



PEOPLE IN MOTION CALIFORNIA IN CHANGE

THE LEGACY OF PROJECT CALIFORNIA

PROJECT CALIFORNIA

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M I S S I O N S T A T E M E N T

Launched in the summer of 1992 by the California Council on Science and Technology, Project California was a visionary effort that brought together leaders in industry, government, labor, and academia to mobilize the unique resources of this state in addressing the challenges of economic restructuring. Incorporating an innovative sunset provision designed to drive progress, Project California's mission was to create long-term, high value-added jobs for Californians while enhancing the state's strong commitment to reduce environmental pollution and urban congestion.

T H E P R O J E C T C A L I F O R N I A A P P R O A C H



At the time Project California was initiated, the state was hard hit by the recession. Overall job losses in California were more than 730,000 between mid-1990 and mid-1993 —including one-fourth of the jobs in durable goods manufacturing. The 1993 unemployment rate peaked at 9.7 percent, with workers struggling against massive cuts in high technology (primarily aerospace), construction - related manufacturing, building, and finance sector positions. At the same time jobs were leaving the state, California also was experiencing tremendous immigration, putting its financial structure in serious imbalance

THE PROBLEM - From 1945 to 1985, California led the nation in developing and manufacturing hardware for the U.S. aerospace industry. Aerospace was the state's leading export industry, providing an estimated 734,900 jobs in 1985 (California Employment Development Department).-Following the collapse of the Soviet Union and the end of the Cold War, the state was hard hit as its aerospace manufacturing and defense industries were largely dismantled. Fifty-six percent of the sector vanished over a seven-year period. Additionally, around 60 percent of net job losses from base closures across the U.S. occurred in California, affecting civilian Department of Defense employees as well as military personnel.

Overall job losses in California from mid-1990 to mid-1993 have been estimated at 738,000, with between two-thirds and three-fourths of this loss attributable to cuts in the Federal Department of Defense budget. Accompanying declines in housing and construction, general buying power, and tax revenues throughout the state, a continuing decrease in manufacturing enterprises and wages, and the vigorous recruitment of California firms by other states accelerated this downward spiral. The perception of California as a hostile business environment in relation to other states with respect to public policies, worker's compensation rates, tax rates, and environmental regulations also contributed to this steep decline.

Yet even in the face of these continuing challenges, promising new technologies, emerging industries, and evidence of massive restructuring provided a glimpse of a renewed and thriving California economy. Now and in the coming years, California's task will be to facilitate the massive shift to new industries, retain its scientific and technical work force, establish a unified "California presence" that will support the state's best interests against the competition, and promote a more favorable business climate. Project California has provided an innovative model for building on California's inherent strengths in order to retain industry and create high value jobs, and the strong alliances it has formed will continue to foster progress long after its phase-out.

THE SOLUTION - Beginning in 1992, Project California embarked on a bold venture to address the challenges of economic restructuring within the state. Spearheaded by the California Council on Science and Technology (CCST)—a nonprofit corporation supported by an association of the state's major public and private institutions of higher learning—Project California demonstrated an innovative model of collaborative leadership among industry, government, labor, and academia.

During a period of serious decline in corporate profits, Project California Phase I (1992-1994) was funded primarily by private-sector investment at a level of \$2 million. This effort focused on an audit of California's strengths, resources, and vulnerabilities, providing an analysis of technology areas with a strong potential for global markets. In proposing a solution for California's economic crisis, Project California was charged with identifying potential industries that would build on the state's strong infrastructure in research and development and on its entrepreneurial climate. It also sought to develop strategies for translating these basic capabilities into economic and practical benefits for the state. Additional considerations focused on the inherent potential in these technological areas to create new jobs over the long-term and to provide direct social benefits for Californians, such as improving the environment.

After considering nearly 700 separate industries and areas of technological opportunity, Project California's decision to focus on advanced transportation and telecommunications technologies was made because of the key role the transportation infrastructure plays in supporting economic activity, the strong relationship between transportation and quality of life, and the potential of advanced communications forms. These elements transcend the traditional modes

of concrete, asphalt, and rail in transporting ideas, persons, and products along the information superhighway. California offers significant advantages for developing advanced transportation and telecommunications technologies with respect to its work force and a research and development infrastructure that encompasses private enterprise, universities, and large government laboratories.

The burgeoning demand for new and upgraded transportation and communications systems worldwide promises long-term opportunity for growth in advanced transportation and telecommunications technologies. Transportation and telecommunications also offer rich opportunities for industry / government partnerships, which are essential in promoting development of the high-tech industries that help maintain a high standard of living. Improvements in transportation and communications systems have the potential to create a more favorable climate for businesses in California and thus to attract new industry into the state over the long-term. Finally, if California is to sustain its global leadership role in responsible environmental policies and regulations, it must develop new approaches to meeting its increasing transportation and telecommunications needs.

Key to the success of developing advanced transportation and telecommunications industries is the concept of industrial "clusters." Such industrial clusters are geographic concentrations of competing, collaborating, and related businesses that drive the economies of various regions—such as California's aerospace industry and the computer industry in the Silicon Valley. Successful cluster economies require four essential elements: a skilled labor pool, a strong export market, local suppliers, and healthy local competition. The intelligent transportation systems and telecommunications industry clusters in particular, offer opportunities to convert defense expertise into commercial products.

Taking these considerations into account, Project California identified six significant technology areas for aggressive action throughout the state: advanced telecommunications; intelligent vehicle highway systems (ITS); electric vehicles (EVs) and ultra-low emissions vehicles (ULEVs); command, control, and communications (C3) technologies of mass transit; magnetic levitation (maglev) and high-speed rail (HSR) trains; and fuel cells. Three corresponding non-technological areas addressing the policies and procedures that will be required to smooth the way for advanced transportation and telecommunications also were targeted for action: best value procurement reform, advanced transportation and telecommunications business development, and advanced transportation job training. A primary rallying point for Project California was the creation of 425,000 new jobs in California by the year 2010, and the generation of \$40 billion in economic activity annually, by stimulating the growth of industry clusters in these areas.

Project California's Nine Alliances & Consortia:

- Advanced Telecommunications Alliance
- California Alliance for Advanced Transportation Systems (CM TS)
- Zero-Emissions Vehicles / Ultra-Low Emissions Vehicles Demand Consortium
- Advanced Transportation Business Development Network
- Best Value Procurement Reform Consortium
- Command, Control & Communications (C3) of Mass Transit Systems Product Development Consortium
- SCI Maglev Consortium Fuel Cell Development Initiative
- Advanced Transportation Job Training Alliance

BUILDING PARTNERSHIPS

With \$4.2 million in funding from the State of California, the federal government, and over 50 California industries, and a mandate from the Governor and the Legislature to create new industry and jobs for the state, Project California Phase 11 was launched in 1994. Its task was to create nine alliances and consortia to implement the action agendas developed during Phase 1. As Project California's unique "sunset provision" brings the project to an end in 1997, these alliances have matured into sustainable legacy organizations in which leaders from business, academia, labor, and government will continue to participate in the process of growing California's advanced transportation and telecommunications industries for generations to come.

The legacy of Project California Phase 11 includes industry-building alliances and consortia that focus on key areas of collaborative partnership.

Private / Public Partnerships

Project California's pioneering of new partnerships among private and public organizations has taken advantage of both the government's capacity to facilitate the utilization of new technologies and the critical role of industry in developing technologies, establishing standards, and creating a basis for efficient production. In collaboration with the California Department of Transportation (Caltrans), for example, Project California and the CCST launched the California Alliance for Advanced Transportation Systems (CMTS), which is registered as a non-profit organization in California. CMTS is working extensively with government agencies at the local, state, and federal levels to promote the development and deployment of intelligent

transportation systems (ITS) technology, including a statewide interoperable traveler information network in California. CMTS also is driving the national effort to establish technology standards for what promises to be a huge industry in ITS. With a membership approaching five hundred, CMTS has adopted an agenda that encompasses programs helping both small and large California transportation-related companies grow.

Collaborative private / public partnerships also are a focus of Project California's Southern California Initiative (SCI) Maglev Consortium. Technical and performance data compiled by the Consortium were a key factor in the decision of the Southern California Association of Governments to propose inclusion of a Southern California Maglev Route as part of its 2020 Regional Transportation Plan.

In telecommunications, as well, Project California contributed to forward-thinking private / public partnerships. Phase I's Project CREATE, which proposed that the California Public Utilities Commission (CPUC) designate a zone of open competition to allow phone companies, cable television companies, cellular and satellite providers, and others to compete in an open environment, had a direct impact in accelerating the deregulation of telecommunications industry in the state. Project California developed an innovative statewide consortium, the California Communications Leadership Collaboratory, to assess and act on barriers to California's world leadership in telecommunications. Project California's legacy alliances continue to work closely with private and public sector organizations across the state to "connect the dots" to insure the state's continuing preeminence and superior competitiveness in this key 21st Century industry. Finally, Project California has promoted universal telecommunication access and implementation of the broadest possible telecommunications band-width as a further magnet for industry in the state as well as a means to improve quality of life.

High-Tech Government Purchasing / Procurement

Recognizing the critical role government plays in promoting the development of new industries, Project California advocated the use of government buying power to incorporate new technologies at the state, county, and local levels. The Best Value Procurement Reform Consortium was instrumental in securing legislation at the state level to allow government agencies to use "best value" and other life-cycle criteria as considerations in equipment procurement, as opposed to "least cost" procurement guidelines by which agencies were required to purchase the lowest initial cost bid. Similarly, Project California's CAATS, Fuel Cell, and Command, Control and Communications (C3) Consortia have participated in workshops, hearings, and presentations targeting government agencies as potential buyers of advanced transportation systems and equipment.

“Project California’s unique accomplishments in the area of employment training exemplify an innovative approach to meeting the state’s need for greater numbers of skilled workers and creating work force opportunities. By bringing to light and assessing work force training requirements in view of emerging industry clusters, Project California has helped assure that the work force of the future will be in place when it needs to be.”

Gerald Geismar,
California Employment Training Panel

Project California forged a partnership between the California Air Resources Board, Southern California Air Quality Management Board, and TDM of Troy Michigan, to develop prototype electric vehicles and supporting production plans. Project California also spearheaded formation of a team aimed at bringing electric vehicle / alternate fuel vehicle manufacturing to California.

New Technological Applications

Bringing users, suppliers, and producers together to evaluate needs and specifications is a critical step in establishing a framework to support the shift from existing technologies to new applications, and in building new industry clusters. Project California developed alliances to support new technological applications in several significant areas. With input from the eight large public transit agencies in California and approximately 250 private-sector producers of electronics products, for instance, the Command, Control, and Communications (C3) of Mass Transit Systems Product Development Consortium brought interested parties together in a series of workshops and meetings to identify and evaluate matching areas of interest, production, capability and market interest.

Competitive California Teams

Building new business partnerships in promising new industry clusters will be fundamental in enabling California firms to compete and in bringing the support of state government to bear in competition for federal programs and initiatives. All nine Project California alliances will serve to foster this type of cutting-edge teamwork by bringing together key players from government, industry, academia, and the financial community to more closely define high opportunity technology areas, assess barriers to the development of industry clusters in these areas, improve the competitive position of California firms involved in these technologies, and establish transportation and telecommunications technologies.

Aggregating Demand and Spurring Commercialization

Aggregating and stimulating product demand and spurring the commercialization of new technologies that have strong potential for global markets were additional aspects of Project California's alliance and partnership-building efforts. The Zero-Emissions Vehicles / Ultra-Low Emissions Vehicle Demand Consortium, for example, has strongly supported the development of EV and ULEV industries as potential cornerstones of a revitalized manufacturing sector for California, and acted as a leading early promoter of the hybrid electric vehicle. The hybrid electric vehicle in particular has been advanced based on its tremendous potential to revolutionize the automotive industry, provide performance and cost-efficiency advantages for consumers, and contribute to environmental improvement in California. Tremendous innovation has been seen already in the development of new batteries and new kinds of motors, and hundreds of new start-up companies have been formed throughout the state. Additionally, Project California entered into a partnership with the American Automobile Club of Southern California and the Oakland-based Clean Air Vehicle Technology Center to establish the Innovative Test and Information Center, a privately funded mechanism for providing consumers with the objective and accurate information they will need to make informed purchase decisions.

The Advanced Telecommunications Alliance's active support of a deregulated zone in California has served to encourage broad-based open competition and entrepreneurial ventures in communications technology. CAATS has engaged extensively in education and outreach activities, including hosting "Business Opportunities" briefings that continue to bring together small groups of companies and transit agencies to discuss C3 applications. CAATS also was instrumental in securing a California site for the 1997 Automated Highway Systems (AHS) Demonstration event:



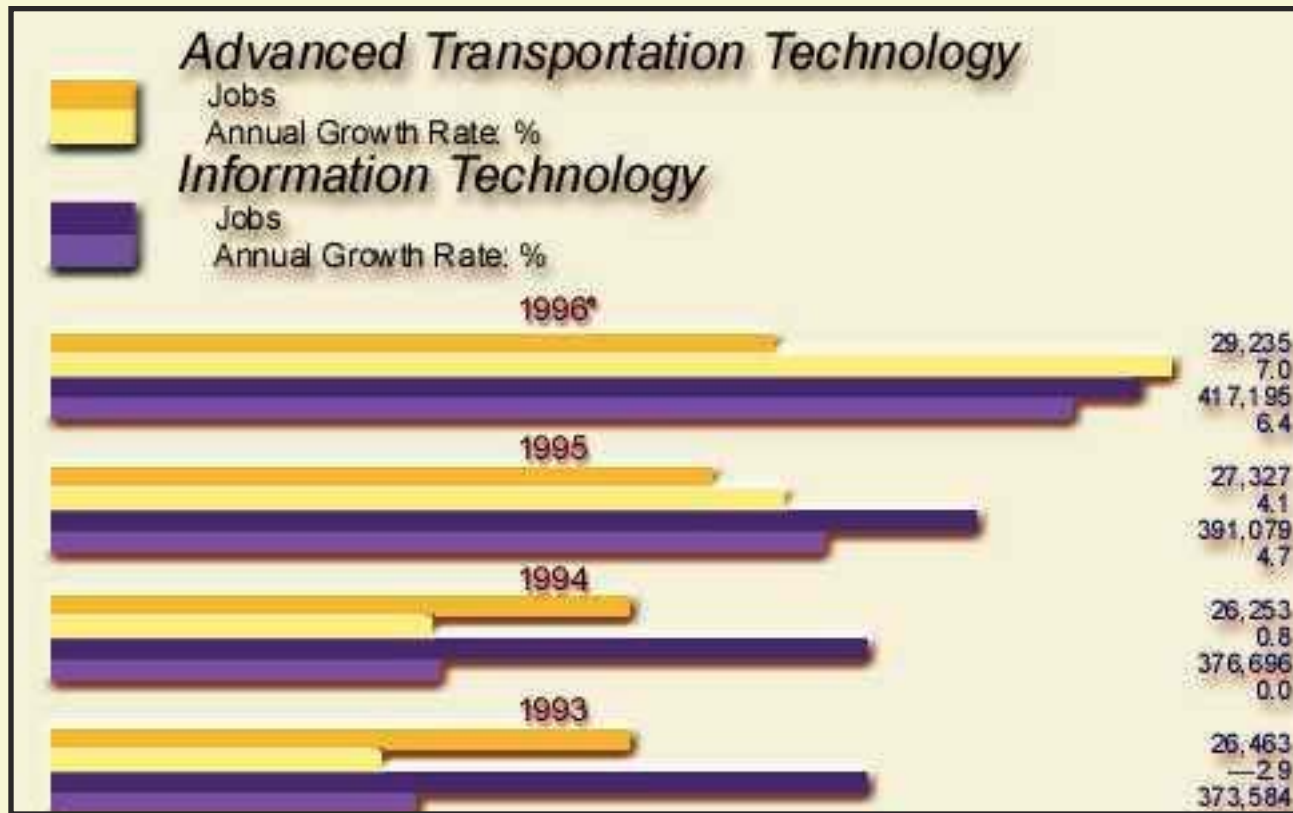
Rethinking Training and Workforce Needs

The task of inventing mechanisms for occupational skills assessment in new industries resulted in rethinking training needs, programs, and institutions. Project California's Advanced Transportation Job Training Alliance (ATJTA) was charged with developing an architecture for employment training to support advanced transportation and telecommunications industries in the state.

A public / private partnership, the ATJTA unites users, suppliers, and funders of training services to train workers for key occupations in advanced transportation and telecommunications businesses and to provide a structure for managing industry-guided training on an ongoing basis.

The Alliance's early work led to the incorporation of CalSkills, a non-profit corporation guided by a distinguished board of directors drawn from private industry, labor, the public sector, and academia. CalSkills is committed to identifying advanced transportation industry training needs, representing and linking the needs of industry clients (including public and private, management and labor) to training providers and funding agencies.

Additional goals are to promote an intelligent transportation industry's manpower requirements with respect to changing occupation and skill requirements, provide a forum for addressing human resource issues (by linking interested firms, agencies, and training institutions), and organize specialized training programs at meetings of industry and professional associations.



The California economy has experienced a significant resurgence.

Fundamental characteristics of the new California economy include a global focus, fast pace, information—and network—based enterprises, and strong reliance on a highly skilled work force. Success in this dynamic economic environment will require a collaborative and agile model of governance that supports the development of industrial clusters, and a modern, efficient transportation and communications infrastructure that will attract new industries to the state and foster their continued growth.

Focusing on the areas of transportation, telecommunications, technology, leadership, and competitiveness, Project California’s legacy includes recommendations for future actions that will improve California’s transportation and communications environment and assure a competitive business climate for generations to come.

T R A N S P O R T A T I O N

Over its five-year life, Project California, its alliances, thousands of participants from across California, and its Select Panel have forged unique partnerships to advance California's transportation and telecommunications industries. The Project has also developed a vision for the strategic future of these industry clusters and recommendations for the future attention of the state's leaders and civic entrepreneurs. This vision encompasses transportation, telecommunications, leadership, and competitiveness.



Working with local, regional and state transportation agencies, the CAATS alliance is spearheading a grass-roots effort aimed at blending a variety of regional transportation plans into a unified whole. A key dimension is the preservation of the local planning authority, within a context of integrated transportation vision.

Project California's Select Panel sets forth the following action agenda to assure California's leadership in advanced transportation deployment and job creation in the 21st Century.

- Execute the state's unified, long-term transportation plan.
- Legislate incentives for local government and the private sector to encourage the deployment of intelligent transportation systems (ITS) in all new transportation enterprises.
- Take leadership at the state level to overcome jurisdictional and institutional obstacles in the development of advanced transportation industry clusters and to create an efficient transportation infrastructure.
- Create an enabling framework that will allow Southern California and San Diego regions to construct, build, and operate magnetic levitation (maglev) rail system.
- Direct state policy and funding priorities to promote the deployment of intelligent transportation systems (ITS) and automated highway systems (AHS) technology.
- Provide market-based incentives to encourage sales of zero-emissions / ultra-low emissions vehicles, and fuel cells.
- Establish a transportation revenue base that grows with incremental increases in utilization of the system, and implement incentive systems to encourage innovations that increase efficiency and deployment of advanced technology

T E L E C O M M U N I C A T I O N S

Communications leadership is a requirement for California's economic leadership. Project California's Select Panel proposes the following action agenda in advanced telecommunications technology:



- Provide support for the California Telecommunications Leadership Collaboratory from business, regulatory bodies, and political leadership to overcome jurisdictional and institutional obstacles in the development of advanced telecommunications industry clusters and to create a robust telecommunications infrastructure.
- Create opportunities for California business, schools, non-profit organizations, community groups, and the general population to participate in new developments in advanced telecommunications.
- Through aggressive leadership, policy-making, and fund allocation at the level of the Governor and State Legislature, assure universal access and make the maximum band-width available to every Californian.

LEADERSHIP

The California Economic Strategy Panel identified collaboration between private and public sector interests as key to our future successes.

“ Project California is a shining example of collaboration between the private and public sectors.”
—Julie Wright, Secretary, California Trade and Commerce Agency



California stands at a crossroad in terms of advanced transportation and communications technology. The choice to move into a leadership role will be determined by dynamic collaborative alliances among industry, labor, government, and academia that together can build a strong infrastructure, assure adequate capital investment, guarantee environmental responsibility, and develop a skilled work force in our state.

Private and public sector leadership is fundamental to the Project California experience. Such collaborative leadership is a key dimension of the state's resurgence and the cornerstone upon which joint venture leadership of future efforts should be built. Project California's Select Panel recommends the following agenda:

- Create an industry-led California competitiveness advisory task force, in the spirit of Project California, to carry on with the major changes that lie ahead in the areas of transportation, telecommunications, multimedia, electronics, and biotechnology.
- Articulate and implement market-driven public policy for advanced transportation and telecommunications to encourage the creation and development of markets rather than governmental regulation.
- Require the direct participation of the highest political leaders (including the Governor, Speaker, and President Pro Tem) in leading the process of change and the capture of opportunities.
- Target five percent of annual California Employment Training Panel expenditures to fund training programs in advanced transportation and telecommunications.

CALIFORNIA COMPETITIVENESS

To be successful in the context of global competition, collaborative economic development and business competitiveness, programs must differ greatly from traditional approaches in terms of scope, vision, targeted outcomes, leadership, and organizational structure. They should be flexible and have the capacity to transcend the technologically “known.”



Project California’s innovative approach has been recognized by the U. S. Department of Commerce, and the White House, and has provided a model for other regions of the nation (Project Long Island) as well as local efforts within the state (Southern California Economic Partnership).

Historically, California has relied on technological leadership and excellence to assure its competitiveness in the marketplace. This reliance has secured the state’s status as the seventh largest economy in the world and has made California home to globally preeminent research universities and national laboratories. To sustain its leadership and standards of excellence into the 21st Century, California must rededicate itself to research, technological innovation, and the development of new technologies.

“Although Project California is coming to an end, it will live far beyond 1997 in the form of the vision and sustained leadership provided by the alliances it has developed. The Project’s real legacy is the model it provides for coherently mobilizing California’s vast resources in attacking important economic and societal issues.”

—Malcolm Currie, Co-Chair, Project California; Chairman Emeritus, Hughes Aircraft Company



“The Project California experience will reinforce California’s economic recovery over the long-term as the state continues to build on its inherent strengths to become a global center for advanced transportation and telecommunications technology.”

—Roy Anderson, Co-Chair, Project California; Chairman Emeritus, Lockheed

ACCOMPLISHMENTS

The following list highlights some of Project California's most significant accomplishments and leadership actions, based on goals set forth in the Declaration of Leadership that was developed by the State Government Executive Branch, the State Assembly, and the State Senate, in collaboration with industry, the California Congressional Delegation, labor, universities, and state-based national laboratories of the State of California.

- Project California championed development of zero-emissions / ultra-low emissions vehicle and hybrid electric vehicle technology to generate high-value jobs and contribute to environmental improvement in the state by providing testimony about the actual development of the industry in the state and the potential of the electric vehicle market in California as well as internationally.
- Project California worked together with CALSTART to facilitate viability of the electric vehicle and hybrid electric vehicle industry.
- Project California constructed the financing package to design and build low-cost prototype electric vehicles and deliver a complete manufacturing plan to the state's Air Resources Board.
- On August 15, 1994, Governor Wilson signed Executive Order W-100-94, calling for a state vehicle purchase program for zero-emission and ultra-low emission vehicles. The Governor cited Project California's industry-building objectives as an important factor in this area.
- Project California and its partners launched the Innovative Vehicle Test and Information Center to provide consumer information about advanced vehicles and vehicle components.
- Through the SCI Maglev Team including Rockwell (Boeing), Bechtel, Lockheed Martin and a number of small firms, Project California produced a concept utilizing magnetic levitation (maglev) technology that is cost-competitive with "steel-on-steel" rail systems.
- Project California SCI Maglev team captured the conditional agreement of the Southern California Association of Governments to include maglev technology in SCAG's 1997 Regional Transportation Plan.
- Project California worked with the Fuel Cell Buyers Consortium, an ad hoc organization led by the Economic Roundtable, to help promote procurement of a fuel cell for one of the three prototype Advanced Technology Transit Buses.

- In 1993, Project California spearheaded the move to an open marketplace in introducing the Project CREATE agenda for telecommunications at which time the open market approach was presented and gained wide support at infrastructure hearings of the California Public Utilities Commission.
- Project California organized and hosted the California Communications Leadership Forum, a state-wide meeting of telecommunications companies, public sector agencies, government and educational institutions, to discuss the opportunities and challenges facing California's communications industries.
- In line with recommendations put forth by Leadership Conference attendees, Project California launched the California Communications Leadership Collaboratory.
- Project California created the Advanced Transportation Business Development Network, a private sector CEO network designed to enrich the Team California business recruitment effort and to provide a central, statewide point of focus for economic development organizations working directly with advanced transportation.
- Project California met with transportation companies abroad to create interest in bringing new technology and manufacturing facilities to the state.
- Project California's CalSkills Training Alliance pioneered methods to identify advanced technology training needs.
- Project California was instrumental in the passage of AB 1727, enacted in the summer of 1993, which permits use of "best value" criteria in purchasing equipment and sponsored training programs for transit officials to accelerate implementation of best value procurement practices. Project California created the California Alliance for Advanced Transportation Systems (CAATS), a 500-member alliance committed to deployment of intelligent transportation systems.
- The State Department of Transportation incorporated Project California's recommendations for streamlining the transportation project contracting process, including specific provisions for the deployment of advanced transportation technologies. In June 1995, the Governor signed the California Transportation Plan (CTP), a long-range transportation plan proposed by Project California.
- As recommended by Project California, California launched a State Infrastructure Bank to provide innovative financing for market-driven transportation approaches and operations.
- With Project California's strong support, the Automated Highway Test Center was established in San Diego.
- Project California's work was instrumental in establishing a priority corridor for intelligent transportation system technology in San Diego.

- Project California sponsored “Business Opportunity Days” to bring together suppliers and buyers of advanced transportation products.
- Project California’s recommendations were the cornerstone of a commitment from state regulatory agencies to respond within 30 days to any request from private industry related to advanced transportation and related telecommunications technologies.

In addition, the Governor and Legislature combined to effectively promote California as a better place to do business by:

- The Governor and the Legislature overhauled the California workers’ compensation program in 1993, resulting in a savings of \$4 billion and an average premium reduction of 40 percent.
- Sweeping tax reform legislation was signed into effect in October 1993, including a six percent tax credit for the purchase of manufacturing equipment—a provision that business leaders identified as key to expansion.
- On July 16, 1996, Governor Pete Wilson signed legislation that reduced the state’s bank and corporation tax by five percent, reducing California’s rate from 9.3 to 8.84 percent.
- In July, 1996 California Department of Trade and Commerce released the 1996-97 edition of the California Permit Handbook, a guide to local government and selected State agencies’ permit processes that summarizes permits by department, agency, commission, and boards, and also provides guidance for compliance.
- The State of California enacted Senate Bill 1 and formed the Department of Information Technology, charged with providing leadership, guidance, and oversight of information technology in state government.

PROJECT CALIFORNIA INVESTORS

AC Transit
Aerojet General
Allied Signal Aerospace
American Honda Motor Corporation
ARCO
Automobile Club of Southern California
BankAmerica Corporation
Bay Area Rapid Transit (BART)
Bechtel
California Department of Transportation California Employment Training Panel
California EPA
California Trade and Commerce Agency
CB Commercial Real Estate
Edison International
First American Financial
First Deposit Corporation
First Federal Financial
First Interstate Bank
FMC Corporation

Ford Motor Company
GDE Systems
Gensler and Associates Architects
Granite Construction
Hughes
ICI Americas
ICF Kaiser
Lehman Brothers. San Francisco
Litton Industries
Los Angeles County Transportation Commission
Mitsubishi
Nellcor
Northrop Corporation
Oracle Corporation
Orange County Transportation Authority
Pacific Bell / Pacific Telesis
PG&E
Pillsbury, Madison & Sutro
Rockwell International
Rohr Incorporated
Sacramento Regional Transit Authority
SAIC

San Diego Economic Development Corporation
San Diego Gas & Electric
San Mateo County Transit District
Siemens Duewag
Solar Turbines
South Coast Air Quality Management District
SCECorp
SCAG
Sumitomo Bank
Sunworld International
The Gas Company (formerly Southern California Gas Company)
Tri-cities Coalition
TRW (Avionics & Surveillance Group)
Ventura County Transportation Commission Weingart Foundation
Wells Fargo Bank
U.S. Department of Commerce Economic Development
Administration U.S. Department of Defense
Office of Economic Adjustment

PROJECT CALIFORNIA SELECT PANEL

Roy Anderson

Co-Chair, Project California; Chairman and Chief Executive Officer, The Weingart Foundation; Chairman Emeritus, Lockheed

Malcolm Currie

Co-Chair, Project California; Chairman, USC Board of Trustees; Chairman Emeritus, Hughes Aircraft Company

J.R. Beyster

Chairman and Chief Executive Officer, Science Applications International Corporation

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Professor of Applied Physics, Stanford University

Ernest Camacho

President and Chief Executive Officer, Pacifica Services, Inc.

Jose de la Torre

Director, Anderson School of Management, Policy and Organization

John Dunlap

Chairman, California State Air Resources Board

W.L. Friend

Executive Vice President and Director, Bechtel Group, Inc.

Michael Gage

President and Chief Executive Officer, CALSTART

Gerald Geismar

Executive Director, California Employment Training Panel

Robert Kohler

Executive Vice President and General Manager (retired), TRW Avionics & Surveillance Group (retired)

Ernest Leach

Deputy Chancellor, The California Community Colleges

Johnetta MacCalla

Chief Executive Officer, ASCI, Inc.

Warren Mitchell

President, The Gas Company (formerly Southern California Gas Company)

Mark Pisano

Executive Director, Southern California Association of Governments

Philip Quigley

Chairman and Chief Executive Officer, Pacific Telesis

James L. Quillin

International Association of Machinists and Aerospace Workers (retired)

Richard M. Rosenberg

Chairman, BankAmerica Corporation (retired)

William Rusnack

President, ARCO Products Company

Steven Sample

President, University of Southern California

James Shiffer

Executive Vice President, Pacific Gas and Electric Company

L. Donald Shields

Director, Project California Phase I

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Edward Stone

Director, Jet Propulsion Laboratory Caltech / NASA

Bob Suzuki

President, California Polytechnic University, Pomona

James van Loben Sels

Director, California Department of Transportation

Julie Wright

Secretary, California Trade and Commerce Agency

Ed Zschau

Senior Lecturer, Harvard University

Acknowledgments

Project California wishes to recognize the unique contributions of the Select Panel members and the thousands of individuals and organizations that worked to guide the project and create the alliances that will help assure lasting prosperity for our state. Special acknowledgment also is due L. Donald Shields, former executive director, of the California Council on Science and Technology whose inspiration and visionary leadership shaped Project California from its inception in 1992; to John N. Steams, appointed Director of Project California in 1995, who provided creative as well as practical guidance to the Project's nine alliances in mobilizing California's unique resources to create new jobs and bring industry to the state; and Pamela Leeper, without whose unequivocal commitment, Project California could not have succeeded as it did.

A CALIFORNIA DECLARATION OF LEADERSHIP IN ADVANCED TRANSPORTATION & RELATED TELECOMMUNICATIONS

TO IMPLEMENT THESE PROJECT CALIFORNIA GOALS, IN ADDITION TO OTHER SUPPORTING ACTIVITIES, WE PLEDGE TO TAKE THE FOLLOWING LEADERSHIP ACTIONS:

- **CALIFORNIA FAST TRACK**

INSURE THAT THE STATE REGULATORY AGENCIES WITH OVERSIGHT OVER ISSUES SUCH AS ENVIRONMENTAL PERMITTING, EMISSIONS CERTIFICATIONS, INDUSTRIAL CERTIFICATIONS, ETC., RESPOND WITHIN 30 DAYS TO ANY REQUEST FOR ACTION BY A COMPANY INVOLVED IN ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS TECHNOLOGIES. POTENTIAL STATE AGENCIES TO BE INCLUDED: BUSINESS, TRANSPORTATION AND HOUSING, ENVIRONMENTAL PROTECTION AGENCY, DEPARTMENT OF GENERAL SERVICES, CALIFORNIA ENERGY COMMISSION, AND THE CALIFORNIA AIR RESOURCES BOARD.

- **OPEN MARKETPLACE FOR ADVANCED TELECOMMUNICATIONS**

SUPPORT PROJECT CREATE (CALIFORNIA REGULATORY EXPERIMENT IN ADVANCED TELECOMMUNICATIONS), A SIGNIFICANT GRAND SCALE DEMONSTRATION INITIATIVE THAT WILL ALLOW TELECOMMUNICATIONS, COMPUTER, CABLE, TV, AND OTHER NON-TRADITIONAL COMMUNICATIONS COMPANIES TO COMPETE FREELY TO PROVIDE ENHANCED PERSONAL, BUSINESS, AND EDUCATIONAL TELECOMMUNICATIONS PRODUCTS AND SERVICES IN A MAJOR GEOGRAPHIC AREA OF THE STATE. CALIFORNIA LEADERSHIP FROM THE EXECUTIVE AND LEGISLATIVE BRANCHES OF STATE GOVERNMENT, THE STATE'S CONGRESSIONAL DELEGATION AND BUSINESS AND INDUSTRY PLEDGE THEMSELVES TO A MAJOR EFFORT IN TELECOMMUNICATIONS REGULATION REFORM FROM THE BOTTOM UP AND TO THE INTERVENTION WITH THE CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) AND THE FEDERAL COMMUNICATIONS COMMISSION (FCC) AND OTHER REGULATORY BODIES IN ORDER TO MOVE THIS REGULATORY REFORM AGENDA FORWARD.

- **INTELLIGENT VEHICLE HIGHWAY SYSTEM (IVHS) RESEARCH AND DEVELOPMENT**

PROVIDE FIRM AND ACTIVE SUPPORT AND GUIDANCE TO A COORDINATED, COLLABORATIVE, INDUSTRY, MULTI-UNIVERSITY, MULTI-INSTITUTIONAL RESEARCH AND DEVELOPMENT EFFORT TO WIN THE FEDERAL INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT (ISTEA) AUTOMATED VEHICLE CONTROL SYSTEM TEST CENTER. CALIFORNIA'S IVHS RESEARCH AND DEVELOPMENT CAPABILITIES ARE STRONG AND OUR NEED FOR THE BENEFITS OF IVHS ARE SECOND TO NO OTHER STATE. ACCORDINGLY, WE WILL PROPOSE TO THE FEDERAL GOVERNMENT A UNIFIED AND FULLY INTEGRATED APPROACH TO THE TEST CENTER, INVOLVING OUR BEST TALENT, AT THE BEST LOCATION, WITH FULLY COMPETITIVE FINANCIAL SUPPORT. THIS INITIATIVE SHOULD REPRESENT ONE OF A SERIES OF TARGETED ISTEA PROGRAMS FOR CALIFORNIA.

- **ZERO EMISSION (ZEV) AND ULTRA-LOW (ULEV) EMISSION VEHICLE MARKET LEADERSHIP**

DIRECT STATE AGENCIES TO ANNUALLY PURCHASE AT LEAST 10% OF FLEET ADDITIONS, STARTING IN 1996, AS ZERO-EMISSIONS AND ULTRA-LOW EMISSION VEHICLES, PROVIDED THAT MODELS ARE AVAILABLE ON THE MARKET THAT MEET SPECIFICATIONS DEFINED BY THE DEPARTMENT OF GENERAL SERVICES. FURTHER, BEGINNING IN 1994, THE CALIFORNIA ENERGY COMMISSION, IN COORDINATION WITH THE CALIFORNIA AIR RESOURCES BOARD AND LOCAL AIR QUALITY MANAGEMENT DISTRICTS SHALL CONDUCT AT LEAST TEN (10) DEMONSTRATION PROJECTS WITH THE CITY, COUNTY AND MUNICIPAL AGENCIES TO GAIN EXPERIENCE IN PURCHASING ZERO-EMISSION AND ULTRA-LOW EMISSION VEHICLES. STATE GOVERNMENT WILL PLEDGE ITSELF TO PURCHASE, USE AND ADVOCATE ADVANCED TRANSPORTATION TO THE EXTENT FEASIBLE.

SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF A PARALLEL, COORDINATED PRIVATE SECTOR PROCUREMENT INITIATIVE FOR ZEV AND ULEV VEHICLES BASED ON COMMON SETS OF PERFORMANCE STANDARDS AND "BEST-VALUE" OR LIFE-CYCLE COST CONSIDERATIONS.

- **ENHANCE CONSUMER ACCESS TO ZERO EMISSION VEHICLE (ZEV) AND ULTRA-LOW EMISSION VEHICLE (ULEV) INCENTIVES**

BUILD UPON THE CARB ZEV AND ULEV REQUIREMENTS BY PROMOTING EARLY CONSUMER PURCHASES OF ZEV,S AND ULEV'S BY: (1) MAKING FINANCIAL INCENTIVES PROVIDED BY THE STATE BASED UPON THE RELATIVE VALUE OF EMISSIONS ELIMINATED BY REPLACING A CONVENTIONAL VEHICLE WITH A ZEV OR ULEV; (2) STREAMLINING THE PROCESS BY WHICH ZEVS ARE CERTIFIED TO QUALIFY FOR EMISSION TESTING EXEMPTIONS; (3) INCORPORATING INCENTIVES INTO A REGISTRATION FEE STRUCTURE THAT WILL REWARD NEW CAR BUYERS WHO PURCHASE REDUCED EMISSION VEHICLES, PARTICULARLY ZEVS AND ULEVS IN A WAY WHICH IS REVENUE NEUTRAL AND IS SENSITIVE TO THE NEEDS OF LOW-INCOME PURCHASERS; AND (4) ENCOURAGING OTHER TYPES OF CONSUMER INCENTIVES TO STIMULATE DEMAND FOR ZEV AND ULEV PURCHASES.

- **STATE HIGH TECHNOLOGY PURCHASING PRACTICES TO SPUR INNOVATION**

ENACT LEGISLATION WHICH ALLOWS STATE AGENCIES TO USE "BEST-VALUE" OR LIFE-CYCLE COSTING IN PROCUREMENT OF HIGH TECHNOLOGY GOODS AND SERVICES. CREATE INCENTIVES TO ENCOURAGE COOPERATION, INCLUDING FORMATION OF ONE OR MORE CONSORTIA OF LOCAL, REGIONAL, COUNTY AND CITY GOVERNMENTAL ENTITIES INVOLVED IN PROCUREMENT OF LARGE ADVANCED TRANSPORTATION, HIGH TECHNOLOGY PROJECTS TO LEARN FROM ONE ANOTHER, ESPECIALLY ON TECHNOLOGY DEVELOPMENT PROJECTS, SUCH AS MASS TRANSIT COMMAND, CONTROL, AND COMMUNICATIONS SYSTEMS; FARE COLLECTION SYSTEMS; AND SYSTEMS INTEGRATION TECHNOLOGIES. CONTINUE TO ENCOURAGE PRIVATE SECTOR "BEST-VALUE" OR LIFE-COST CONSIDERATIONS IN THEIR PURCHASES OF HIGH TECHNOLOGY GOODS AND SERVICES.

- **HIGH SPEED RAIL COMMISSION**

SUPPORT THE WORK OF THE CALIFORNIA HIGH SPEED RAIL COMMISSION IN CREATING AND IMPLEMENTING A COHERENT STATE-WIDE STRATEGY FOR INVESTMENTS IN HIGH-SPEED, INTER-CITY RAIL, INCLUDING THE CONSIDERATION OF BOTH STEEL-ON-STEEL AND MAGLEV SYSTEMS. AS PART OF THIS STRATEGY, DIRECT THE COMMISSION TO WORK WITH PRIVATE AND PUBLIC SECTOR ENTITIES TO FORM A CALIFORNIA MAGLEV PROTOTYPE DEMONSTRATION CONSORTIUM. FURTHER, CHARGE THE CALIFORNIA CONGRESSIONAL DELEGATION TO WORK WITH THE U.S. DEPARTMENT OF TRANSPORTATION TO BRING A MAGLEV PROTOTYPE AND/OR DEMONSTRATION TO CALIFORNIA.

- **ADVANCED TRANSPORTATION TRAINING FUND**

SUPPORT THE CALIFORNIA EMPLOYMENT TRAINING PANEL (ETP) IN TARGETING UP TO \$5 MILLION FUNDING IN EACH OF THE NEXT FIVE YEARS, SPECIFICALLY FOR ADVANCED TRANSPORTATION TECHNOLOGY TRAINING FOR RETRAINING AND ON-THE-JOB TRAINING OF INDIVIDUALS FOR THE SKILLS REQUIRED TO BUILD ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS INDUSTRY CLUSTERS. TRAINING AND RETRAINING IS ONE OF THE MOST CRITICAL ELEMENTS OF A WORLD-CLASS WORKFORCE, AND A TOOL USED TO RECRUIT BUSINESSES BY OFF-SETTING JOB-TRAINING COSTS

- **CALIFORNIA TRANSPORTATION RESEARCH, DEVELOPMENT, DEMONSTRATION AND COMMERCIALIZATION CENTER**

CHARGE THE PLANNERS AND PARTICIPANTS OF CALIFORNIA'S TRANSPORTATION RESEARCH AND DEVELOPMENT CENTER TO INCORPORATE THE FULL SPECTRUM OF COMMERCIALIZATION ACTIVITIES RELATED TO ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS IN THEIR CONCEPTUALIZATION OF THE CENTER. THESE ACTIVITIES MAY RANGE FROM RESEARCH, DEVELOPMENT, AND DEMONSTRATION TO COMMERCIALIZATION, BUSINESS ASSISTANCE AND INVESTMENT ACTIVITIES. THE CENTER SHOULD PURSUE ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS INVESTMENT SEED FUNDS WITH CAPITALIZATION DRAWN FROM APPROPRIATE STATE AGENCIES. FURTHER, THROUGH THE CENTER, BUSINESS ASSISTANCE SHOULD BE PROVIDED TO CALIFORNIA COMPANIES ENGAGED IN PRODUCING AND COMMERCIALIZING ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS TECHNOLOGIES.

SUPPORT AND FACILITATE THE ACTIVE ENGAGEMENT OF REPRESENTATIVES OF CALIFORNIA'S PUBLIC AND PRIVATE UNIVERSITIES AND STATE-BASED NATIONAL LABORATORIES IN THE PROGRAMS AND ACTIVITIES OF THE CENTER.

signatories:

Pete Wilson, *Governor*
Willie L. Brown, Jr. *Speaker of the California State Assembly*
David Roberti, *President pro Tempore, California State Senate*
Ken Maddy, *Minority Leader, California State Senate*
Jim Brutte, *Minority Leader, California State Assembly*

WHEREAS, PROJECT CALIFORNIA HAS ESTABLISHED THAT THE STATE OF CALIFORNIA HAS THE TECHNOLOGICAL PROWESS AND WORK FORCE SKILLS TO EXCEL IN ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS TECHNOLOGIES;

WHEREAS, PROJECT CALIFORNIA HAS ESTABLISHED THAT ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS TECHNOLOGIES DIRECTLY HAVE THE POTENTIAL TO GENERATE OVER 225,000 NEW JOBS FOR CALIFORNIANS BY THE YEAR 2000, AND OVER 400,000 BY THE YEAR 2010;

WHEREAS, ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS TECHNOLOGIES HOLD THE PROMISE OF AN ENHANCED QUALITY OF LIFE, LOWERED URBAN CONGESTION, AND ENVIRONMENTAL BENEFITS FOR ALL CALIFORNIANS;

NOW, THEREFORE, WE, REPRESENTING LEADERSHIP OF THE STATE GOVERNMENT EXECUTIVE BRANCH, THE STATE ASSEMBLY, AND THE STATE SENATE; JOINING WITH INDUSTRY, THE CALIFORNIA CONGRESSIONAL DELEGATION, LABOR, UNIVERSITIES, AND STATE- BASED NATIONAL LABORATORIES OF THE STATE OF CALIFORNIA, PLEDGE THAT WE WILL EXERT EFFORT TO:

1. MAKE CALIFORNIA A WORLDWIDE LEADER IN THE PRODUCTION, PROCUREMENT AND DEPLOYMENT OF ADVANCED MODES OF TRANSPORTATION, RANGING FROM INTELLIGENT VEHICLE HIGHWAY SYSTEMS (IVHS) APPLICATIONS, ADVANCED TELECOMMUNICATIONS, ELECTRIC VEHICLE ASSEMBLY AND COMPONENTS, MASS TRANSIT AND HIGH SPEED RAIL, INCLUDING MAGLEV.
2. CONTINUE TO BUILD ON CALIFORNIA'S LEADERSHIP IN ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS RESEARCH AND DEVELOPMENT, INCLUDING THE DEVELOPMENT OF FUEL CELLS AND ADVANCED MAGLEV CONCEPTS.
3. MAKE CALIFORNIA'S MARKETPLACE THE WORLDWIDE PACESETTER IN THE SPEED WITH WHICH ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS TECHNOLOGIES ARE MOVED FROM THE LABORATORY TO THE MARKETPLACE, AND THE EASE WITH WHICH INNOVATIONS ARE ADOPTED AND MADE COMMON PRACTICE.
4. TRAIN A CALIFORNIA MANUFACTURING WORKFORCE WITHOUT EQUAL WORLDWIDE—EXPERT IN AGILE MANUFACTURING METHODS, DESIGN, ELECTRONICS, COMMUNICATIONS, AND THE ADVANCED MATERIALS THAT WILL BUILD THE TRANSPORTATION AND RELATED TELECOMMUNICATIONS SYSTEMS OF THE FUTURE FOR DOMESTIC AND INTERNATIONAL MARKETS.
5. IMPROVE THE GENERAL BUSINESS CLIMATE OF CALIFORNIA BY TAKING ACTIONS THAT WILL REDUCE THE COST OF DOING BUSINESS IN OUR STATE, AND INCREASE CALIFORNIA'S WORLD COMPETITIVENESS FOR THE DEVELOPMENT OF ADVANCED TRANSPORTATION AND RELATED TELECOMMUNICATIONS INDUSTRIES.