COLAB SAN LUIS OBISPO
WEEK OF OCTOBER 8 -14, 2017

IT'S HERE – THIS THURSDAY OCT 12TH

THIS WEEK

NOT STRATEGIC & NOT PLANNING
SHOW AND TELL

LIMITED BUDGET FORECAST
MORE SHOW AND NOT ENOUGH TELL

PUBLIC FACILITIES FEES
PAY MILLIONS UP FRONT BUT NO SHOW IN NIPOMO

INTERIM PLANNING DIRECTOR SAYS WORK PROGRAM SETTING NEEDS REFORM

REDUCING THE NUMBER OF MENTALLY ILL PEOPLE IN THE JAIL

LAST WEEK

COASTAL COMMISSION BUTTS IN ON PIRATES COVE/CAVE LANDING RD. MESS

MARIJUANA REGS PRESENTED
HEARING LONG & CONTINUED TO OCT. 17TH

TEMPLETON TRANSPORTATION FEES REDUCED FOR HOMES AND WINERIES

SLOCOG BEGINS TO ANGLE FOR NEW TAX

SLO COLAB IN DEPTH

(SEE PAGE 18)

NEW STATE HOUSING BILLS ARE COSTLY HOGWASH

By Mike Brown

CALIFORNIA HOUSING PLAN IS A DUD, BUT LOCAL RULES ARE BIGGEST PROBLEM

BY STEVEN GREENHUT

THIS WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, October 10, 2017 (Scheduled)

In General: The theme of the meeting is "Strategic Planning." There will be no consent calendar, zoning matters, specific business, or public hearing issues. Instead the Board will take a look at its FY 2018-19 budget forecast, Public Facilities Fees (development exactions), Planning Department work program for 2018 -19, status of the new airport terminal, and potential of a program designed to reduce the number of mentally ill people in the jail.

Again some large strategic drivers are mentioned, but how the County plans to deal with their impacts are not dealt with at a comprehensive policy level. Some of the issues include:

1. Closure of Diablo, particularly if the PUC rejects the PG&E rate increases to fund the "Joint Proposal" and it must be shut down in 2018 (and as well as the decade-long run-up to the scheduled 2025 closing). The write-up states in part:

Diablo Canyon Power Plant

Over the longer term, the closure of Diablo Canyon Power Plant will have significant ramifications. The plant produces approximately 18,000 gigawatt-hours of electricity annually and accounts for roughly 20% of PG&E's electricity portfolio and 9% of California's electricity consumption. According to a 2013 study by Cal Poly, Diablo Canyon is one of the largest employers in the county and its annual local economic impact is estimated at $1 billion. Additionally, the total economic impact of Diablo Canyon is approximately $2 billion per year nationally. Per the 2013 study, Diablo Canyon directly employs over 1,500 people and supports over 3,358 local jobs, 4,542 statewide, and 10,372 nationwide. PG&E is one of the largest taxpayers in the County and pays over $30 million per year in unitary taxes (property taxes for a public utility), which is allocated to over 80 governmental agencies or jurisdictions within the County.

OK, there is some funding for studies but, what are we doing to compensate? Five Star destination resorts? Build up the oil industry (blasphemy!)? A new Amazon Distribution Center? Estate houses and high end ranchettes including more Ag Cluster Subdivisions? The county as a preserve for wealthy retirees – the housekeepers, gardeners, and trades people will have to commute from Santa Maria and San Miguel.

2. Housing cost and lack of available land crisis.

3. Transportation infrastructure funding shortfall. (Both county roads ($175 million) and broader Regional Transportation Plan multi-billion shortfall.

4. Long term water solutions.

5. Pension cost increases.

6. Human capital and labor costs.

7. Impact of escalating fuel and carbon taxes on agriculture and economic development.

8. Economic impact of forced shutdown of the Oceano State Park Off Road Vehicle Riding area by any authority (EPA, Coastal Commission, State Air Resources Board, APCD, County, State Parks itself, Court decision).

9. Future of the oil industry in the County.

10. Impact on residential real estate markets and property taxes of the elimination of the State income tax and local property tax deductions from the Federal Income Tax.

11. Collapse of the private health insurance market serving the Affordable Care Act exchanges.

In terms of long range budget policy planning, are any resources being applied to develop policy alternatives and plans related to these issues?

Item 1 – General Public Comment for Matters not on the Agenda. Note that this is at 9:00 AM sharp, not mid-morning.

Item 2 - County's FY 2018-19 Financial Forecast. There is nothing included that is particularly notable here. There is modest natural growth (a few percent) in the property tax, sales tax, and transient occupancy tax, which allows the County to add staffers, provide annual raises, and fund increasing pension costs. The County can pay its current bills.

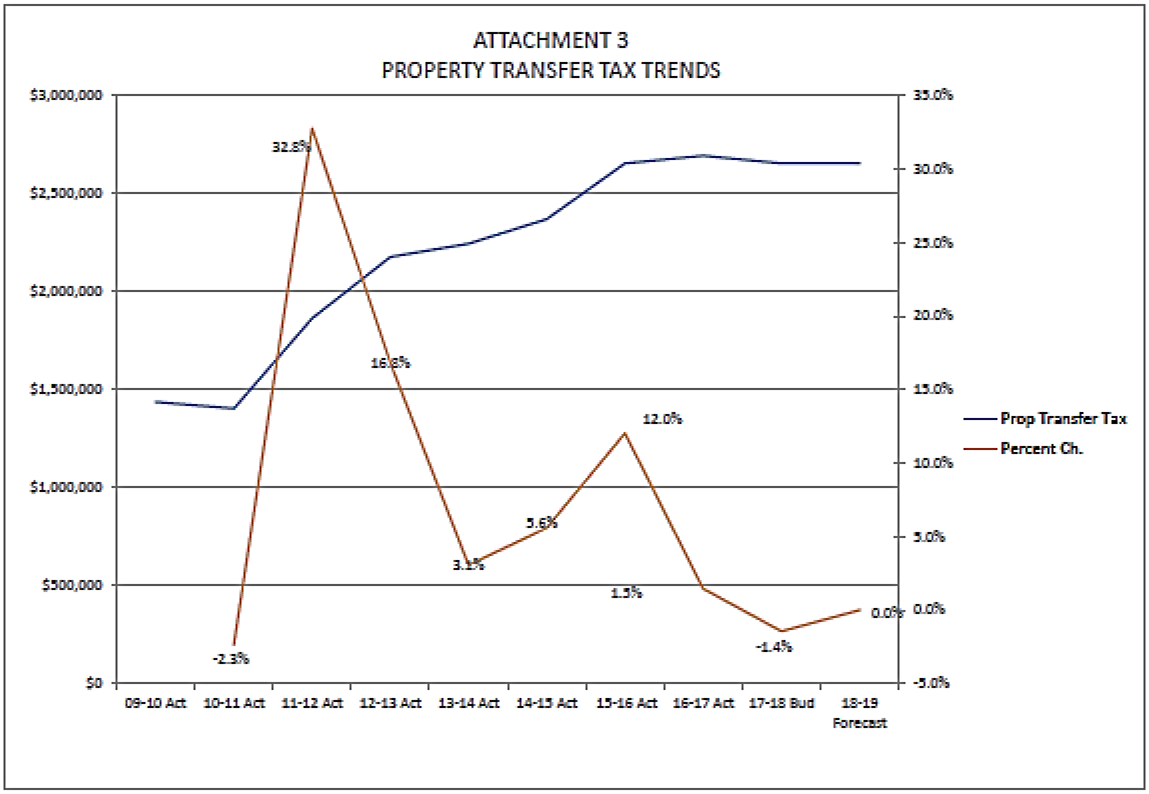
Somewhat masked are the bigger picture items such as decay of the road system, worn out buildings, inability to update and maintain facilities such as the Dairy Creek Golf Course and the Pirates Cove vista area, parking lot, and beach. Operational gaps, blamed by staff on lack of funding, occur from time to time, as exemplified by the jail death of Andrew Holland, which has been attributed to the inability of the County's Behavioral Health Deparment to place him in the County Public Health Facility or a contracted facility which in turn was blamed on lack of funding.

The County (in the sense of the total State local picture) lacks sufficient funds to make major highway improvement and is almost totally reliant on Federal and State grants and subventions. In turn the cities and some Board members continue to call for a new sales tax to fill in the massive gaps.

As demonstrated in the last recession, the financial structure is fragile. To survive the recession the Board had to allow attrition to substantially reduce staffing levels and obtain compensation concessions from its employees.

Ominously, the closure of the Diablo Nuclear Power Plant sooner or later will weaken the County's economic base and revenue picture.

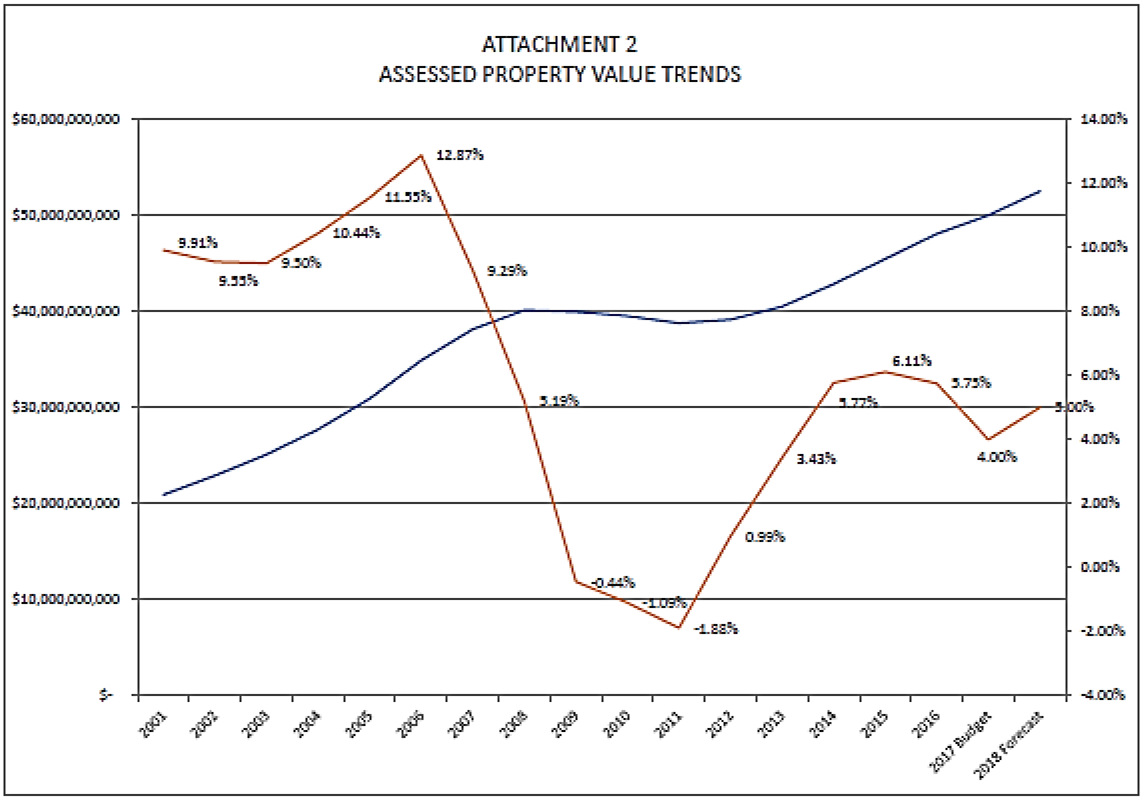
The report contains a number of graphs depicting various trends. One which may portend trouble is the 10-year history of the Real Property Transfer Tax levied upon the sale of property and thus is a real time indicator of sales activity as well as a forecaster of future property tax growth. The graph below shows both total activities in dollar volume by year and rate of change year-by-year as a percentage. Note that once the lag caused by the recession was recovered the level has been flat. Likewise the annual percentage growth has never recovered to pre-recession levels. The high price of housing combined with low production levels may account for these troubling statistics.



The question is then: Do policy makers and management make course changes based on data or do they conduct business as usual? And, will they make hay while the sun shines?

Need For Five-Year Forecast: Each year we plead with the Board to provide a five-year projection, at least for the true discretionary general fund revenues and expenditures. Again and for the 7th year we have been involved, this has been omitted.

Assessed Value: Note that it went slightly negative during the recession and then resumed growth. What does a five-year forecast of this chart look like with Diablo closing, if Philipps shuts down, and if impending oil field expansions are denied? It would be useful to have a breakdown showing how much is residential, how much is commercial retail, how much is commercial office and other, and how much is industrial.



Item 3 - Public Facilities Fees (PFFs). This item contains an annual report on the amount of fees raised and the uses for which they were expended in FY 2016 -17. PFFs are fees that are levied on new development to help offset the costs of expanded services attributed to the increased population generated by the new development. Services covered include Sheriff, Fire, Parks, Libraries, and general government. Fees are also collected for roads and traffic impacts under a separate road impact fee program not covered here.

The report also contains data going back 13 years on how much has been collected and where and how much has been expended.

The good news is that no increases are being proposed by staff.

The table below lays out the amounts assessed for different types of development. These fees, the separate road fees, and facility fees levied by school districts can add up to a substantial cost for an individual home or commercial project.

The fees are actually taxes levied on new development but called fees because a tax must be approved by a vote of the people. The legislature, in connivance with the cities and counties, orchistrated the ruse to get around Proposition 13. As the cities and counties shifted more and more of their budgets to salaries, health benefits, and pensions over the years (while adding more and more staffers), the amount of money avialable for capital improvements declined precipitously.

Current Public Facilities Fees*

	Residential (per dwelling unit)		Non-residential (per 1,000 building square feet)		
Facilities	Single Family	Multi-Family	Office	Retail	Industrial
Parks	$2,303	$1,753			
Sheriff	280	213	$378	$226	$163
General Govt.	533	406	719	432	309
Fire	1,994** (based on sq ft of 2,210)	902** (based on sq ft of 1,000)	902	902	902
Library	454	345	239	143	103
Subtotal	5,564	3,619	2,238	1,703	1,477
Admin Fee @2.0%	111	72	45	34	29
Total	$5,675	$3,691	$2,283	$1,737	$1,506

The table below displays the purposes for which the fees were used and the amounts from 2004 to fiscal year 2016-17. The issue is controversial because a substantial portion of the money, particularly for parks, was raised in the Nipomo area but very little was expended in that area.

Supervisors Hill and Gibson have attacked Supervisor Compton, who represents the Nipomo area, for raising the issue. They assert that it is a non-issue and dub it a manufactured issue. As we pointed out in the Weekly Update several weeks ago, the plain language of the enabling statute clearly shows that the intent of the Legilsature was that the areas impacted by the new development should receive the benefit of the related fees. The County blatantly violated this intent.

When Hill/Gibson shill candidates are put up to attempt to replace Compton, voters should remember both the misappropriation of the funds and the blatant attack on Compton for raising the issue.

The chart from the staff report is hard to read. Perhaps someone doesn't want you to be able to read it.

Attachment 6 - Project by Planning Area

Public Facility Fees Expenditures FY 2004-05 thru FY 2016-17

CARRIZO		COASTAL		NORTH COUNTY		SAN LUIS OBISPO		SOUTH COUNTY	
PARKS	-	PARKS	4,674,333	PARKS	1,919,525	PARKS	2,188,717	PARKS	1,965,056
No expenditures	0	El Morro Bike/Pedestrian Trail	20,902	San Miguel, 1218 K Street	333,640	Countywide Parks and Rec Element	90,304	Biddle Park Master Plan	94,523
		Develop Morro Strand Park	562,378	Heilmann Park Maintenance Facility	568,878	El Chorro Park Maintenance Building	982,447	Nipomo Master Plan	31,320
		Los Osos Skateboard Park	1,171,846	San Miguel Park Expansion	766,268	Bob Jones Bike Trail Ontario	1,045,464	Oceano Community Center	100,000
		Avila Beach Community Center	300,000	No County Templeton	45,611	Slo Botanical Gardens	19,172	Dana Adobe Property	1,638,404
		Los Osos Community Center	219	Shandon, Septic expansion	7,584	Plan Study/Program Review	18,842	Jack's Helping Hand	100,721
		Develop Cayucos Norma Rose Park	15,723	Santa Margarita - expand/replace playgroun	197,544	Cuesta Park Playground Equipment	32,488	Nipomo Skate Park	88
		Avila Beach Pirates Cove	1,255,278						
		Moonstone Drive Cambria	20,000						
		Pismo Parks Property Reserve Land Conservacy	1,100,000						
		Morro Bay Cayucos Connector Trail	2,987						
		Cambria East Ranch Community Park	225,000						
FIRE	854,626	FIRE	1,516,853	FIRE	4,529,161	FIRE	1,867,548	FIRE	0
California Valley Facility	854,626	Avila Bay Fire Station	540,777	Creston Facility (No Co)	3,980,584	Aircraft Rescue-SLO Airport (SLO)	1,441,741	No expenditures	0
		Cayucos FPD	253,884	Paso Robles Expansion Meridian (No Co)	150,909	Fire Rescue Vehicles (SLO)	350,000		
		Cambria CSD	41,600	San Miguel CSD	318,620	CDF San Luis Dispatch Co-located	65,290		
		Avila CSD	58,872	Santa Margarita FPD	79,048	Plan Study/Program Review	10,517		
		Oceano CSD	409,525						
		Los Osos CSD	212,195						
Gov't	-	Gov't	-	Gov't	7,337	Gov't	5,883,777	Gov't	0
No expenditures	-	No expenditures	-	North County Regional Center - Templeton	7,337	New Gov't Cntr Debt Service	5,875,451	No expenditures	-
						Plan Study/Program Review	8,326		
LAW	-	LAW	-	LAW	1,490,063	LAW	437,481	LAW	-
No expenditures	-	No expenditures	-	North County Regional Center - Templeton	138,539	Law Enforcement Evidence Room	370,000	No expenditures	-
				Creston Fire Station and Design	61,946	CDF San Luis Dispatch Co-located	65,290		
				North County Substation	1,289,578	Plan Study/Program Review	2,191		
LIBRARY	-	LIBRARY	2,067,800	LIBRARY	2,175,750	LIBRARY	301,914	LIBRARY	56,050
No expenditures	0	Expand South Bay Library - Los Osos	220,496	Atascadero Library	2,175,750	San Luis Obispo Circulation Desk	41,799	Arroyo Grande Circulation Desk	56,050
		Cambria Library, Purchase Land	28,000			San Luis Obispo Renovation	256,171		
		Cayucos Library - Leasehold Improvements	131,200			Plan Study/Program Review	3,944		
		Cambria Library Loan	1,688,104						

Item 4 - Status Update on Department of Planning and Building Priority Projects. The projects discussed here are internal staff projects, such as revising plan elements, zoning ordiances, developing new policies and so forth. Matters such as the new marijuana ordinance, oak tree ordinance, water restrictions, the Climate Action Plan, the banning of short term rentals, and research into ways to stimulate more housing are examples. Prior activist leftist Boards had so many ideas that they had to make lists and tell the Planning staff which ones to work on. This was an annual exercise during which the the status of the current projects were reviewed and preliminary direction given. Subsequent sessions were held in the Spring where direction was refined.

In a refreshing new development the staff report indicates that the process was not so good.

The Department presents the Priorities Report to your Board in February and October during scheduled Strategic Planning Sessions. In recent years, the Department has presented a proposed list of projects and the Board has provided direction on which projects the Department is responsible for completing. Currently, there are 30 Board directed projects on the list, notwithstanding all other Department functions and operations such as processing land use and building permits, and those projects are not prioritized in terms of importance, urgency, or other criterion in the context of Department resources. This is largely due to an absence of a formalized process that allows the Department and Board to prioritize those projects and allocate resources accordingly. The Department wants to ensure that it is meeting Board goals and expectations. To that end, the Department plans to return with a "tiered" prioritization *process for consideration to ensure the Department is allocating its resources in accordance with Board expectations. As a result, this report for October 10, 2017 will be limited to an update on all Board directed projects. On December 12, 2017, the Department will return to your Board with a "tiered" prioritization process for your Board's consideration, and seek specific direction on how to prioritize all existing and new projects in context of Department resources.*

How about that? Perhaps the new Board majority, in combination with the presence of an outside interim Planning Director, is breaking things loose.

Item 6 - Update on the current status of the new terminal at the San Luis Obispo County Regional Airport and future airports-related development. There will be a status report on the completion of the new terminal. The project is on time and on budget, with the terminal opening on November 1, 2017. The report (actually a nice PowerPoint) also contains other useful information about airport concessionaire leases and possible new destinations, including the addition of Dallas/Fort Worth.

The PowerPoint can be seen at the link:

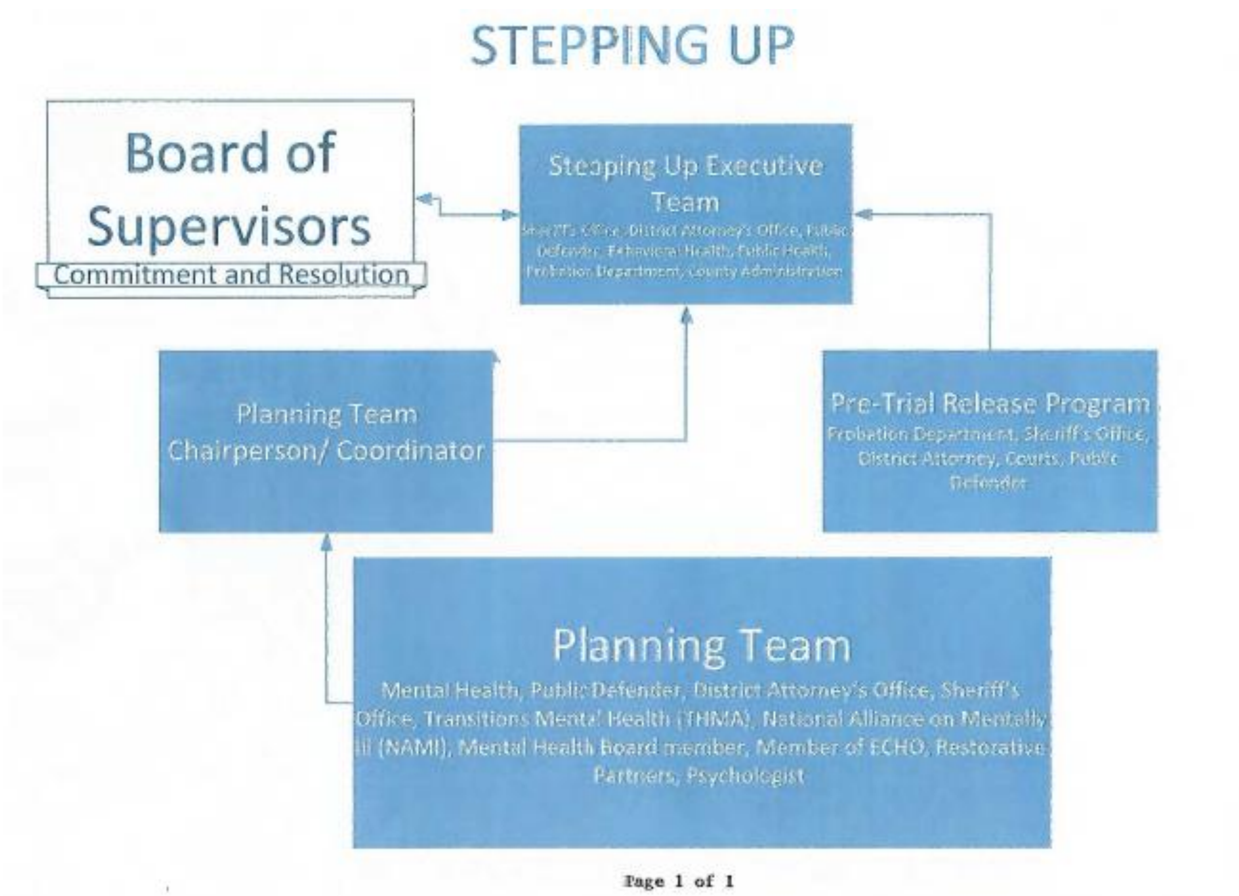
http://agenda.slocounty.ca.gov/agenda/sanluisobispo/7948/QWlycG9ydCBVcGRhdGUgMjAxNy5wZGY=/12/n/84414.doc

Item 7 - Stepping Up Program. The Board will consider official adoption of a program (which is apparently already underway) to reduce the number of people with mental illness held in the jail. In December 2016, County staff attended a 2-day presentation on the program in Sacramento and set up a taskforce to consider its techniques. Recent jail deaths underscore the fact that jails are not the best place to house mentally ill people. Often they end up in jail because there are no other locked facilities capable of dealing with them. Jails are not mental hospitals, and sheriff's departments are not equipped to deal with them.

The problem is national. As a result, there is a National Initiative to Reduce the Number of People with Mental Illnesses in Jails (Stepping Up), which is sponsored by the National Association of Counties, the American Psychiatric Association Foundation, and the Council of State Governments Justice Center, in partnership with the U.S. Department of Justice's Bureau of Justice Assistance. The program provides an organization and process template for counties across the country to reduce the prevalence of people with mental illnesses being held in county jails.

The write-up states in part:

The San Luis Obispo County Jail has an average daily population of approximately 600 inmates; of that, approximately 40% are taking psychotropic medications. The Stepping Up Initiative encourages county leaders to designate a diverse team of leaders and stakeholders to carry out a *six-step planning process that can yield measurable reductions in the number of adults with mental illnesses cycling through the nations jails; and the Initiative provides team members with no-cost distance-learning opportunities, peer-to-peer exchanges, expert guidance, and a suite of resources to carry out these county-led plans. The San Luis Obispo Sheriff's Office formed the Sheriff's Mental Health Task Force, a community oversight planning committee tasked with identifying problems and their solutions regarding treatment for mentally ill people, both in and out of custody. This ad hoc committee consists of physicians, mental health professionals, law enforcement professionals, and representatives of non-profits and community groups that provide services to mentally ill populations in San Luis Obispo County. The flow chart detailing the organizational structure of this program is attached to this report.*



The Stepping Up Initiative promotes crisis intervention team training and other specialized law enforcement responses that are supported by community-based resources and brings together not only state and local policymakers and purse-string holders, but also ensures the voices of people with mental illnesses and their families are heard.

The write-up does not indicate if there are additional costs resulting from conducting the process or implementing its structural and process recommendations.

Project Management: It's not exactly clear how the fact that the Board adopts a Resolution supporting the program actually does anything to begin reducing the problem. "Coordinating" the Sheriff's jail program, Behavioral Health Department, Health Agency, District Attorney, Public Defender, and Probation, as well as other non-county agencies is a somewhat vague effort. If the goal is to reduce the number of mentally ill people in the jail (around 240 out of 600 inmates on average at any one time), the Board should direct staff to present a structured project plan with a project schedule, specific measurable performance goals, staff and financial resources required, a project manager with the authority to command others to meet their portion of the schedule, the organizational structure of the project showing the action project team members who will do the work, and the measures of success.

Who is in charge? Who is accountable? And for what? When?

One of the PowerPoint slides suggests that some of this information will be presented on December 5th. So before endorsing the program, shouldn't the Board see what staff comes up with on December 5th?

Also in selecting an approach to a serious problem of public policy and operations, shouldn't any potential alternatives be considered? You wouldn't usually buy a new car without looking at some different brands, models, colors, finish options, safety records, and prices, would you?

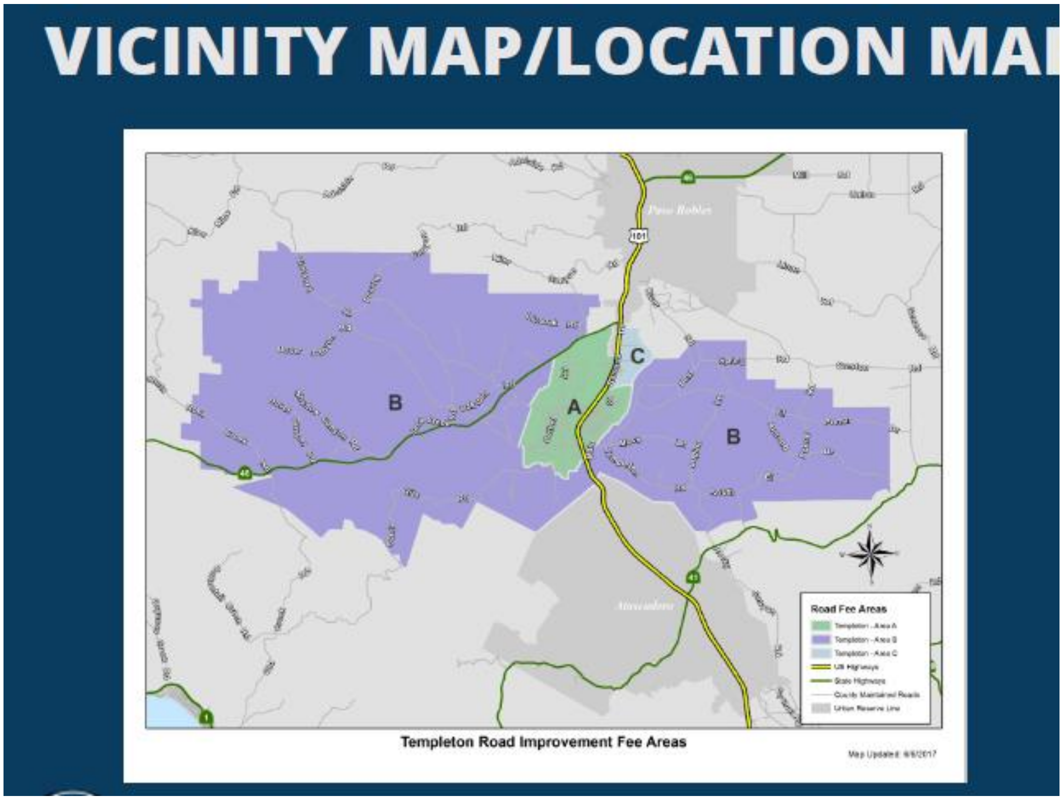
Planning Commission Meeting of Thursday, October 12, 2017 (Scheduled)

There do not appear to be any major policy issues on this agenda.

LAST WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, October 3, 2017 (Completed)

Item 18 - Templeton Area Transportation Development Fee Revisions. The Board adopted a new fee structure for transportation assessments related to single-family homes, residential developments, commercial developments, and industrial developments.



PROPOSED FEE UPDATE: FLAT FEE						
Area	A		B		C	
Residential	$8,462	(-39%)	$8,462	(-19%)	$8,462	(-40%)
Retail	$8,462	(+67%)	$8,462	(101%)	$8,462	(-40%)
Other	$8,462	(+9%)	$8,462	(31%)	$8,462	(-40%)

Item 19 - Regulation of Parking and Night Access on Cave Landing Road and Pirates Cove Parking Areas Avila Beach. People have been trashing the area, using drugs, and generally abusing the bluff, which has a spectacular view of the Ocean. The staff had brought before the Board some parking regulations, closure limits (10 PM to 6 AM), and plans to otherwise attempt to stabilize the scene and make it safe and attractive for all citizens.

Enter the Coastal Commission: Those who want to use the site all night and those who want to maintain the freewheeling atmosphere called the California Coastal Commission, which immediately sent a letter threatening the County, preempting local control, and otherwise demonstrating its out-of-control rogue status.

The Coastal letter states in part:

We also agree that a discussion about the myriad ways in which a positive solution can be achieved at Pirate's Cove is warranted at the Board level, and we encourage that discussion. At the same time, and as we previously indicated to your staff, please be aware that the parking restrictions that you are considering in the proposed resolution cannot be legally established without a coastal development permit (CDP).[2] In addition, any such CDP would need to be supported by substantial evidence identifying the problem, and any CDP-approved program would need to be as narrowly tailored a solution to the problem as is possible so as to avoid impacting legitimate public access. In addition, any such CDP action by the County would also be appealable to the Coastal Commission, and we would expect such an appeal, including as evidenced by past appeals associated with the site and this issue. Thus, and including because there is no CDP application before you, any action you may take on Tuesday, October 3rd needs to be understood in that context, and would require approval of an appealable CDP that would need to then proceed through the Commission's appeal process before any changes could occur, and even then it would only be those changes that were ultimately authorized by that CDP. As indicated above, the Coastal Commission denied similar such restrictions in the aforementioned 2014 CDP action.

In other words the County and the decent public are screwed. The general public will have to put up with the trash, needles, used condoms, and other filth. Board Chair John Peschong agreed to meet with the Commission representatives to see if anything can be done. Meanwhile, you can send more motor fuel taxes and other taxes to Sacramento so they can use their general fund dollars to fund the Coastal Commission.

Item 21 - Regulation of Marijuana.

Introduction: The Board received a staff report on the Planning Commission's recommendations for permitting and regulating marijuana pursuant to its legalization by the voters through Proposition 64. Most of the 4-hour session was consumed by public speakers objecting to the limitations contained in the proposed ordinance.

As predicted, the limitation on the number of outdoor grows to only 50 countywide received the most objections. There were many nuanced comments related to various details.

The hearing was continued to October 17, 2017. It is expected that the Board will get into its questions and policy deliberations at this meeting.

The overarching policy questions:

1. If marijuana is just fine, which seems to be the general consensus, why do the number of grows, processing facilities, and retail outlets need to be limited and strictly regulated? This is not the case for wine, beer, tobacco, or cardiac-endangering sugary soft drinks.

2. Should the County Board consider the tax and revenue potentials at different scales of industry size before determining the size though its regulations?

Background: The law allows cities and counties to regulate the cultivation, refining, transportation, manufacturing (of finished marijuana products), wholesaling, and retailing of marijuana within the bounds of the State law. If a particular city or county does not wish to regulate it, then the State will step in. SLO County has opted for local control.

Item 22 - Hearing to consider an ordinance amending Title 6 (Business Licenses and Regulations) of the County Code to allow for licensing of cannabis businesses, per Board direction. Introduced August 22, 2017. The hearing was not held and was continued to October 17, 2017 due to the length of the marijuana hearing noted in the item above.

Background: In anticipation of the approval of a regulatory scheme, the elected County Auditor-Controller/Treasurer has prepared amendments to the County's business license ordinance to include marijuana cultivation and retailing, and other points in the production supply chain. The ordinance requires that marijuana operation should have the requisite County and State permits before a license can be granted. It also requires that the application for a business license be referred to the Sheriff, the Planning Department, and the regional Water Quality Control Board. The latter referral may send many applicants packing, because the Water Board can be very picky and strict, and can demand measures which become very costly.

It seems strange that the Water Board would be consulted at a point after the Planning Department and the State have signed off on permits. You would think such a review would take place as part of the initial processing of the permit.

The Water Board is going to get into all sorts of concerns about marijuana, pesticides, solvents, etc., as well as getting into the aquifers, wells, and water systems. Growers may have to receive approval of some very complex and rigid water management plans. This provision could be the death knell for the whole industry. Ask anyone who is subject to the current Water Board AG Water Runoff Rule.

San Luis Obispo County Council of Governments (SLOCOG) Meeting of Wednesday, October 4, 2017 (Completed)

Item B-3: Regional Transportation Plan (RTP) – Financial Chapter – Issues and Challenges, Financial Assumption, and Draft Revenue Projections. The RTP is a 25-year comprehensive transportation plan which assesses the needs for State, County, and city capital road and highway needs, maintenance needs, and operational needs for including various types of public transit. The plan then estimates the potential funding sources, including Federal, State, and local to meet these needs.

Even with the passage of SB -1, the new motor fuels tax, which takes effect on November 1, the gap between the needs and funding sources seems to be somewhere in excess of $3 billion over the 25-year planning horizon.

For whatever reason the report contains the summary box below, which contains projections from 2015. However, it doesn’t have an updated summary box based on current data. There is considerable detail, but it’s hard to derive the grand total from the report. It is not clear how SB-1 will help the situation overall. The other problem is an apples-and-oranges time frame issue. The 2014 RTP was based on a 20-year time horizon while the 2019 RTP is based on a 25-year time horizon.

A Historical Look: The 2014 RTP Funding Gap
Provide as a historical perspective on the transportation-funding gap.

The 2014 RTP (adopted in April 2015) 20-year plan, identified a funding gap of about $3 billion exists over and above the Reasonably-Expected $2.2 billion revenues (note: most of the improvement costs below are 2015 dollars and unescalated, while all revenues are escalated.. This includes:

- Highway Improvements: nearly $2 billion gap over the projected and escalated $800 million revenues (i.e., US 101 Expressway conversions, operation and interchange improvements);
- Major local route improvements $537 million gap over the projected and escalated $616 million revenues;
- Local Road maintenance: A $320 million gap exists, 2017 RTP-unescalated, to achieve all pavement condition targets, over the expected $1 billion to maintain current pavement condition levels;
- Transit, and Maximizing System Efficiency : no figures were included to identify the additional funding required for an optimal system;
- Active Transportation: A $150+ million gap exists over the projected revenues of $132 million.

In any case, the bottom line is that SLOCOG is attempting to build consensus for another sales tax election, which would probably take place in 2018 or 2020. While not overtly stating this, the report euphemistically alludes to a need for new local revenue.

7. Advocate for measurable, additional, funding from City/County/State sources and report progress. (Suggested by the RTP Stakeholder Group)
Additional funding (secured by staff or decision-makers) that is secured from local or state sources (above the Reasonably-Expected, formula and competitive funding) should be reported. This may be a reprioritization of existing local General Funds, new locally generated funds (i.e., a transportation bond), or local efforts that lead to new state transportation funding for the region whether through a reprioritization of existing state revenues or through newly generated state revenues.

Note, that the language (while not too specific) touches on COLAB's prior position that any new tax must contain a legal provision requiring the County and cities to provide an increasing percentage of new general fund growth revenue each year to transportation maintenance and new capital investment. This is a positive provision.

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES AND FORCES

NEW STATE HOUSING BILLS ARE COSTLY HOGWASH

By Mike Brown

After four decades of calculated indifference, Governor Jerry Brown and the Democratic State Legislators admitted earlier this year that there is a statewide housing crisis. The underlying cause of this sudden epiphany is not clear. We suspect that large Democratic donors in the High Tech sector and public employee labor unions, not to mention millions of Democratic voters paying $2,500 or more per month to live in decaying 1950's and 60's era 2 bedroom apartments, are beginning to complain.

Heretofore, the Democratic Legislators have catered, on land use matters, to those who created the housing crisis in the first place. That is the wealthy coastal NIMBY elites, the no-growth environmentalists, and the more insidious global warmest/ social equity movement. That latter group, having had to abandon Marx's dialectic of the inevitable self-destruction of capitalism, has pushed a proactive worldwide, national, and local agenda proclaiming that a socialist dictatorship is necessary to save the planet and humankind from the coming cataclysm created by industrial civilization. A part of their program requires that people be forced out of their private cars and that they be required to live in dense, multi-story housing. The single-family freestanding house is regarded as a danger to the environment.

Resultantly and since the late 1970's, 120,000 fewer homes have been constructed throughout the State each year than are than are needed. In effect the decade over decade accumulative State and local land use, fee, and environmental policies, along with attempts to fund countervailing subsidies, has created a system of government rationing of land and homes.

Symbolically and in an effort to appear to be reforming policy, on Friday, September 29, 2017 the Governor signed 15 bills designed to begin to "remedy" the State's housing crisis. These include new tax, fee, and debt measures as well as a not so subtle attempt by the State officials to shift blame to city councils and county boards of supervisors. Some examples include:

Senate Bill 2, by Sen. Toni Atkins, D-San Diego, will create a permanent source of funding for affordable housing, imposing fees of up to $225 on certain real-estate transactions, such as mortgage refinancing. (Home purchases would not be subject to the fee.) It will collect $1.2 billion over the next five years — and would raise a total of $5.8 billion during that time, including federal, local and private matching fund, according to committee estimates. Half of the money it raises in the first year would go to programs to address homelessness.

If a permanent source of funding is needed, why not shift some of the natural growth of the income and sales taxes to set up the new fund? Why is the answer always a new tax?

Senate Bill 3, by Sen. Jim Beall, D-Campbell, will place a $4 billion statewide housing bond on the November 2018 ballot. Like SB 2, it would pay for existing affordable-housing programs in California that used to be supported by funds from the state's redevelopment agencies, a giant source of money that was slashed in the wake of the Great Recession and never replaced.

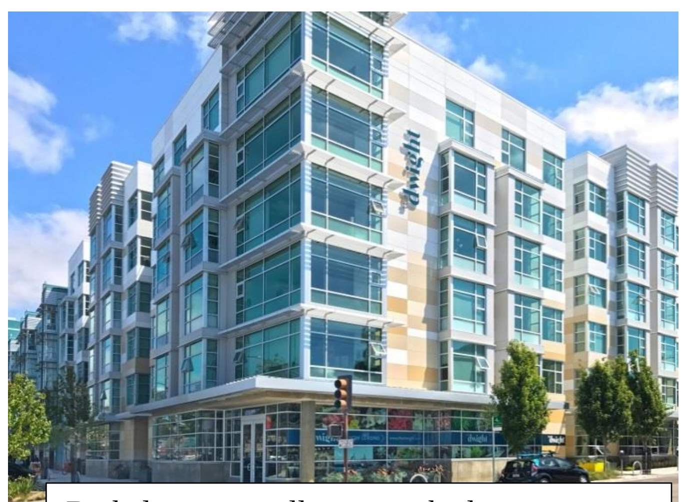
Of course issuing more debt will simply aggravate budget problems and divert funds from education and public safety. Again, why not prioritize?

Senate Bill 35, by Sen. Scott Wiener, D-San Francisco, will try to tackle the state's housing-supply shortage. Currently, cities are told every eight years how many units they need to build to meet their share of regional demand — but they are not required to build them. This bill aims to make it harder to ignore those goals. It targets cities that fall short, requiring them to approve more housing developments that fit the bill's criteria until they are back on track.

This bill is simply hypocritical. The State has legislated so many barriers to housing production that it is absurd to blame the cities and counties. CEQA, the Coastal Act (and its rogue commission), greenhouse gas reduction requirements, groundwater restrictions, open space requirements, fish and wildlife restrictions, and others have tipped the balance so far on the prohibition side that even if cities and counties wanted to lighten up, they would be sued to death by a host of interveners.

Senate Bill 167, by Sen. Nancy Skinner, D-Oakland, strengthens the state's 35-year-old Housing Accountability Act, known colloquially as the "anti-NIMBY (Not in My Backyard) Act." Cities that don't comply with a court order to allow development would be hit with automatic fines of $10,000 per housing unit.

This one is even more hypocritical. Skinner, a former Berkeley Councilwoman, represents not only Oakland, but Berkeley as well. In 1991, ABAG (Association of Bay Area Governments – their equivalent of SLOCOG) assigned Berkeley a regional housing need of about 1600 units. Skinner and the rest of the town went bonkers.



Berkeley eventually succumbed to very pricey stack & pack

The city was already totally built out. The only place to go was up. She and other council members (it *was an all-female council) shucked* their Sandinista khakis and combat boots, put on their dresses and pearls, and protested righteously at ABAG Headquarters as if they were from the tonier wilds of Marin or San Mateo County.

Senate Bill 540, by Sen. Richard Roth, D-Riverside, allows cities to determine where housing needs to be built and to create a specific plan for development in that zone, including public hearings and environmental reviews. This is intended to speed up the approval and construction process.

Huh? We thought this was the land use element (of the Plan of Development). Every city and county already has one. As the planners will gloatingly tell you, the Plan and the zoning don't really mean anything. You still must get expensive conditional use permits, pay expensive processing fees, pay myriad experts to help you process your application, and contribute huge exaction fees to help make up for the lack of capital investment by your local government, and even then, your project can be turned down. In effect all the zoning means is that you will be allowed to roll the dice – at a huge cost.

Assembly Bill 73, by Assemblyman David Chiu, D-San Francisco, will give local governments cash incentives to create high-density "Housing Sustainability Districts" near transit with some affordable housing.

AB 73 would allow cities and counties to set up housing "sustainability" districts which would make it easier for developers to receive permits. The State would provide grants to those jurisdictions that complied with provisions of the bill. The bill also contains a sentence stating:

The bill would also require that prevailing wages be paid, and a skilled workforce employed, in connection with all projects within the housing sustainability district, as provided.

Here the State slips in a clause making projects within the housing sustainability districts much more expensive to build. Was this one a labor bill masking as a housing bill?

Assembly Bill 1505, by Assemblyman Richard Bloom, D-Santa Monica, restores the ability of local governments to require developers to include affordable rental units. A 2009 appellate court decision weakened the tool, which cities and counties had used for decades. The governor had vetoed similar legislation by Atkins in 2013, arguing that it could make it harder for a city to attract development, but while negotiating the package of bills with lawmakers, Brown agreed to sign it.

The bill reaffirms the Inclusionary Housing enabling legislation, which allows cities and counties to require that 20% of the homes in a particular development be sold or rented under applicable affordability standards.

In the end the new State legislation doesn't do anything to make the permitting process easier and the costs lower, or to help cover the costs of mitigating offside impacts such as the need for expanded drainage, roads, schools, and parks. Instead it adds taxes, fees, and bureaucratic structures, and even adds costs as in AB 73 above.

In addition to reform of the permitting process, there are a number of ways for the County (and the cities) to make it easier to produce housing without adding new taxes. Here are a few examples.

Accumulative Capital Reserve Fund Plan: One way to provide the funding and not impact existing programs would be for the County (or any jurisdiction including the State for that matter) to adopt a budget policy that allocates a percentage of natural general fund revenue growth (property tax, sales tax, and hotel tax) to a capital reserve fund each year. This allocation would be base building. Thus, if these taxes grew $9 million in FY 2016-17 and the policy was to allocate 18%, $1.6 million would be placed in the fund. The next year the Board would allocate a new $1.6 million plus 18% of whatever the new natural growth in the general fund revenues provided. For example, if the growth were $7 million, 18% x $7,000,000 would provide a new $1.26 million. Accordingly, $1.6 million + $1.6 million + $1.2 million would total $4.46 million by the end of the 2nd year. The process would be repeated every year accumulatively. In years with no natural growth or negative growth, the program would be suspended so as not to impact ongoing service levels.

2. Time Payments for Apartment Houses: In the past the County allowed deferral of fee payments until the project was approved for final occupancy instead of when the permits were issued. For whatever reason that program has not been used.

To really have an impact, why not allow apartment projects to make time payments over some stipulated period – perhaps 7 to ten years. The County does not build the entire new attributable infrastructure in the first year, so why collect all the money in the first year? The receivable could be booked, and the County would have recourse against the property if for some reason the payments ceased.

3. Other Agency Participation: The school districts and public utilities, which generate a much larger proportion of the fee costs for facilities, should be approached to determine if they would adopt programs in cooperation with the County. After all, the school districts are giving housing subsidies to their $200,000 per year superintendents.

4. Temporary Tax Abatements: The State of California made the large solar farms almost totally exempt from the property tax on the theory that green energy will reduce greenhouse gases. In SLO County tens of millions of property taxes are forgone each year. The exemptions are forever.

If such tax deals are good for large out-of-state national utility corporations, why not obtain State legislation that would allow the Board of Supervisors to negotiate phased tax fixing agreements for 7 to 10 years on apartment houses and affordable developments (those that are not tax exempt already because they are owned by a government agency). The property tax payment would start out at a low rate the first year and would build up over 10 years to the full value payment.

None of these solutions require new taxes or fees and none divert existing funding from ongoing programs.

The new State legislation is costly deceptive hogwash. As noted above, the Board of Supervisors and even the State Legislature could implement real programs which do not raise taxes, fees, and regulatory barriers and which would actually assist the production of housing.

Mike Brown is the Government Affairs Director of the Coalition of Labor Agriculture and Business (COLAB of San Luis Obispo County. He had a 42-year career as a city manager and county executive officer in 4 states including California. He can be reached at mike@colabslo.org.

CALIFORNIA HOUSING PLAN IS A DUD, BUT LOCAL RULES ARE BIGGEST PROBLEM

BY STEVEN GREENHUT

SACRAMENTO — Perhaps it's the sign of Capitol hubris, but lawmakers in the waning days of the legislative session touted their "housing package" as a big part of the solution to California's ongoing housing "crisis." It's an actual crisis.

Prices and rents are so high that they lead to an exodus of our kids to lower-cost states. It depresses job creation, as companies avoid locating in places where their employees cannot afford to live. Housing is the prime reason California has the nation's highest poverty rate, at more than 20 percent, using the Census Bureau's cost-of-living-adjusted measure.

But it didn't take long before "experts" recognized what this columnist confidently predicted: The trio of bills, which were signed by the governor Friday, will do little to fix things. "Housing experts say" the legislative package "is the most ambitious move the state has taken in decades — and perhaps ever — to address the issue," reported the Sacramento Bee. "Even years down the road, the measures will not stop rents from increasing or home prices from trending upwards."

The San Jose Mercury News paraphrases the results of a new UCLA Anderson Forecast: "California appears unlikely to be able to build enough homes in the coming years to put a meaningful dent in skyrocketing housing prices triggered by a shortage of affordable dwellings." The state, it concludes, needs 20 percent more housing to reduce prices modestly. That's not going to happen, with or without the housing package.

The housing plan will boost supply by throwing tax dollars at high-density low-income projects. One bill reduces some regulations — but only for certain projects that pay inflated union wage rates. It will help a little and then hurt a lot. As someone who has long covered local government, it's clear the main problems are city hall and your neighbors. Whenever I write about housing, people send nasty notes. They are tired of congestion and don't mind squelching new development.

Congestion is awful, indeed. It would be easy enough for me and my fellow homeowners to just enjoy what we have and lobby local officials to curtail new housing proposals. It makes no difference whether we do this to, say, preserve open space and the environment (if you're a liberal) or protect the rural or suburban character of the community (if you're a conservative). It all comes down to using government to protect our current lifestyle. But that means our kids are more likely to move to Nevada or Texas so they can also have a shot at the American Dream.

Local restrictions really need to be rolled back. For instance, the Sacramento-based Pacific Legal Foundation, a pro-property rights public-interest law firm, is petitioning the U.S. Supreme Court to review West Hollywood's affordable-housing fees, which mandate that developers pay into a low-income housing fund in exchange for getting permission to build new units. The costs are so prohibitive that it stops new development. This is reflective of a statewide problem.

"The city literally thanked the developer for adding 11 units to the neighborhood and then demanded a roughly $550,000 fee to subsidize affordable housing as a condition of the permits," said Larry Salzman, a PLF senior attorney for the case. The group cited the Takings Clause of the U.S. Constitution in challenging "a government's authority to use the permit process to force private property owners to dedicate private property to a public use."

The city's "inclusionary zoning" law is counterproductive. It forces developers to pay for below-market housing to get approval to build market-based housing. It's ludicrous to punish a developer for the city's lack of housing supply when that developer has proposed a project that will add to the supply. Yet the California Legislature this session also passed a bill that encourages localities to impose similar mandates on rental construction. No one would accuse state legislators of having an abundance of economic understanding.

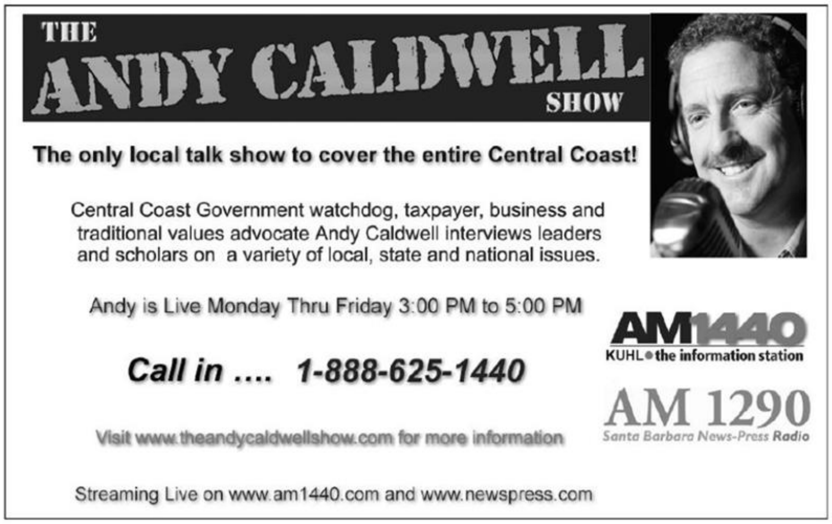
The Pacific Legal Foundation also is representing a Marin County couple that was hit with a $40,000 fee in exchange for the right to split a lot, which would then be available for building. The legal issues are similar, in that individuals are being forced to foot the bill to help ameliorate broad societal problems. It’s not a huge case, but these types of rules and fees discourage new construction.

Proposed mega-developments — such as the 21,000-unit Newhall Ranch project in the Santa Clarita Valley — get delayed for decades, which suppresses supply in a big way. But it’s a frequent occurrence for small-lot splits and 20-unit projects to get killed or delayed. Often, such projects never get proposed in the first place because of all of the fees.

The Legislature applied itself to the housing crisis, yet many experts believe that lawmakers’ solution won’t fix much at all. Perhaps it’s time to stop waiting for Sacramento, and start pressuring local governments to soften their regulatory restrictions.

Steven Greenhut is Western region director for the R Street Institute. He was a Register editorial writer from 1998 to 2009. Write to him at sgreenhut@rstreet.org. This article first appeared in the Orange County Register of September 30, 2017

ANNOUNCEMENTS



Golden Fleece Award Was Given On September 23, 2017 To San Luis Obispo Council of Governments (SLOCOG)

The **GOLDEN FLEECE AWARD** is given by the Central Coast Taxpayers Association to the agency demonstrating the most arrogantly wasteful and irresponsible actions and practices, often costing taxpayers millions of dollars and sowing distrust, disdain and downright outrage among the weary taxpayers of that agency.

This first year's **Golden Fleece Award goes to the San Luis Obispo Council of Governments (SLOCOG)** for using taxpayers' dollars in support of Measure J. SLOCOG was formed in 1966 through a Joint Powers Agreement to promote transportation coordination in what was then a very rural county. It has grown to an agency with over 20 employees who are transportation planners, Rideshare coordinators, and assorted administrators and public relations flacks.

In 2016 SLOCOG spent over $100,000 of taxpayer money on consultants to come up with a strategy to pass a 1/2% sales tax increase measure, allegedly for roads. SLOCOG also printed and mailed a 27-page booklet to “educate” locals about the bad conditions of their roads, in case they hadn’t noticed, again at taxpayer expense. The executive director, while collecting his government paycheck, coordinated a campaign effort that raised and spent over $500,000 to support this tax increase. But as we all know, Measure J failed in the November 2016 election.

Even though the campaign was unsuccessful, Board members of SLOCOG were so pleased with the actions of their executive director that they awarded him a 5% raise for his valiant efforts to raise taxes. So much for the concept of merit pay!

CCTA was instrumental in defeating Goliath with a mere $1200 and a grassroots campaign utilizing talk radio, letters to the papers, and word of mouth. Now the FPPC is investigating SLOCOG for the coordination and the expense of public funds used on the measure.

The other 2017 Golden Fleece Award nominees were:

☆ South San Luis Obispo County Sanitation District – Squandering of Ratepayers Dollars
☆ City of San Luis Obispo – Bonuses Amid Pension Liabilities
☆ San Luis Coastal Unified School District – School Bond Money Allocated for Superintendent’s House
☆ Los Osos Sewer – Nearly Forty Years Debacle Costing Taxpayers Big Time
☆ Morro Bay Sewer Treatment Plant – Another Debacle Costing Ratepayers Big Time

Since some of the nominees are special districts, a bit of background is in order: special districts include water districts, sewer districts, school districts, cemetery districts and harbor districts. They serve a small geographic area for a specific, limited purpose. It is government at the most grassroots level. In theory, special districts are run by dedicated boards and staff in the most conscientious manner possible. In fact they rank among the worst offenders because they operate below the radar with little press coverage of their activities.

CONTINUED ON NEXT PAGE

COLAB

Meet Me Halfway 2017

Featuring:
The American Comedy Award Winner
for Best Female Comedian

Wendy Liebman

Saturday, October 28, 2017

At the
Chumash Casino Resort

Reserve Seating for Ten Guests: $900
Or $90 per person
RSVP Early to Get the Best Seats!

Includes:
Steak Dinner by Martin Testa,
Hosted Bar and Dance Band!

Pay Online at www.colabsbc.org

Or By Mail:

COLAB
P.O. Box 7523
Santa Maria, CA 93456

SUPPORT COLAB!
PLEASE COMPLETE THE MEMBERSHIP/DONATION FORM ON THE NEXT PAGE

MIKE BROWN ADVOCATES BEFORE THE BOS

VICTOR DAVIS HANSON ADDRESSES A COLAB MIXER

Coalition of Labor, Agriculture and Business
San Luis Obispo County
"Your Property – Your Taxes – Our Future"
PO Box 13601 – San Luis Obispo, CA 93406 / Phone: 805.548-0340
Email: colabslo@gmail.com / Website: colabslo.org

MEMBERSHIP APPLICATION

MEMBERSHIP OPTIONS:

General Member: $100 – $249 ❑ $ _______ **Voting Member: $250 - $5,000 ❑ $ _______**

Sustaining Member: $5,000 +❑ $ _______
(Sustaining Membership includes a table of 10 at the Annual Fundraiser Dinner)

General members will receive all COLAB updates and newsletters. Voting privileges are limited to Voting Members and Sustainable Members with one vote per membership.

MEMBER INFORMATION:

Name: ____

Company: ____

Address: ____

City: ____________________ State: __________ Zip: __________

Phone: ____________ Fax: ____________ Email: ____________

How Did You Hear About COLAB?

Radio ❑ Internet ❑ Public Hearing ❑ Friend ❑

COLAB Member(s) /Sponsor(s): ____

NON MEMBER DONATION/CONTRIBUTION OPTION:

For those who choose not to join as a member but would like to support COLAB via a contribution/donation.
I would like to contribute $ ____________ to COLAB and my check or credit card information is enclosed/provided.

Donations/Contributions do not require membership though it is encouraged in order to provide updates and information.
Memberships and donation will be kept confidential if that is your preference.
Confidential Donation/Contribution/Membership ❑

PAYMENT METHOD:

Check ❑ Visa ❑ MasterCard ❑ Discover ❑ Amex NOT accepted.

Cardholder Name: ____________________ Signature: ____________________

Card Number:____________________Exp Date: ___/___ Billing Zip Code: ______ CVV:____

TODAY'S DATE: ____________________

(Revised 2/2017)