



Regional Partnerships: A Path to Prosperity

California has gotten tough to govern.

California has always been big, but in the past 50 years this fertile ground and beneficent climate have lured millions of ambitious people from every continent, who have created and nurtured expansive and divergent businesses and communities. This merging of cultures and rapid modern development have strained a governance system designed in the 19th century, which now struggles in good times to provide quality programs, and in times like these is mired in gridlock.

This growth in sheer numbers and complexity – of people, cities, cultures, as well as of issues and opportunities – has made it difficult for centralized decision-making in the capital to be representative and responsive. In some ways, California has evolved in the wrong direction. In the wake of Proposition 13, for example, school districts and local governments became financially dependent on the state and the state gained more control over historically local issues.

For certain, critical public policies – in education, environmental protection and human services, for example – have evolved over time. But in a fast changing world, government must be smarter and more nimble, innovative and efficient. For collective success, government must meet the needs of rapidly growing communities. It must provide the talented workforce and efficient infrastructure that attract the capital investment that results in dynamic enterprises and quality jobs. At the same time, government must execute smarter strategies to counter persistent, age-old scourges of disease, poverty and violence.

These challenges require government agencies – cities and counties, law enforcement and education – to share resources and authority to solve problems they cannot solve on their own. While the state must always play a leadership role, the precise solutions need to be crafted and managed at the scale that is defined by the problem, not a political boundary.

Regions are a workable scale.

Policymakers are increasingly recognizing that public challenges are global, regional and community-based in scale, while political systems are national, state and local.

In California, the regions are particularly important because the state has at least nine distinct regional economies – with different workforce and other input needs, different time and

technological horizons, different markets and modes of transportation, different demands on infrastructure and environmental concerns.

By empowering regional decision-making, California has the opportunity to work at a scale where there is greater potential for political agreement, and for building strategies that reduce persistent poverty, benefit working families, encourage businesses to invest capital and generate jobs and ensure natural resources are managed and used in sustainable and healthy ways.

Over the past 15 years, this regional framework has greatly matured because of the visionary work of civic, business, government and community leaders. The evolution has moved away from regional government to regional governance. The vision is not for another layer of government, but for mechanisms for enduring relationships and nimble partnerships that assemble the necessary authority, capital, technology and innovation to solve a problem that is beyond any one sector or business or agency to solve on its own.

Governance reform as a workout plan.

In *Growing California's Regional Economies*, Peter Weber draws from his experience in the private sector and with the public-private California Partnership for the San Joaquin Valley to distill what is known about regional economies and California's efforts to date to encourage regional leaders to work together to support the creation of economic prosperity while tackling the public problems of environmental protection and social equity.

Mr. Weber proposes that California proactively encourage the accelerated establishment of regional private-public partnerships to chart and pursue long-term recovery from the current economic challenges, as well as what lies beyond. He offers the California Partnership for the San Joaquin Valley as a model which may be adapted by other regions to suit their own circumstances and preferences.

As the economy continues to slide, public officials are rightly looking at large and quick-acting interventions to stimulate economic activity. Regional public-private partnerships are not offered as an alternative to that stimulus, but as a long-term mechanism for support of economic development that builds a talented workforce, expands opportunities for working families and pioneers efficient environmental protections.

Before the economic crisis, many regional leaders were concerned that their portion of California was losing its competitive advantage and were looking for comprehensive solutions. Even if economic stimulus efforts are successful, the need for sustained and strategic efforts will remain.

A workout plan as a means for governance reform.

Comprehensive government reform in California will require modernizing the relationship between state government and the thousands of local governments that perform valuable services. That relationship is defined in thousands of pages of statutes and in regulations, and perhaps more importantly is reinforced (or aggravated) through annual budget decisions and ongoing initiatives usually emanating from the capital.

Improving the state-local relationship has been a focus of numerous reform efforts and some progress has been made. But as the population grows and the globe shrinks, the need to align government to the reality of regional economies increases. Given the severity of the global economic crisis, California will need to restructure how public services are delivered to reduce costs while improving the quality of essential services that support – and ultimately are supported by – the regional economies. The restructuring will require the leadership of the State, but much of the heavy lifting must be by local officials cooperating regionally.

The model of the California Partnership for the San Joaquin Valley offers just such an approach to these challenges. Rather than looking statewide for universal changes that must then be accepted by all, the Partnership has created a common vision for a region, crafted a list of actions that need to be taken, aligned resources for implementation, and proposed governance reforms that would accelerate progress.

This approach may not identify problems and solutions that will address all state-local issues, but it has the potential to provide solutions with strong and broad political support from regions.

California Forward intends to support a discussion about this alternative approach to regional governance as one path to redefining the dysfunctional state-local relationship. This approach has the potential to knock down some of the silos and untangle the convoluted fiscal relationships that have actively discouraged leaders at all levels from working together.