

The New Collaborative Region: Suburbs and Cities Working on the Future

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Panel Presentation:

Transportation, Land Use and Regional Collaboration:

Southern California Experiences

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Let me chat about three or four things. First, I will chat about some context in Orange County. I will chat a little bit about the way we have approached some of these problems. And I will talk first a little bit about the idea of innovation.

You know, the idea that we are going to get together at a conference like this and think about how we can do something better, how we are going to take long-time, longstanding problems, and we are going to turn them around, I don't think that works very well.

I think innovation comes out of the fact that you are in big trouble; there's some problem you have to solve and, because of that, you get smart. When I went to work for the Orange County Transportation Commission a long, long time ago, we didn't have any money. We had some great plans and some creative public outreach, but no money. Now I am working in a Republican county. And Jerry Brown was the governor. And Jerry Brown didn't like the idea of building roads, so we didn't get any money. It was a real simple issue. If you did get any money, you were in a Democratic county. If you were in Orange County, they laughed at you.

In some years, in those eras, all we got was some money for landscaping. I mean, like year after year after year, no freeway investment, no investment in the transportation system. We were in a situation where we had more transit dollars than we had transit riders. So our amount of transportation transit dollars can't be used on roads, building up large balances, the public mad at us. "Why aren't you spending the money?" At the same time, streets, roads, and freeways are going to hell. This was a nice place to be. The opportunities are great in those kinds of situations.

So throughout Southern California, there had been a disaster of the carpool lanes on the Santa Monica Freeway. An absolute disaster. Judges were involved. They closed it. The guys at Caltrans said, you know, "If you whacky Orange County guys will put some carpool lanes in, we'll pay for it." For us, that was the first time we had any highway money in years. Now Orange County has the largest collection of freeway-to-freeway carpool lanes and HOV lanes in America. There are more HOV lanes on the system in Orange County than anywhere else. Because we are creative and we wanted HOV lanes? We wanted to encourage ridership? No. We wanted the money. We wanted the money.

We have some of these wonderful programs like Rick's, and a good overview of how they work, how these developer fee programs can move ahead, how they can invest. For the Foothill, Eastern, and San Joaquin corridors, they were created with an idea that maybe we had to find some new ways to take care of ourselves because the federal government wasn't coming to help us and the state government wasn't coming to help us. We had to take our destiny into our own hands.

So this group was formed, the Foothill, Eastern, San Joaquin Hills corridors. And at that point, TUMF -- it was the largest multi-jurisdictional developer fee program in America. That is, all these cities came together and they agreed to sock it to developers for new housing. And it raised an enormous amount of money. Once again, was it because we wanted to raise the price of housing to astronomical amounts?

No. We wanted the money. We wanted the money to build the projects. So today the cost per unit in Laguna Niguel for all fees? \$32,000. That's more than I paid for the first house I bought in Orange County. The fees alone for transportation-related costs in that one city? \$32,000.

We've now tapped that out. We've tapped out our ability to get state and federal funds. We are through the roof. We still are not even catching up in terms of what our needs are.

So we get even more innovative, and three new toll roads, publicly financed toll roads, are put in place in Southern Orange County. That really helps.

That really allowed the development to go on in Southern Orange County, allowed more developer fees to come in, allowed roads to be built. On the 91 Freeway, to the chagrin of our neighbors, we agreed that they could build a private toll road right in the center, two lanes, the equivalent of what they're now calling HOT lanes, and they are exploring them in other parts on other freeways throughout Orange County. Did we do that because we liked it or we thought it was a great policy innovation? We wanted the lanes and we wanted the money. So those programs were put in place too.

Orange County is a tough place to work. If you want to pass a half-cent sales tax or you want to pass any tax, good luck. In 1984, I was involved in the sales tax measure. It was on the ballot, and it lost 79-to-21. There are 2,223 voter precincts in Orange County. It lost in 2,222. It won in one precinct.

I took my boys -- my boys were younger then. And I took them out to that precinct. It was in Seal Beach. It's nestled up against the 405 Freeway and the county line. And while they played basketball in a neighborhood park there, I walked around door to door asking people why they voted for Measure A on the ballot. And it was like an eye-opening experience for me. Because right next to the freeway, when you stood there and you tried to talk to people, all they did was complain about the freeway noise. And they would vote for anything that would put a sound wall on the 405 Freeway.

So I got it, you know. There's a direct connection between people's benefits and transportation improvements. You get them to vote for it because they see a benefit to themselves.

So I kept walking and getting further and further away from the freeway, and talking about what we called Proposition A at that time. And people talked more and more about how they thought the cost of government was getting too high. And that's why they voted for Proposition A. And I got further and further away, and they got louder and louder about that's why they voted for it.

And then I realized that in Los Angeles County, Proposition A had limited the pensions for firemen, and they had thought that's what they were voting for when they supported our measure. So the only reason they voted for us was they wanted to really stick it to firemen and the amount of money they were receiving at that time in L.A. Well, that's because we have to make our own deals, do our own thing.

So it was not a pleasant day. You wouldn't believe this regional stuff if you saw it. I mean, some of it's ugly when you get down there and mix around with it.

So finally it passed. I mean, it passed, much to our amazement. And it passed because of some of the same techniques you've heard about today. We spent five years going out to every group we could meet. We would convene new groups. We would ask them what they wanted, what was needed, how it would work, and we polled the hell out of them.

Now, when people talk about public outreach, they don't always talk about polling. If you want to find out what people want in your community, there's nothing wrong with doing scientific polling and asking over and over again what they are looking for and why they want it. You don't put 100 percent of that into your plan, but you are sure aware of it. You have to balance the needs of what a public poll and what the public wants with what the professionals tell you are the needs of the community.

And this led me to a long experience that I don't want to cry about because I've sobbed too many times. There are engineers, these really smart Public Works directors and Caltrans engineers. I'd ask them what we should do, and they'd tell me a project. We'd go to public meetings. We'd ask the public what they wanted. And lo and behold, it was the same project. It was wonderful.

Then I'd go back to my board or city council, and they say, "We're never going to build that.

That's crazy. There's too much opposition to it." So I had three different -- you know, this triangulates, yes engineers, yes public, no politicians.

So the question was how are we going to get all those people into the rooms so the politicians could find out it's okay? That process was probably the most difficult one that we had to deal with. We had to deal with the fact that politics is hard, that politicians have to be convinced, that they're not bad guys. They are just a little bit nervous about making a real hard decision.

But think about Orange County. If you're an elected official -- I will make you all elected officials. There's about 1,000 square miles in Orange County, about 3 million people. There are over 1,000 elected officials. The ratio of people, this room, everyone could be an elected official, and if you want to be, I'll bless you and you leave and you can be.

The idea that they are going to come together in one plan; very, very difficult. It's a one-on-one contact sport. You have to spend lots of time talking individually to people and finding out what their concerns and needs are. All the speakers, they talk about the difficulty and the lengthy processes that are required to go out and put together difficult programs. The most important one is to listen to what people want. Just listen to them. There's nothing magical about it. The innovation isn't coming up with the best ideas. It's listening. Because people already know. People are smart.

Well, I worked for the transportation guys for about 14, 15 years, and Orange County went bankrupt. You may have seen that in the paper. The biggest dope in the county investment pool was me. We had about \$1.4 billion in the pool when the county went bankrupt, and that meant we couldn't access any of our money. We had about \$4,000 in cash. I had an annual budget of \$600 million, most of it going to bus drivers at that time in pay. And I knew there was 14 days until there was a payment that had to be made to those guys and we couldn't make it. We had some freeways under construction. We had some progress payments that had to be made to contractors. And couldn't pay them either. And the worst day is you are at a government agency and the guy who sells us paper shows up and he takes all our paper away.

Now, I guess that's common in bankruptcy. You haven't opened up those papers, the things they come wrapped in, so a guy came in with a hand truck. All the paper went out of the building.

I thought we were in trouble. Well, we worked our way through that problem. Never missed a payment, never missed an expense. But the Orange County business community got real excited about this being a big problem and a black eye for Orange County.

So they formed a group that was a very good, high-level business group, and they said, "Let's try to work this process out between these wacky government agencies and this very difficult government agency that's paralyzed by this bankruptcy."

This lady in Los Angeles is the grand master or something. She got appointed by the attorney general. Her name is Marcy Tiffany, and she was the U.S. bankruptcy referee. So they flew her in. And she appointed a panel of masters. And the panel of masters had to deal with all the government finance in Orange County until they could work their way through the bankruptcy. So all the money that was in the county investment pool, something like \$18 billion, had to go through a panel of masters.

Lo and behold, they appointed me to it. That was pretty funny to me. But it was even funnier when they elected me to chair it. And they said, "Okay. You can figure out how we're going to get out of this particular problem." My answer always was, "Well, let's just get more money." And that wasn't going to work this time.

So for the next eight months, four days a week, all I did was work on trying to figure out how to get the county out of bankruptcy. And I didn't have to do very much, because there were all these smart guys in the room. And my job really was to listen to them and then encourage the guys who were the very smartest.

And I think that's what innovation is, is listening in the room and figuring out who the smartest guys are, and then doing that. So I listened to them and talked to

them. We got our deal made. I think we got out \$13 billion. But today, every Orange County organization that was involved in that bankruptcy broke even, didn't lose a nickel. The county government did pretty poorly, but the rest of us did just fine.

Well, these business guys who were working on this issue, when it was over, they said, "You know, Stanley, we don't think you should spend much more time in government. We think you should come over here to work in the Orange County Business Council, because we have some ideas on what we want to do."

And they were the big business guys in Orange County; Disneyland, the Irvine Company, Boeing. They said, you know, "We like this idea of regional entrepreneurship. We like the idea of city engagement and collaboration. We think that's a smart place to go."

So they had just merged a 100-year-old Orange County Chamber of Commerce, the 60-year-old Orange County Industrial League, and about five other business groups into one. And that new group is the Orange County Business Council. They said, "We want you to get involved in these types of statewide issues. We want you to be a collaborative regional initiative and find out how it works and come back and tell us, and let's see if we can figure out a way to actually make Orange County work very well."

They wouldn't have done it because they came to a conference. And they wouldn't have done it because they were real good guys, although they are real good guys. They did it because they are under pressure. They just saw the county go bankrupt. They just fought their way out of it.

So it's time to be innovative. You're not innovative because you want to be. You're innovative because you need to be. You want to be, you are real comfortable, you know. Nobody comfortable says, "Let's figure out a way to make this work differently."

So over the last eight years, that's what I've been doing. That's been a lot of fun. That's a great job. I've always had great jobs.

Now we are getting close to it. We have been talking about it. In January -- or January of last year, I said, "Time for me to do something else." And by June, we agreed that I'd leave and they would hire me back to do some work on transportation again. And some other guys hired me, too, so this could be a good financial year for me if everything works right.

But we've changed the world since the Orange County Transportation Authority, the local transportation authority put on a half-cent sales tax that passed. Now we have to get a two-thirds vote in a very, very tough county. Now, how tough? When the first measure passed in 1990, it was the first time a revenue measure had passed in Orange County since the Eisenhower administration. And that was quite a number of years before. But it was the second time one had passed, because MWD bonds had passed in Orange County in 1931.

So this isn't a place where you have great success with revenue issues. There has not been a two-thirds vote for a revenue measure in Orange County since they built the county courthouse in 1900. So we're working on that.

But I have high hopes. And one of the reasons I have high hopes is we are going to approach this -- here's something you can take with you as you want to -- we are going to approach this in a new way, and we are going to create some new relationships on a regional basis. And the first one is we are going to try to put more competition in the plan. We are going to put more collaboration in the plan. And we are going to reward it and we are going to reward good behavior.

Let me give two specific examples and I'll sit down and be quiet. First, all of us know that traffic signals are a big mess. Even though there's a lot of money that's gone into signal synchronization in the communities, they don't coordinate across city boundary lines. And lo and behold, they never coordinate with Caltrans. So we think that there's a way to reward good behavior with signal synchronization. And that is if you are a city and you have to do a matching program, if you sign a cooperative agreement, across city boundary lines -- all voluntary; you don't have to do it -- if you sign that agreement and we have regional signal coordination, we'll give you a reduced match on programs that you have to do. We will look at all the match requirements and all our programs, and for guys who are behaving in a cooperative, collaborative method, you are going to get a financial incentive.

Let me give you another example of how that would work. I think we have to have a balanced development. You have to have some high-rises. You have to have transit-oriented development. You have to have very large lots. You have to be able to mix those things up to what the vision of that community is. And each community's individual, and they should select their own visions.

So let's do that with transit. Through the center of Orange County, there's a 100-year-old train line, the Santa Fe line. Metrolink runs on it. The Amtrak. It's cool. People are used to it; they've lived next to it for decades. Ten different stations in Orange County.

Let's incentivize those communities. Let's go to each one of them and say, "Here's an amount of money." And I think within the next month you'll see them releasing \$50,000 to each one of them. "Draw a scope of work. Tell us how you are going to decide a transit vision for your community. You decide it. Tell us what you are going to do to do outreach. Tell us what you are going to do to engage your community in dialog on the future of transit."

If you were in San Juan Capistrano, cool place. Mission. Old train station. You know, 100-year-old houses across the street. Little museum in a wood-framed house. I mean, you have been to these places. They don't want transit in their neighborhood. They think that's a terrible idea. They have a vision of their community based on historic preservation.

If you go down that same line, same Santa Fe line, and get to Irvine or Santa Ana or Anaheim, those are guys that have vision. There are guys in Anaheim that want to build ten 13-story buildings in each of the next five years. They want to ring the Anaheim Stadium area with high-rises. They love the idea.

If you go to Irvine and talk about their great park strategies, they want to put something that's phenomenal into this former Marine Corps Air Station and also to link the areas that are the Irvine Spectrum, the high-job density areas. Cool. Let them design those plans.

San Juan Capistrano doesn't have to design the type of elaborate transit system that would make sense. But you know what? They are going to have to compete and have to be very specific to say -- and by the way, it's out for conversation now. So this is all new stuff, and I think it came on the street Monday. This plan is developed and described in it. And they're asking those communities to compete for the money. How much money? \$2.5 billion. Local money. We'll go for the big money for freeways. But \$2.5 billion, not bad for a starter set. Design what kind of community you want to have, what type of transit system, ring those areas with high-rises, and it will make sense, because it will have community support. And they have to have individual community support to move ahead.

They only have to have it in the communities that agree to it. It's a partnership with those areas. Go to San Juan and ask them to build these kinds of systems. You don't go to other areas.

I think that type of competition and collaboration is going to be the wave of the future. And these programs, this renewed Measure M, the thing will be on the ballot November 2006, \$12 billion in local money. Big dollars. Rebuild the freeways.

Serious money for streets and roads. Serious money for environmental cleanup. Money for this type of visionary transit system.

Let me do one more bid. You probably won't do it today, because we are in the glories of San Bernardino, but the next time you go on the I-5, you can see the difference in regional approach. Now, Mark will say sub-regional approach, and I am respectful of that. But if you go down the Santa Ana Freeway in Orange County, it's 12 lanes wide. When you get to the Nabisco plant, which is on the border of L.A. and Orange County, it's six lanes wide. That's a decision. Those are public policy decisions that are very tangible and very real. These aren't just conversations and fun things. As we work on these projects, we affect people's lives every day.

In Orange County, there was a clear public policy decision to invest first in freeways, second to invest in streets and roads, and third to invest in rail transit. That was a clear public policy decision. On a 25-year basis, it was a good decision. On a 100-year basis, perhaps L.A.'s decision to invest in rail is a better decision. But in transportation parlance, when we have to deal with 25-year lifecycles, we think investing more in roads right now is a smart play. And you'll see that as being reflected both in the poll and the types of projects that you will see being built in Orange County.