to build upon the provisions of MAP-21 to continue to improve efficiency of environmental reviews without diminishing the effectiveness of environmental review processes.



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SAVE THE DATE

MAY 1–2, 2014

Renaissance Esmeralda Indian Wells Resort & Spa
44-400 Indian Wells Lane | Indian Wells, CA 92210

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
2014 Regional Conference
& General Assembly

Visit www.scag.ca.gov for registration information and conference updates.



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