

**REGIONALISM**  
**“DIVERSE ECONOMIES/SIMILAR NEEDS**  
**by John Dean**

**GOOD AFTERNOON. IT IS A PLEASURE TO BE HERE TODAY TO SHARE A SILICON VALLEY BUSINESS PERSPECTIVE ON THE NEED FOR REGIONAL SOLUTIONS TO REGIONAL CHALLENGES.**

**I AM ENCOURAGED THAT ASSEMBLY SPEAKER HERTZBERG HAS THE VISION TO RECOGNIZE THE IMPORTANT AND UNIQUE ROLES OUR REGIONAL ECONOMIES IN CALIFORNIA PLAY. AND I'M ENCOURAGED THAT THE DIVERSE AND UNIQUE INDUSTRIES LOCATED IN DIFFERENT REGIONS THROUGHOUT OUR STATE ARE TIED TOGETHER BY SIMILAR SOLUTIONS RELATIVE TO SOUND PUBLIC POLICIES.**

**I WOULD LIKE TO SPEND THE NEXT TWELVE MINUTES TO PROVIDE YOU WITH A SNAPSHOT OF THE UNIQUE REGION WE CALL SILICON VALLEY; THE REGIONAL POLICY NEEDS THAT ARE NECESSARY TO ENHANCE ITS SUCCESS; AND THE COMMON GROUND WE SEE WITH THE OTHER DIVERSE ECONOMIC REGIONS OF OUR STATE.**

**SILICON VALLEY**

**THE HIGH-TECH HAVEN KNOWN AS SILICON VALLEY IS ACTUALLY HOME TO SEVERAL DIFFERENT INDUSTRY CLUSTERS.**

**THESE CLUSTERS INCLUDE SOFTWARE, BIOSCIENCE, AEROSPACE/DEFENSE, INNOVATION SERVICES, PROFESSIONAL SERVICES, COMPUTERS/COMMUNICATIONS, SEMICONDUCTERS/SEMICONDUCTOR EQUIPMENT. TOGETHER, THESE CLUSTERS REPRESENT FOUR OF EVERY TEN JOBS IN SILICON VALLEY.**

**SILICON VALLEY, COMPRISED OF SANTA CLARA COUNTY, MOST OF SAN MATEO COUNTY, AND PORTIONS OF ALAMEDA AND SANTA CRUZ COUNTIES, IS HOME TO 2.5 MILLION RESIDENTS AND 1.35 MILLION JOBS. WITH AN**

**UNEMPLOYMENT RATE IN MARCH OF THIS YEAR OF ONLY 1.7 PERCENT, THE VALLEY – EVEN WITH THE DOWNTURN IN THE ECONOMY – IS ALMOST OPERATING AT FULL EMPLOYMENT.**

**COUPLED WITH A DIVERSITY OF TECHNOLOGY CLUSTERS, SILICON VALLEY IS BLESSED WITH STRONG ETHNIC DIVERSITY. NO ETHNIC GROUP FORMS A MAJORITY OF OUR POPULATION – WITH CAUCASIANS LESS THAN 48 PERCENT, 24 PERCENT HISPANIC, 24 PERCENT ASIAN/ PACIFIC ISLANDER, FOUR PERCENT AFRICAN AMERICAN. IT IS NOT UNUSUAL FOR DOZENS OF LANGUAGES TO BE SPOKEN AT ANY HIGH TECH COMPANY OR ON ANY HIGH SCHOOL CAMPUS.**

**WE ARE ALSO PROUD THAT SILICON VALLEY’S SUCCESS ENHANCES OUR STATE’S ECONOMY.**

- **THE POPULATION OF SILICON VALLEY (ALAMEDA, SAN MATEO AND SANTA CLARA COUNTIES) IS ONLY ELEVEN PERCENT OF THE STATE POPULATION, YET IT PRODUCED MORE THAN 20 PERCENT OF THE PERSONAL INCOME TAXES GENERATED IN CALIFORNIA FOR 1999.**
- **SILICON VALLEY WAS RESPONSIBLE FOR 16 PERCENT OF STATE REVENUES FROM TAXABLE SALES IN THE FIRST HALF OF 1999.**
- **RELATIVE TO EXPORTS, TWO-THIRDS OF SILICON VALLEY – JUST SANTA CLARA AND ALAMEDA COUNTIES ALONE – ACCOUNTED FOR 33 PERCENT OF THE STATE’S EXPORT SALES IN 1998.**

**CLEARLY, WHEN IT COMES TO FILLING UP THE STATE’S COFFERS, SILICON VALLEY CITIZENS AND EMPLOYERS COUGH UP A LOT OF THE REVENUE.**

**WE ALSO RECOGNIZE IN SILICON VALLEY THAT WHETHER A COMPANY – OR WORKER – IS HIGH-TECH, LOW-TECH, OR NO-TECH, WE ARE ALL INTER-RELATED IN THE STRONG WEB THAT COMPRISES OUR ECONOMY. WHEN HIGH-TECH SUFFERS, THAT IMPACTS THE CONSTRUCTION INDUSTRY; THE REAL ESTATE INDUSTRY; SERVICE PROVIDERS LIKE**

**RESTAURANTS, RETAIL AND HOTELS; SENIORS AND FAMILIES THAT ARE SHAREHOLDERS; AND GOVERNMENT AGENCIES, SPECIAL DISTRICTS AND SCHOOLS WHO DEPEND ON A HEALTHY ECONOMY TO NOT ONLY PROVIDE A STRONG TAX BASE, BUT TO KEEP THE NEED FOR GOVERNMENT'S SOCIAL SERVICES AND SAFETY NET LOW.**

**WE RISE – OR FAIL – TOGETHER.**

**AND SINCE WE ARE ALL STAKEHOLDERS IN OUR ECONOMY, WE HAVE A LOT AT STAKE IN WORKING TOGETHER – AS A REGION – TO SUCCEED.**

**IN THAT REGARD, SILICON VALLEY'S POLICY NEEDS ARE CLEAR. AND WE TRY TO BE THOUGHTFUL AND DELIBERATIVE IN DETERMINING THE REGIONAL PUBLIC POLICY SOLUTIONS WE NEED TO ADDRESS THOSE GOALS.**

**POLICY PRIORITIES – SILICON VALLEY**

**FROM THE PERSPECTIVE OF THE EMPLOYERS WHO DRIVE THE ECONOMIC ENGINE WE CALL SILICON VALLEY – THE REGIONAL POLICY NEEDS TO RETAIN AND ENHANCE OUR ECONOMY ARE CLEAR. THROUGH THE SILICON VALLEY MANUFACTURING GROUP, ON WHO'S BOARD I SERVED FOR A NUMBER OF YEARS, WE DETERMINE THOSE REGIONAL NEEDS THE OLD-FASHIONED WAY... WE ASK.**

**EACH YEAR, THE MANUFACTURING GROUP'S PRESIDENT SITS DOWN FOR ONE-ON-ONE VISITS WITH ABOUT 95 OF THE VALLEY'S TOP PRINCIPAL OFFICERS AND ASKS A SIMPLE QUESTION:**

**“FOR YOUR COMPANY, HERE IN SILICON VALLEY, WHAT ARE THE KEY ISSUES THAT IMPACT YOUR ABILITY TO REMAIN HEALTHY AND COMPETITIVE AS AN EMPLOYER?”**

**THE TOP RESPONSE FROM SILICON VALLEY EMPLOYERS, FOR THE PAST FOUR YEARS IN A ROW?**

**#1 – AFFORDABLE HOMES**

**#2 – TRAFFIC RELIEF**

**#3 – QUALITY EDUCATION SYSTEM FOR OUR KIDS**

**#4 – SOUND ENVIRONMENT**

**OBVIOUSLY, THIS YEAR, THE ENERGY CRISIS TOPS THE LIST  
– BUT THAT IS ANOTHER SPEECH!**

**IF THOSE PRIORITIES SOUND SIMILAR TO THE REGIONAL  
PRIORITIES IN YOUR COMMUNITIES THROUGHOUT THE  
STATE, I SEE THAT AS A POSITIVE SIGN. IT SHOULD REMIND  
US THAT OUR REGIONS – AS DIVERSE AS WE THINK THEY  
ARE AND AS DIFFERENT AS OUR REGIONAL BUSINESS  
CLUSTERS MAY BE – WE SHARE MANY OF THE SAME  
CHALLENGES AND COMMON SOLUTIONS NECESSARY AT  
THE STATE LEVEL TO ENHANCE OUR REGIONS.**

**REGIONAL SOLUTIONS FOR SILICON VALLEY AND THE  
STATE**

**THE TOP ISSUE IN OUR REGION – AFFORDABLE HOMES.  
THIS IS PROBABLY THE MOST DIFFICULT CHALLENGE  
WORKING FAMILIES FACE IN SILICON VALLEY. HOW BAD IS  
IT?**

- **ACCORDING TO FANNIE MAE, 84 PERCENT OF SILICON VALLEY RESIDENTS, IF SHOPPING FOR THEIR FIRST HOME TODAY, COULD NOT AFFORD THE MEDIAN PRICED HOME.**
- **THAT MEDIAN PRICED HOME IN THE VALLEY HAS A FOR SALES PRICE OF \$618,000.**
- **RENTAL HOMES ARE EQUALLY CHALLENGING. THE AVERAGE PRICE OF A ONE BEDROOM/ONE BATHROOM APARTMENT IN THE VALLEY TODAY IS NEARLY \$2,000 PER MONTH, AND WE HAVE LESS THAN A TWO PERCENT VACANCY RATE IN RENTAL HOMES.**

**SO WHAT ARE THE REGIONAL SOLUTIONS? WE HAVE  
LAUNCHED A FEW REGIONAL EFFORTS THAT WE HOPE  
MIGHT BE REPLICATED IN OTHER REGIONS THROUGHOUT  
THE STATE. TODAY, IN INTEREST OF TIME, I WOULD LIKE  
TO PROVIDE YOU WITH ONE EXAMPLE.**

**TWO YEARS AGO, THE SILICON VALLEY MANUFACTURING GROUP AND OTHER PUBLIC AND PRIVATE SECTOR PARTNERS LAUNCHED THE VALLEY'S FIRST HOUSING TRUST FUND.**

**THE VISION OF THE HOUSING TRUST WAS SIMPLE: IF WE COULD RAISE \$20 MILLION WITHOUT ANY NEW TAXES OR FEES, WHAT COULD WE DO? THE CYNICS AMONGST US MAY COMMENT THAT \$20 MILLION IN SILICON VALLEY SOUNDS LIKE TWO HOMES IN LOS ALTOS HILLS. !**

**THE GOOD NEWS IS THAT THE \$20 MILLION LEVERAGES MORE THAN \$200 MILLION IN PRIVATE DEVELOPMENT. WITH THAT AMOUNT OF MONEY, WE ARE ABLE TO INITIALLY ASSIST 5,000 FAMILIES IN THREE CRITICAL CATEGORIES – FIRST-TIME HOMEBUYERS, AFFORDABLE RENTAL HOMES, AND HOMELESS SHELTERS AND ASSISTANCE. SINCE MOST OF THE FUNDS ARE ALLOCATED IN THE FORM OF LOANS, RATHER THAN GRANTS, WE INITIALLY ASSIST 5,000 FAMILIES – THEY PAY BACK THE LOANS – AND THEN WE HELP THOUSANDS MORE WITH A PERMANENT, ON-GOING SOURCE OF FUNDS.**

**THAT IS THE VISION. WHAT IS THE REALITY? WE ARE NOW 20 MONTHS INTO THAT 24-MONTH CAMPAIGN TO RAISE THE \$20 MILLION GOAL. WE HAVE ALREADY RAISED \$18.5 MILLION OF THE 20, WELL ON OUR WAY OF REACHING OUR GOAL BY THE JULY 30 DEADLINE.**

**HOW CAN REGIONS PARTICIPATE AND WHAT MIGHT BE THE STATE'S ROLE? ASSEMBLYMAN MANNIE DIAZ OF SAN JOSE HAS INTRODUCED LEGISLATION TO REWARD REGIONAL HOUSING TRUSTS THAT HELP FUND AFFORDABLE HOMES FOR LOW-INCOME FAMILIES. THE BILL WOULD PROVIDE SOME LEVEL OF STATE MATCH TO ANY NEW LOCAL DOLLARS – PUBLIC OR PRIVATE – GENERATED AT THE LOCAL/REGIONAL LEVEL FOR HOUSING TRUSTS.**

**OUR SECOND MOST CHALLENGING ISSUE – TRAFFIC RELIEF – WHICH, AS YOU KNOW, IS INTRICATELY RELATED TO AFFORDABLE HOMES.**

**CLEARLY, TRAFFIC CONGESTION KNOWS NO ARTIFICIAL BARRIERS BETWEEN CITIES AND COUNTIES, BUT IMPACTS ENTIRE REGIONS.**

**IN SILICON VALLEY, TRAFFIC IS A CRITICAL CONCERN.**

- **EACH YEAR, IN THE NINE COUNTY SAN FRANCISCO BAY AREA, WE LOSE \$3.5 BILLION MOVING GOODS, SERVICES AND OURSELVES STALLED AT SPEEDS BELOW THE SPEED LIMIT.**
- **IN SANTA CLARA COUNTY ALONE, THE HEART OF SILICON VALLEY, ON ANY GIVEN DAY COMMUTERS LOSE MORE THAN 40,000 HOURS EACH MORNING IN COMMUTE TRAFFIC BELOW THE SPEED LIMIT.**

**AS A VALLEY, WE HAVE RESPONDED WITH COUNTY BY COUNTY EFFORTS – WITH SOME COORDINATION – TO PASS LOCAL SALES TAX MEASURES TO MEET TRANSPORTATION NEEDS.**

**THIS PAST NOVEMBER, TWO OF SILICON VALLEY’S THREE COUNTIES – ALAMEDA AND SANTA CLARA – ACHIEVED THE UNACHIEVABLE BY PASSING LOCAL TRANSPORTATION SALES TAXES WITH SUPER-MAJORITY VOTES.**

- **ALAMEDA COUNTY’S 20-YEAR HALF-CENT SALES TAX WILL GENERATE NEARLY \$2 BILLION IN IMPROVEMENTS, AND PASSED BY 81 PERCENT OF THE VOTE.**
- **SANTA CLARA COUNTY’S 30-YEAR HALF-CENT SALES TAX WILL GENERATE \$7 BILLION IN IMPROVEMENTS – 100 PERCENT TRANSIT – AND PASSED BY A 71 PERCENT VOTE.**

**THE SILICON VALLEY MANUFACTURING GROUP ACTUALLY CO-LED THE SANTA CLARA COUNTY MEASURE, AND SUPPORTED THE ALAMEDA COUNTY MEASURE.**

**WHAT CAN THE STATE DO TO ASSIST OTHER REGIONS? FIRST, EVEN THOUGH THESE TWO COUNTIES PASSED**

**MEASURES WITH MIRACULOUS MARGINS GREATER THAN THE TWO-THIRDS SUPER-MAJORITIES REQUIRED, WE STILL BELIEVE THAT – IN A DEMOCRACY, AT THE LOCAL LEVEL – A MAJORITY OF CITIZENS SHOULD BE ABLE TO CONTROL THEIR OWN DESTINY, AND THESE MEASURES SHOULD ONCE AGAIN REQUIRE A MAJORITY – RATHER THAN A SUPER-MAJORITY – VOTE THRESHOLD.**

**THERE WAS AN EFFORT LAST YEAR TO PASS SCA 3 – A PROPOSED SENATE CONSTITUTIONAL AMENDMENT TO ALLOW CALIFORNIA VOTERS THE RIGHT TO DECIDE IF THEY WOULD LIKE TO RETURN TO THE PREVIOUS MAJORITY VOTE REQUIREMENT. PRIVATE SECTOR LEADERS IN SILICON VALLEY – THROUGH THE MANUFACTURING GROUP – STILL SUPPORT THAT PROPOSAL. IT WOULD BE EASY FOR US TO SAY THAT “WE PASSED OUR TWO-THIRDS MEASURE AND WE ARE SET FOR THE NEXT THIRTY YEARS,” AND LEAVE THE REST OF THE REGIONS TO FEND FOR THEMSELVES. THAT WOULD BE SHORTSIGHTED. OUR REGIONS – AND OUR STATE – WILL RISE AND FALL TOGETHER, AND WE NEED TO RECOGNIZE THAT INTER-RELATIONSHIP.**

### **CONCLUSION**

**TIME PREVENTS ME FROM SHARING REGIONAL SOLUTIONS IN AREAS SUCH AS EDUCATION AND THE ENVIRONMENT, BUT I HOPE YOU WILL CONSIDER VISITING THE MANUFACTURING GROUP WEB SITE FOR MORE IDEAS. THE SITE IS AT [WWW.SVMG.ORG](http://WWW.SVMG.ORG).**

**I WANT TO THANK YOU AGAIN FOR ALLOWING ME THE OPPORTUNITY TO BE HERE TODAY. THINKING AS REGIONS – AND RECOGNIZING REGIONAL BUSINESS CLUSTERS – IS A VISIONARY STEP. CALIFORNIA IS FORTUNATE TO HAVE VISIONARY LEADERS LIKE ASSEMBLY SPEAKER BOB HERTZBERG, AND YOUR CHAIR NICK BOLLMAN, AND EACH OF YOU WHO ARE ENGAGED IN THIS EFFORT. WE WANT TO LEARN FROM YOUR BEST PRACTICES AND HOPE YOU MIGHT FIND VALUE IN OURS. AND THEN, TOGETHER, WE CAN**

**WORK FOR STATE POLICIES AND CREATIVE REGIONAL INITIATIVES THAT ENHANCE ALL OF OUR COMMUNITIES.**

**AS I CONCLUDE, LET ME LEAVE YOU WITH A QUICK STORY. NEAR THE END OF HER LECTURE CAREER, HELEN KELLER WAS SPEAKING AT A SMALL MID-WESTERN COLLEGE. AT THE END OF HER REMARKS, A YOUNG MAN APPROACHED HER AND ASKED, “MISS KELLER – IS THERE ANYTHING WORSE THAT COULD HAVE HAPPENED TO YOU THEN TO HAVE LOST YOUR SIGHT?” REFLECTING FOR A MOMENT, SHE REPLIED, “YES – I COULD HAVE LOST MY VISION.”**

**AS YOU CONTINUE THIS IMPORTANT WORK, PLEASE, DON'T LOSE YOUR VISION. OUR REGIONS, AND OUR STATE, NEED YOUR LEADERSHIP.**

**THANK YOU.**