I thought that maybe we'll talk about something that has sort of underlined the discussion this morning, especially at the national and state level. But I think it's particularly critical in the case of Southern California, and that has to do with the issue of governance.

First of all, Southern California is a very special beast, as you all know, those of you that are from here. If Southern California were a country, GDP-wise, we'd be ranking something like 12th among all the nations. As you know, if California were a country, our government would be sitting in G-8 meetings every year.

A scary thought, somebody said.

And then Mr. Grow this morning was showing how in Utah they scare people by showing pictures of Philadelphia. Well, we use Chicago as our scary picture. And that story is like this: In 2025, Los Angeles County will add the size of a Chicago. The SCAG region, if I am not mistaken, will add three Chicagos in size and population -- or two -- or one is in L.A. County. The other two are outside.
And California as a state, I think we are going to add the size of the entire state of Florida by 2025. So that's sort of the growth scenario we are all dealing with and working with.

And, of course, in the Inland Empire, you are now on the cutting edge of handling this growth. But it actually concerns all of Southern California. So it's a very special beast. And I want to talk a little bit about the complexity of the governance that the region represents.

I want to begin with some images of Southern California. Southern California has always been an interesting model for all over the world. People come here to study this urban beast. It used to be we were the poster child of sprawl, but not anymore. Now Atlanta, Phoenix, others are doing better.

In fact, Southern California is becoming quite dense. I just talked to some people from Philadelphia the other day during the break, and they said, "Gee, this is a very dense area." That is in Pasadena. So people from Philadelphia now think that part of Southern California is getting quite dense.

We used to talk about Southern California being a polycentric city; many centers, and redefined urban sprawl as a polycentric city. But even that is becoming a little bit questionable. The same people are saying, "No. It's a little more of kind of a diffuse thing. They are really not centers."

You hear people use metaphors like "patchwork quilt" or an "urban mosaic." A colleague of ours from UCLA, former colleague John Friedman, talked about "urban field." So it's not even a differentiable kind of thing, urban phenomenon. It's just a continuous spread of urban form.

People have spoken about "corridor city" and so on and so on. But I don't know if you have heard the other kind of more humorous metaphors, like "slime mold." One of the colleagues described Los Angeles as being a slime mold. You know what a slime mold is. This is the stuff that grows in your refrigerator bin if you don't take out your veggies for a long time. Well, the slime mold actually grows. If you cultivate and nurture it in a good, healthy environment, it grows and little bubbles pop up here and there. And those are the centers.

So the model of the slime mold is the urban sprawl, the Los Angeles. And the only way you can contain the slime mold is that you have to starve it.
But clearly we are not going to be able to starve our sprawl. If anything, we are going to continue to grow. But let’s hope that we have some better outcome than the slime mold.

And then you can talk about the other metaphor, which is like a Swiss cheese, but kind of like in the reverse, so to speak, which means that the holes are really the communities; the local community jurisdictions, and then there is the rest, the matrix; the urban matrix, where these communities exist. And it changes from which part of Southern California you are in.

But it is sort of more like an urban mosaic, where you have the tiles -- each incorporated community is like a little tile you've got over there -- the jigsaw puzzle. They are going to fit very tightly with each other, and then, of course, on the periphery you've got more open space and unincorporated area.

Now, how did it get to this outcome, and what will the future region look like? Where will the future growth be located? How will it be distributed? I mean, these are the kinds of questions you are asking, looking out 20 years. And the Growth Mission and the Compass Project that SCAG initiated was an exercise in figuring out how that growth might actually happen. But it seems that fundamentally the real issues of governance start up in this.
So if you look at that chart, it shows the growth of number of cities in California from 1850 to 1997.

And as you can see most of the growth, there's a kind of leveling off around the 1950s, and then there's a sharp rise again after the '50s, and there are some arrows that point to the different key events in the history of the state that led to growth of cities. So the cities are growing, new cities are being born every year.
This chart shows the growth of cities. By county is the blue lines, and Los Angeles County and then Orange County and some of the other counties. But, again, somewhere around in the 1950s and 1960s is when the suburbanization started, the growth of the cities started to happen. So one sort of outcome of this urban growth was the formation of new incorporated areas; the growth started happening in suburban areas.
However, what is interesting is that if you look at the number of cities, you see actually that the number is declining. That is, the growth of cities has not quite kept pace with the growth of the population in absolute number. So per capita, actually, the number is relatively small.
And, in fact, if you look at this chart, it shows you the types of local governments that exist in California and then the sheer numbers of them. There are 58 counties, 471 cities, something like 5,000 special districts, about 1,000 school districts, and on and on and on.

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counties</td>
<td>58</td>
</tr>
<tr>
<td>Cities</td>
<td>471</td>
</tr>
<tr>
<td>Special Districts</td>
<td>4,874</td>
</tr>
<tr>
<td>School Districts</td>
<td>993</td>
</tr>
</tbody>
</table>
So we think that we probably already have too many layers of government. But, actually, if you look at this chart, which shows that actually in California – among local governments with 100,000 population -- if you look at the national average in California, actually we're quite low. Like in terms of counties, .19, but the national average is 1.33.

And maybe that's the one problem of governance; maybe we don't have enough governance; probably we need some more.

In fact, we hear a lot about this crisis of governance in California, but some people are saying that California has become basically an ungovernable state. We have the Bedrosian Center for Governance and Civic Engagement. They had a thing the other day where they talked about developing these notions about people's assemblies, which they have in British Columbia as an alternative form of citizen participation in the governance.

So there is a general kind of discontent about the governance, the efficiency of governance; that government is not close to the people and maybe there are too many people for a government unit because of California's size, and that the people are feeling farther removed from the government.
Nevertheless, I think that the thing about California generally, in Southern California more specifically, is that it is what the historian Robert Fogelson called the fragmented metropolis. All metropolises are fragmented, but California -- Southern California -- probably has the highest level of fragmentation. And here's the chart that somebody actually looked at the wording of the fragmentation index. You can see that statewide -- you can see the darkest areas are the most politically fragmented areas. And, of course, as to be expected, the SCAG region shows up as one of the most vertically fragmented regions.

So this fragmentation then leads to what some economists call the Tieboutian Space, which is after the economist Charles Tiebou, who argued that these local governments actually make perfect sense in the sense that people vote with their feet -- this is a famous quote -- and then when people decide to move to a particular community, they are actually buying into a particular bundle of goods.

And the cities are like firms which are selling a particular product and a particular product portfolio of school district, park system, fire services, police services, a certain level of density, and so forth.
So, indeed, this is a very efficient outcome. The fragmentation is an efficient market outcome. That's what Charles Tiebou, the famous economist, talked about. And Tiebou's analyses are actually based on California, Southern California, for the fragmented metropolis model.
So what you have is sort of a Tieboutian space that we are dealing with. So now we are talking about how to accommodate the growth of the size of two Chicagos in a Tieboutian space. And so there are several problems. There is competition between the little towns for businesses, jobs, and residences, but there are some nice cartoons that were shown in earlier presentations this morning. There are issues about equities of service levels, talk about the education issues, and the argument -- I think very effectively -- that one of the reasons people move to the suburbs is because of the school district, not necessarily single-family homes.

And there is a real inequity in the distribution of specific services, because the rich cities do well, but poorer, moderate-income cities don't have that luxury to provide those kind of services.

Now, obviously, we don't want a regional government. That's a no-no in the American system. Because you already have three levels of government, and now the fourth level of government is creeping in the form of councils.

But certainly we can have a regional government. But we could have, I suppose, this kind of council of governments, like SCAG, which basically provides new research, provides advisory functions. And under leadership like Mark Pisano,
sometimes they actually nudge these cities to do something that's good for the entire region like this 2 percent growth requirement that SCAG is pushing among the cities, that 2 percent of the growth should be located in the transit corridors and the dense areas. And many cities in San Gabriel Valley are actually sort of following that model.

So that's sort of what we tend to accept. But basically I think we are relying on a form of government which is what I call -- it's on autopilot.

Regional governance is the sum total of all of the local governments. So we have these institutional structures. And they all function like a kind of a well-oiled machine, and as long as they all perform well, the aggregate governance should function.

But this vehicle, of course, does not quite see that the whole is greater than the sum of its parts idea. So the issues about pollution and environment, water, and service equities and things like that don't get quite caught in this process.

There are environmental justice issues in terms of who gets exposed to more toxic exposures and air pollution and all of those things. There are issues about fair share of social services; the cities that are providing their fair share of growth. NIMBYism, exclusionary practice. All those things that sort of are all outcomes of this kind of fragmented governance.
I just want to sort of show you one final slide that we -- a study we did some time ago looking at Los Angeles County and the land use distribution patterns of cities in Los Angeles County. We ran a cluster analysis, and we came up with sort of six distinct clusters of cities. And this also shows this mosaic, this jigsaw puzzle of the way the Southern California region looks like.

And it shows that there are a large number of cities, what we call generic cities. They're kind of older, they've got a balanced distribution of land uses, they tend to have low-income people, moderate-income people, kind of a microcosm of the larger communities. These are cities like Glendale, Pasadena, Long Beach, and so on and so forth. They seem to have poorer people. There seem to be older parts of these cities. They are the ones who are taking care of homeless people. They are taking care of the low-income housing and so on.

And then there are cities which are highly specialized in terms of land use. A few categories, edge cities, which are the cities literally on the edge of the county, meaning the mountains and all.

Lots of open space, access to nature, mountains and hillsides. And then they have the other group of suburbia cities, which are the older suburbs like Arcadia,
San Marino, and so forth. And because of the land use controls, they have maintained pretty much an exclusive residential quality.

And then there are some other specialized cities, like one group we call apartment cities, because the distinctive feature of these cities is they have the largest concentration of multi-family dwelling units, apartments. And they're called the grayfield cities, which are basically manufacturing and construction. And then there are industrial cities.

So there is a kind of specialization within the cities, and the specialization happens in two ends. Either high-income operating cities, which tend to be very exclusive; or poorer, lower-income cities which are also specialized in the sense that they have so much residential, but they inherit a lot of the brownfields and industrial areas and parking lots and warehouses and things like that.

And there's a middle range, which is sort of the moderate-income cities, which tend to be the oldest cities. And they seem to manage most of the social issues, low-income housing problems, transportation improvements, this mixed-use development, smart growth ideas and things like that, where the exclusive cities are not particularly willing to engage in some of the smart growth ideas that we have been talking about all day. So they can be very -- they are doing very fine and they don't want to inherit any of these problems.

So the question, then, is that in the future growth of this region, what will be the nature of governance? How will they make sure that this growth has equitable distribution, fair share distribution of all of the liabilities that come with growth in terms of education, social services, health services, poverty, unemployment, and so on?

And coming back to land use and transportation, there is the eternal chicken-and-egg question. Which comes first? Land use or transportation? If you're talking to a transportation person, he will tell you, "Transportation determines land use." Land use planners will tell you, "No. No. It's the land use that determines the transportation."

So we are now at the threshold of this huge growth. We talked about the governor's $200 billion-plus plan for infrastructure improvement, and this has become popular for most other governors in the country. The governors of Texas, Washington; they are all sort of launching some big, large infrastructure projects. But the question is, some of the conventional infrastructure improvements such as more roads and more lanes don't necessarily do the job.
Recently there was a story in "The New York Times" magazine section, and it basically said that adding other traffic lanes or widening the streets or building a carpool lane is not going to do it. It might sort of relieve the congestion temporarily, but you will have it again in a year or two years' time.

Infrastructure improvement of the conventional mode is not going to help. Maybe there will be more market-based toll roads and things like that that will come up, so if you want to drive fast you have to pay for it.

In any event, it seems to me that the financing, obviously, becomes an important issue in coping with the growth. And the two speakers come with two very different approaches; one from looking at the role of the linkage fee in trying to get some of the improvements done; the other one is using the sales tax extension.