

# GATEWAY CITIES COUNCIL OF GOVERNMENTS

## Economic Development Working Group

### AGENDA

Monday, June 17, 2019 11:30 AM

16401 Paramount Boulevard  
Paramount, CA 90723

#### CALL TO ORDER

Gerald Caton, Chair Economic  
Development Working Group

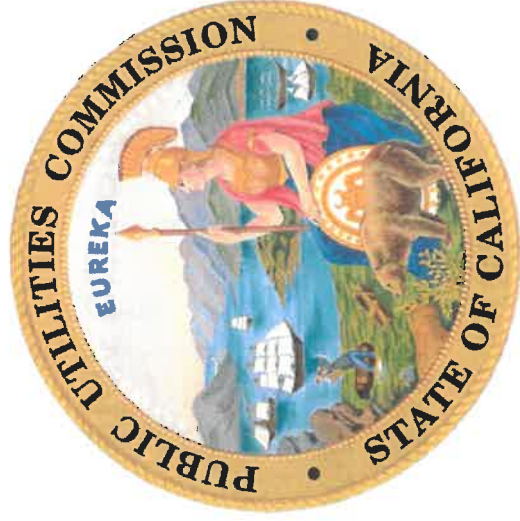
#### ACTION ITEMS

*"The Goal of the Economic Development Working Group is to lower Unemployment within the Gateway Cities Region by encouraging Job Creation Activities."*

1. Introduction and Welcome to **Asia Powell**, Local Government and Community Liaison, California Public Utilities Commission, who will be Providing an Overview of the CPUC
2. Update on Recent Discussion with **Aneesh Raman**, Senior Advisor on Strategy and External Affairs, Governor's Office of Business and Economic Development (GO-Biz)
  - A. GO-Biz Recently Announced the "Regions Rise Together" initiative. "The Initiative will Bring Together Diverse Leaders in Every Region Over the Course of the Next Year so that an Inclusive and Comprehensive Plan is Developed that will Lift Every Part of California"
3. Discussion of Process and Future Meeting Dates for Development of "White Paper" Concerning the Need for Economic Development and Housing Legislation Specific to the Gateway Cities Council of Governments' Region
4. Seeking Additional Cities Interested in Co-Hosting with the Port of Los Angeles and the Gateway Cities COG an "Introductory Export Workshop for Manufacturers"
5. Discussion of Best Ways to Maximize use of COG's Site Selector Website
6. Update on Los Angeles County's Economic Development Program
7. Update on State Cap & Trade Program
8. Member Comments
9. Adjournment



# Introduction to the CPUC



**Asia Powell**  
Local Government and Community Liaison  
California Public Utilities Commission





# The Role of the CPUC

- Regulates electricity, natural gas, telecommunications, water, and rail and transportation.
- Oversight of the investor-owned utilities, including the three large electric utilities: PG&E, SCE, and SDG&E.



*“The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californian’s access to safe and reliable utility infrastructure and services.”*



# The CPUC regulates and oversees:

- Retail rates through general rate cases
- Quality of service, including safety and reliability
- Consumer protection and public programs





# Policies & Programs that Impact Your Community

## Key CPUC Policies

- Public Safety Power Shutoffs
- Environmental Justice
- Vehicle Electrification
- Affordability

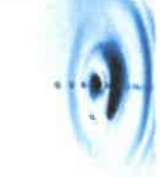
## Public Programs & Assistance

- California Alternate Rates for Energy
- California Lifeline
- Programs for Disadvantaged Communities
- Assistance with formal consumer complaints

**The CPUC is increasing outreach to customers in order to better educate them about these policies and programs and to learn more about their concerns and issues.**







# Outreach Liaison

Build relationships with stakeholders to implement the CPUC's policies externally and help shape policy internally.

To achieve this goal, Outreach Liaisons partner with:

- Community Based Organizations
- Local Governments
- Local Business Groups
- Diverse Organizations





# Working Together

The CPUC would like to hear from you.



- Follow a proceeding or receive documents
- Attend a public meeting or webcast
- Invite us to regular meetings or special events
- Obtain informational materials and handouts
- Ask questions and/or share concerns

**Asia Powell**

Local Government and Community Liaison

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[www.cpuc.ca.gov](http://www.cpuc.ca.gov)





## Fact Sheet

# THE BROADBAND ADOPTION GRANT PROGRAM



As many as 13% of Californians experience barriers that prevent them from utilizing and accessing the internet, according to the [2017 survey](#) by the University of California Berkeley Institute of Governmental Studies survey for the California Emerging Technology Fund.

In 2017, California set an ambitious goal of being a national and global leader in the adoption of broadband technology, and **designated \$20 million for grants** to increase publicly available or after-school broadband access and digital inclusion. These funds will be distributed by the California Public Utilities Commission in the new Broadband Adoption Grant Program:

### Types of Grants

**Digital Inclusion Projects** providing digital literacy training and public education to communities with limited broadband adoption.

**Broadband Access Projects** providing publicly available or after-school broadband access that may include free broadband access in community training rooms or other public spaces, such as local government centers, senior citizen centers, schools, public libraries, nonprofit organizations, and community-based organizations. These projects may also include community outreach, such as analysis, comparison of Internet plans within the community, and call centers that will increase broadband access and adoption.

### Eligible Entities

Eligible Applicants include local governments, senior centers, schools, public libraries, non-profit organizations, and community-based organizations.

### Award Amounts

The \$20 million fund for Broadband Adoption programs will be awarded in biannual application cycles.

### Priorities

Communities with demonstrated low broadband access and/or low broadband subscription rates will be given preference, as well as low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption.

### Timeline

Applications may be submitted at any time. However, the CPUC will consider applications submitted on or before each deadline listed below as a batch, until all funds have been awarded. Any deadline falling on a holiday or a weekend will be extended to the following business day. The CPUC will post the application descriptions submitted by the deadline on the CPUC's CASF webpage.

- August 31, 2018
- January 1, 2019
- July 1, 2019
- January 1, 2020
- July 1, 2020
- January 1, 2021
- July 1, 2021
- January 1, 2022
- July 1, 2022

### Background

The adoption funding was made available in 2017 by the [Internet for All Now Act](#), which promotes broadband adoption and infrastructure deployment by providing an additional \$330 million to unserved areas with a goal of providing broadband access to no less than 98 percent of California households in each region.

### Learn More

For more information about the California Advanced Services Fund and the Broadband Adoption program, please visit: [www.cpuc.ca.gov/casf/](http://www.cpuc.ca.gov/casf/)  
[Questions? Interested in submitting an application?](#)  
[Email us at: casf\\_adoption@cpuc.ca.gov](mailto:casf_adoption@cpuc.ca.gov)



**From:** Gerald Caton <geraldcaton@ymail.com>  
**To:** Aneesh Raman <aneesh.raman@gobiz.ca.gov>  
**Sent:** Tuesday, June 11, 2019, 3:16:40 PM PDT  
**Subject:** Follow-Up to June 6th Telephone Call - Gateway Cities

Hi Aneesh:

Thank you again for taking your time to speak with me this past Friday! As requested, here is a brief synopsis of our discussion.

#### 1. Statistical data and employment history of the region

The twenty-seven cities and 9 incorporated communities in the Gateway Cities Council of Governments (COG) have a combined population of 2.1 million residents. It is one of the most densely populated regions in California with 13 of the State's 50 most densely populated cities. The population of the Gateway Cities Region is predominantly Hispanic with youth under 19 years of age accounting for 31% of the total. Approximately one-third of the Gateway Cities population, 25 years and above, has attained less than a high school education. Historically the region was the manufacturing center of California, but 89,000 high-paying manufacturing jobs in Los Angeles County have been lost in the past 12 years and replaced with 92,000 low-paying food service jobs.

#### 2. COG Economic Development Working Group

The goal of the COG's Economic Development Working Group is to lower unemployment within the Gateway Cities region by encouraging job creation activities. However, the region's efforts are hampered by the extremely low property tax capture rates of the cities. To make viable use of the EIFD or CRIA processes, jurisdictions need to receive at least 15% of every dollar of the tax collected on the assessed value in a given area. Only two of the Gateway Cities twenty-seven communities have rates of at least \$0.15.

The Gateway Cities are very supportive of the State's goal of developing more affordable housing. We want to work with the Governor's office to accomplish this goal. The region needs to improve its housing stock and develop new jobs for our residents. That is why the members of the Economic Development Working Group, see attached, are seeking help with the development of a regional economic development plan. We were heartened by your office's recent announcement of the Regions Rise Together initiative. Given the size of Los Angeles County, we hope your office will consider working with our sub-region which has a population similar to Houston, Texas.

Gerald M. Caton  
Chair  
Economic Development Working Group  
Gateway Cities Council of Governments

**Gateway Cities Council of Governments**  
**Economic Development Working Group**

*"The Goal of the Economic Development Working Group is to lower Unemployment within the Gateway Cities Region by encouraging Job Creation Activities."*

**Members**

- **Abel Avalos**, Community Development Director, City of Lakewood
- **Yolanda Castro**, Executive Director, Southeast Los Angeles Workforce Dev. Board
- **Gerald Caton**, Working Group Chair, Gateway Cities Council of Governments
- **Jeff Collier**, City Manager, City of Whittier
- **Torrey N. Contreras**, Senior Assistant City Manager, City of Cerritos
- **Charlie Honeycutt**, City Manager, City of Signal Hill
- **Melissa Infusino**, Workforce Development Director, Long Beach City College
- **John Moreno**, City Manager, City of Paramount
- **Robert Moran**, Principal Analyst, CEO Office, County of Los Angeles
- **Wayne Morrell**, Director of Planning, City of Santa Fe Springs
- **Joe Perez**, Community Development Director, City of South Gate
- **Nancy Pfeffer**, Executive Director, Gateway Cities Council of Governments
- **Sergio Ramirez**, Dep. Dir. of Economic & Property Dev., City of Long Beach
- **Aldo Schindler**, Community Development Director, City of Downey
- **Scott Smith**, President/CEO, Cerritos Chamber, Gateway Chambers Alliance

## Constraints that Complicate Housing Production The City of Signal Hill Example

California Cities understand the need for housing production, but face a variety of constraints that hinder the ability to create opportunities for housing production or to provide services to a growing population. This includes a community's concern over high-density development and how it impacts the character of neighborhoods or communities. These concerns are valid and matter to those affected. However, there are other factors that complicate the production of housing in our state. The City of Signal Hill provides a case study on regulatory, economic, environmental, and geological constraints that complicate future housing production in the City. Signal Hill is 2.2 square miles in area that has met its affordable housing requirement. The City sits atop the largest oil field in the Western United States. There are over 3,000 active and abandoned gas and oil wells in Signal Hill today and the legacy impacts of the 1920's oil boom era affect Signal Hill today.

### Regulatory Constraints

Conflict Between Environmental Protection and Housing Production - State legislation and regulation can contradict the State's desire for the production of more housing. For example, Assembly Member Muratsuchi has introduced AB 345, which aims to prohibit the construction of housing within 2,500 feet of an oil or gas well. There are over 3,000 oil and gas wells in Signal Hill. A bill such as AB 345, will eliminate a majority of the City for housing production. State mandated residential organics recycling will further add to the cost of housing.

Additionally, the Division of Oil, Gas, and Geothermal Resources (DOGGR) now interprets State regulations to preclude the construction of structures over or near previously abandoned oil wells. Although Signal Hill has a long history of successful development over properly abandoned oil wells, DOGGR's new position makes the construction of structures near impossible anywhere in the City of Signal Hill. DOGGR has taken the following position (see Attachment A):

"Nothing guarantees that wells abandoned to current standards will not start leaking oil, gas and/or water in the future. It always remains a possibility that any well may start to leak oil, gas, and/or water after abandonment, no matter how thoroughly the well was plugged and abandoned. The Division acknowledges wells that are presently abandoned to current standards have a lower probability of leaking oil, gas, and/or water in the future, but makes no guarantees as to the adequacy of the abandonment or the potential need for future re-abandonment".

"...District Deputy may order, or permit, the re-abandonment of any previously abandoned well if the supervisor or the district deputy has reason to question the integrity of the previous abandonment, or if the well is not accessible or visible."

Sales Tax Redistribution - The State Legislature is considering redistributing Bradley-Burns sales taxes generated from in-state internet sales. This is in addition to the Wayfair decision. Last year, SCA 20 (Glazer) was introduced that would change the sales tax allocation related to on-line sales from point of sale to point of delivery. A similar bill, ACA 13 (Oberholte), was introduced during this legislative year. Passage of this type of legislation would place significant financial harm on cities with internet sales/distribution centers such as the City of Signal Hill. The City of Signal Hill estimates that SCA 20 or ACA 13 would reduce the City's revenue by 10% and would cripple its ability to provide basic services to the current population.

## Economic Constraints

Unsustainable Construction Costs - Construction costs throughout the state have increased dramatically over the past few years. The influx of State and County transportation funds, such as SB1, Measure R, and Measure M, for regional transportation projects will create demand for construction companies and construction materials. This demand will continue to drive up construction costs. In 2017, the City of Signal Hill accepted bids for the construction of a new public library. The lowest bid was 50% higher than anticipated because of competing construction projects such as the new NFL stadium for the Los Angeles Rams and Los Angeles Chargers, the Banc of California Soccer Stadium, renovations to the Los Angeles Coliseum as well as the construction of a new City Hall for the City of Long Beach and Headquarters for the Port of Long Beach. State mandated NPDES stormwater mitigation and solar power installation also adds to the cost burden and disincentives residential construction.

The City of Signal Hill is in discussions with a nationally recognized development company on a proposed mixed use development that includes 250 high-density residential units on an active 14-acre oilfield. The development company has determined that current lease rates do not support the high oil field remediation and construction costs and is determining whether to forgo the residential component.

EIFD/CRIA - The State of California has authorized the creation of Enhanced Infrastructure Financing Districts (EIFD) and Community Revitalization and Investment Authorities (CRIA) for the purpose of financing the cost of infrastructure needed to support housing production. In order for cities to take advantage of these financing mechanisms, they generally need to receive 15% of the assessed property tax. Only two cities in the Gateway Cities Council of Governments region have property tax rates of at least 15%. To date, only three EIFDs have been established statewide.

Disparity in Property Tax - There is a large disparity in the amount of property tax that cities receive and use to provide an acceptable quality of life to their communities. Some cities like the City of Los Angeles receive 26% of the property taxes assessed. However, several cities in the Gateway Cities region are considered No/Low property tax cities. A No/Low property tax city receives less than 10% of the property taxes assessed on properties in their cities. For example, the City of Signal Hill is considered a Low/No property tax city because it receives only 6.8% of the \$9.4 million per year in property taxes assessed. Property tax revenues contribute only \$639,200 to the City's \$22 million operating budget. State mandated high-density development may increase property values, but the increased property tax generated from the development will not offset the cost of providing services to the new residents.

Voter Indebtedness – Parcel taxes approved by voters add hundreds of dollars to annual property tax bills and these costs are passed through to renters. Long Beach Unified School District and Long Beach Community College District were successful at convincing voters to approve separate parcel tax measures to pay for an infrastructure bond. These two bond measures added over \$500 to property tax bills. Los Angeles County Fire is also pursuing a parcel tax that, if approved, will further burden housing costs.



## **Geological Constraints**

**Newport-Inglewood Earthquake Fault** – The City of Signal Hill is bisected by the Newport-Inglewood Fault. A large swath of land area within Signal Hill is designated in the Alquist-Priolo Earthquake Fault Zone (see Attachment B). Areas within the fault zone are precluded from residential development. Under state law, developers proposing projects in proximity to the Alquist-Priolo Earthquake Fault Zone must dig exploratory trenches across the fault zone to determine whether a fault line exists within the development area, which adds development costs. Earthquake fault lines have affected development projects in Signal Hill. The Promontory Westbluff residential development in Signal Hill was approved for the production of 150 units. While performing the earthquake fault study, an earthquake fault line was discovered. The number of housing units had to be reduced by 63 units and 87 units were ultimately constructed.

## **Environmental Constraints**

**Environmentally Impacted Sites** – The City of Signal Hill is affected by the impacts of legacy oil and gas production left behind by the oil boom of the early 19<sup>th</sup> Century. Abandoned oil wells and pipelines, subsurface soil issues and storage tanks affect a majority of properties in Signal Hill. The City is currently in discussions with a nationally recognized development company on a proposed mixed use development that includes 250 high-density residential units on an active 14-acre oilfield. The developer's proforma estimates that the cost to clear the site of oilfield impacts is \$18.1 million. Although the City supports the proposed development, the developer has determined that this cost burden likely makes the development financially infeasible.

**Loss of Redevelopment** - Prior to the State's decision to dissolve Redevelopment Agencies throughout the state in 2011, the Signal Hill Redevelopment Agency received an annual property tax allocation (tax increment) of approximately \$15 million. Twenty percent of these funds were restricted to the production of affordable housing. The remainder of the funds was restricted to the removal of blight. The Signal Hill redevelopment effectively used these funds to acquire property and remediate oilfield impacts to create developable sites for the production of affordable housing. During the current RHNA planning period, Signal Hill has achieved 100% of its affordable housing requirement. The loss of redevelopment has eliminated a vital funding source for cleanup of legacy oil field issues and create sites suitable for the production of affordable housing. Without a similar funding source for oil well abandonment, removing storage tanks and pipelines and remediating contaminated soil, the ability to produce additional affordable housing in Signal Hill will be greatly hindered.

**Oil and Gas Easements** – A majority of undeveloped property in Signal Hill is affected by Surface Use easements held by oil and gas production companies. These easements give the companies the right to conduct oil operations over the surface of the property. Unless oil and gas production companies are willing to release these easements, the properties are not available for development.

**Limited Drinking Water Supply** – Drinking water supplies for most cities in the Gateway Cities region is pumped from the Central Groundwater Basin. By law, each city is limited to the amount of water it is able to draw from the basin. If a city needs additional water because of high water demand, it must purchase imported water from the Metropolitan Water District (MWD). However, during the recent drought, MWD had to reduce the amount of water available to Southern California.

During the recent drought, California declared a state of emergency. Governor Brown issued an executive order requiring cities to reduce water usage by 25%. Even in this emergency condition, Californians were not able to meet this goal. The question is whether Californians can conserve enough water to offset population growth?

**ACTION LIST  
RESOURCES AND TRANSPORTATION**

Issue 11	Page 14	Habitat Conservation Fund Sunset Extension	Assembly Version
<b>3640 Wildlife Conservation Board</b>			
<b>3900 Air Resources Board</b>			
Issue 12	Page 15	Cap-and-Trade Expenditure Plan	<p>Conference Compromise: a total of \$1.4 billion in discretionary spending. Investments include:</p> <ul style="list-style-type: none"> <li>• \$275 million for air toxic and criteria air pollutants</li> <li>• \$485 million for low carbon transportation</li> <li>• \$127 million for climate smart agriculture</li> <li>• \$220 million for healthy forests</li> <li>• \$26 million for short-lived climate pollutants</li> <li>• \$109 million for integrated climate action: mitigation and resilience</li> <li>• \$10 million for climate and clean energy research and technical assistance to disadvantaged communities</li> <li>• \$35 million for workforce training</li> <li>• \$100 million for safe drinking water</li> </ul>