COLAB SAN LUIS OBISPO COUNTY

WEEK OF DECEMBER 7-13, 2014

BOARD UNANIMOUSLY APPROVES $1,000 CASH GIFT TO EACH EMPLOYEE - $ 2.4 MILLION OF YOUR TAXES

BOARD APPROVES 4.9% INCREASE IN HOUSING TAX ON HOMEBUILDERS

BOARD SLATES 5% RAISE FOR ITSELF

BOARD REFUSES TO SET DATE CERTAIN FOR WATER EXPORTATION ORDINANCE CONSIDERATION

COUNTY LAWYERS GET SMALL RAISE BUT A NEW $600 PER YEAR TOWARD BENEFITS

(REMEMBER THE BOS JUSTIED THE $1000 GIFT AS AN ALTERNATIVE TO HIGHER RECURRING BENEFIT PAYMENTS)

SLOCOG SEEKS FUNDING TO VET ½ CENT SALES TAX FOR 2016 ELECTION

Board of Supervisors Meeting of Tuesday, December 2, 2014 (Completed)

Item 10 - Submittal of a resolution conferring a one-time $1,000 Health Care Cost Offset payment to <u>all</u> (our emphasis) permanent full-time employees and a prorated amount to all permanent part-time employees based on part-time allocation in all bargaining units. The Board gleefully and with pointed smugness approved the $1,000 cash payment (total cost $2.4

million) to each employee unanimously. Board members vigorously supported the giveaway. County Counsel, the County Administrator, the Auditor-Controller, and the Human Resources Director all concurred that the early Christmas present is legal and not a gift of public funds in violation of the State Constitution. Supervisor Hill criticized COLAB as being dishonest for opposing the issue and Supervisor Gibson concurred. It turned out that the Board determined to approve the matter in a previous closed session but never reported the decision out, in violation of the Brown Act. We repeat some of the objections that we raised last week and that were placed on the record by various speakers:

a. Significantly Gibson did not recuse himself from the vote even though his legislative aide is his significant other. Readers may wish to file a complaint with the District Attorney and the Civil Grand Jury.

Office of the District Attorney
County of San Luis Obispo
County Government Center, 4th Floor
San Luis Obispo, CA 93408
(805) 781-5800

GRAND JURY COMPLAINT FORM
The on line Grand Jury complaint form can be completed at the link below:

http://slocourts.net/downloads/grand_jury/forms/GJ_complaint2013.pdf

The basic complaint is that Gibson knowingly and willfully voted for the $1000 cash payment. His legislative aide who is his significant other is included in the group that will receive the payment. Because of his close relationship, Gibson stands to benefit personally. This violates laws, ordinances, and the County's Code of Conduct. In fact the week prior, Gibson openly abstained from a vote on raises for an employee group that included his aide.

Significantly, no other Board member, the County Counsel, the CAO, or the Auditor-Controller raised any questions.

Remember this shabby and arrogant behavior and action in 2016, when some of the people ask for your vote. Also remember this behavior and action when you are requested to approve tax override measurers and new taxes. The self-interested machine is relentless, and the voters must stop the feeding.

Background: This is a $2.4 million giveaway of the taxpayers' money. The Board item, prepared by the Human Resources Director, proposes that the Board give each employee a direct

$1000 cash payment for the purpose of helping to offset their health insurance costs. Or they could take it to Vegas. They get the payment even if they don't use the County health insurance.

Objections

a. This gift of taxpayer money was never bargained for by the employees in accordance with the law.

b. It is illegal because the County is receiving nothing in return. It is not permissible in California for government agencies to give out money without receiving something in return. The Board has not asked for anything whatsoever. It was justified on the basis that some employees made concessions during the recession to help the County balance its budget when property taxes, sales taxes, hotel taxes and other revenues turned down. That fact is irrelevant. The Board cannot grant gifts of taxpayer money for something that presumably happened in the past.

c. **NOTE: The HR Director verified that the Supervisors themselves and their aides would receive the $1,000. GIBSON DID NOT RECUSE HIMSELF AND VOTED WITH A HUGE SMILE ON HIS FACE.**

d. Last week the Board raised almost $2 million in fees in order to protect the general tax supported services. This week they gave away $2.4 million in pure general fund balance in what amounts to a patronage gift.

e. This week the Board imposed more costs on homebuilders for "affordable housing."

f. They had the gall, insensitivity, and arrogance to try to sneak this through on the consent calendar. If COLAB had not spotted it, the public would have ever known.

g. The item appeared on the agenda on the Wednesday of Thanksgiving eve in a calculated effort to slip it through when people were preparing to be with their families on a traditional holiday.

h. What about the "poor" retirees on fixed income? What if they ask for $1,000 dollars in their Christmas stockings?

i. We don't think the Human Resources Director thought this up on her own, but that she was ordered to prepare it. Chair Gibson and the CAO had to approve placing the item on the agenda. Whose idea is this?

j. Most County employees actually received pay increases during the recession.

Item 19 - Hearing to consider a request by the County of San Luis Obispo for amendments to Title 29 - Affordable Housing Fund, to consider resolutions adopting an annual adjustment of the residential in-lieu fee and commercial housing impact fee schedules, and approve the Annual Report and Action Plan for Year 2015 pursuant to Title 29. The Board approved the tax increase on homebuilders on a 4/1 vote with Arnold dissenting. Mecham voted for it even though he said he wasn't a fan of the program.

Summary: This program is simply an admission of the failure of land use policies of the State and the County and constitutes a wealth transfer. It is an illegal tax, and the Board should end the program.

Background: The County's inclusionary housing ordinance allows developers to meet their affordable housing exactions (County-mandated wealth transfer) by providing affordable dwellings, paying fees, or donating land. Residential projects pay in-lieu fees, and commercial projects pay housing impact fees pursuant to the Title 29 fee schedules. Title 29 also requires the County to consider annual fee adjustments. The annual adjustments may reflect changing construction costs and a periodic review of the fee formulas.

The bottom line is that over the decades the process of developing residential and commercial property has become so overregulated and expensive that developers cannot afford to produce affordable housing and prefer to develop larger, more expensive units. In turn, the State Legislature made things worse by enabling cities and counties to require that developers include a stipulated number of affordable units in their projects or pay an "in lieu fee," which is really a tax on development. The dollars generated from the "in lieu fee" are accumulated and then given to non-profit housing developers to help finance their affordable projects. This is really a government blackmail program to force homebuilders to charge more for their market units to bail out the politicians' failed public policy.

San Luis Obispo County Board of Supervisors Meeting of Tuesday, December 9, 2014 (Scheduled)

Item 1- Introduction of a proposed ordinance amending Section 2.48.095 of the County Ordinance Code regarding compensation increases for the Board of Supervisors. Hearing date set for December 16, 2014. Tuesday's item actually sets the hearing on the substance for the following Tuesday, December 16, 2014. The Board item summary states in part:

The current annual salary for the Board members is $82,014.40. The increase of 5.0% will result in an annual salary of approximately $86,115.12 effective February 15, 2015.

The item omits stating the total compensation costs when benefits are included. These are estimated to cost around 30% of pay. Thus the fully loaded cost is around $111,919. The adopting resolution confirms the benefits:

All employee benefits available to general management/department head employees shall be available to the Board of Supervisors.

The Board letter, by way of justifying the increase, states in part:

The attached ordinance proposes to raise the Board of Supervisors' salary by a total of 5.00%. That adjustment includes a return of the 2.4% pay cut adopted by the Board of Supervisors in FY 2009-10, a 2.3% increase equal to that approved by the Board of Supervisors on November 25, 2014 for other unrepresented employees for FY 2013-14, and an additional 0.3% increase applied to address job classes determined to be significantly under market also approved by the Board of Supervisors on November 25, 2014 for unrepresented employees. The total 5.00% increase brings the Board of Supervisors members' salary closer to the market in the same incremental way the County has approached compensation increases with other employee groups.

What market?

The write-up provides no table or comparison chart of supervisor compensation for rural general law counties in the 200,000 to 300,000 population range or city councils in the 200,000 to 300,000 population range.

By way of comparison, a City of Oakland (population 406,000) City Councilmember receives $76,100 in salary.

Oakland's City Council administers a $1.1 billion dollar budget vs. SLO County's $500 million total budget (much of which consists of formulaic Federal and State transfer payments over which the Board of Supervisors has no real control in the first place.)

	FY 2013-14	FY 2014-15
General Purpose Fund	$455,294,399	$459,872,466
All Funds	$1,094,533,634	$1,090,122,151
Full-Time Equivalent (FTEs)	3,898.05	3,939.95

The City faces tremendous challenges, as its historic manufacturing economy fled California's tax and regulatory swamp over the decades to other states and overseas. This has left tens of thousands of largely minority former blue-collar workers unemployed. This in turn has created poverty and huge related service demands on the city. In addition to base municipal services, the City operates huge public enterprises, including an international airport, a major intermodal container seaport, professional major league sports venues, rail hubs, and destination cultural attractions.

The SLO County Board likes to talk about its AAA credit rating but neglects to mention that this rating is for its very limited remaining general obligation bonds, and not for all debt, such as certificates of participation, pension obligation bonds, and utility revenue bonds.

Note that even with all its social and economic problems and potential revenue expenditure gaps (which must be managed, as it is illegal for California cities and counties to have a realized deficit), the City of Oakland has very decent credit ratings, given its situation.

City's Credit Rating

- The City's underlying ratings for its general obligation bonds are as follows:

Rating Agency	Rating Action Date	Rating	Outlook
Moody's	6/19/2012	Aa2	Stable Outlook
S&P	6/13/2012	AA-	Stable Outlook
Fitch	8/20/2012	A+	Stable Outlook

- These ratings reflect the City's credit strengths which are embodied in:

Oakland is a big operation. Council members receive $76,000. They have more work in San Francisco (in the background) where the Board of Supervisors and City Council are combined and make $ 108,000. SF City/ County is a big operation-One of the world's busiest airports, seaport, world class opera, symphony, ballet, hospital system, cable cars, Giants Stadium, zoo, rail and bus transit system, paramedic /ambulance dept., vast redevelopment projects, parking garages, utilities, and housing deals of all kinds. It does all the regular city and county stuff too, and then some.

In any case, the situation provides perspective on local legislators' salaries.

Back In San Luis Obispo County:

a. The unions won't be objecting. Each employee got $1,000 in hush money.

b. The Board cites some of its performance (managing the recession) in part as justification for the raise. The raise should be pended until some of the key outcomes are known:

1. Will the PG& E power plant be relicensed?

2. Will the off-the-road vehicle riding in the dunes and related economic benefits be preserved?

3. Will the rail spurs at the Phillips 66 refinery be approved and the plant be retained as a viable operation in SLO County?

4. Will the Board actually do some concrete operational things to help make the Paso basin workable or will it continue on the regulatory path?

5. Will the Board revamp its land use regulatory program to actually take action to reform its scheme of land use to allow more homes of the kind the market really wants?

These hard issues need positive leadership from a Board that understands economics. They are the real performance issues.

Items 8 and 9 - Labor Contracts With the SLO Government Attorneys Union and the Deputy District Attorneys Union. The County and the 2 unions have negotiated new retroactive 2-year contracts. The contracts cover the period July 1, 2013-June 30, 2015. They will soon be in negotiations for a new contract. The actual cash raises seem to be .7 of one percent. The real news is in the benefits. For example, the County contribution to the employee's benefit reserve (an account that helps the employees offset their share of health and retirement costs) will be increased by a recurring $600 per year per employee. If all the other unions negotiate this provision in the future, the annual cost could be north of $1.5 million.

This is telling in that one of the Board's key justifications for last week's $ 1,000 Christmas gift to each employee is that they could use it to help offset increased health insurance premiums. Now we find that they had already agreed to this recurring new $600 per year increase. (The union contracts were signed on November 19, 2014.)

It was stated that the $1,000 gift would have the effect of tempering demands for more money being placed in the employee benefit accounts. Apparently not in this case.

Item 17 - Santa Margarita Ranch. After the Board approved a 116-home subdivision at the ranch (next to Santa Margarita) back in 2008, opponents of the project challenged the approval in court. One result was that the Court found that the air quality mitigation measures were insufficient. As a result, a stricter version had to be developed, which in turn required an addendum to the Environmental Impact Report (EIR) for the air quality portion. The document is before the Board for a hearing.

It appears that the bottom line is that the applicant will have to pay substantially increased air quality mitigation fees. The fee required in the original approval was $17,000. The new fee (which is on an upward sliding scale) would be $162,000 if applied in 2016.

San Luis Obispo County Planning Commission Meeting of Thursday, December 11, 2014 (Scheduled)

Item 2 - Hearing to consider a request by LAS PILITAS RESOURCES LLC for a Conditional Use Permit and Reclamation Plan to allow mining and the phased reclamation of 41 acres on an approximately 234 acre site. The Planning and Building Department, in a 64 page staff report recommends that the project be denied by the Planning Commission.

The key reason for the staff recommendation for project denial is that large trucks transporting the gravel must transit the village of Santa Margarita on State Highway 58. It is estimated that there may be 273 truck trips per day, which will pass through the residential neighborhood on the northeast corner of the village, cross the railroad, and then turn left onto the highway. The highway then passes through the commercial section of Santa Margarita on its way to highway 101. The Planning staff, Santa Margarita residents, and project opponents cite the heavy traffic, noise, and contention with bicyclists as problems.

Significant policy and legal questions:

a. If local governments can prohibit a permitted land use (the Las Pilitas land is zoned for mining) because vehicles using a State highway will pass through an adjacent community, are they not usurping the State sovereignty for operation of that highway system?

b. What is the purpose of a State highway, if not for commerce?

The staff also recommended against the project because it will be visible from highway 58 and therefore will be harmful to aesthetics.

Surface Mining and Reclamation – Section 22.36.040E. cannot be met because the project will result in significant and unavoidable impacts to aesthetic and visual resources which cannot be mitigated. The slopes of the proposed mining area and mining equipment would be visible from SR 58 and would be inconsistent with the rural visual character of the area. The project is located in a transition zone between the semi-rural upper Salinas River Valley (the Santa Margarita area) and the rural and steeply sloped oak woodland and chaparral covered hillsides adjacent to the Salinas River corridor which is highly scenic. The projects excavated slopes associated with

The Planning Commission will begin reviewing and ultimately voting on whether to approve the project and the final environmental impact report (FEIR). The full report can be seen at the site:

http://slocounty.granicus.com/MetaViewer.php?view_id=3&event_id=762&meta_id=292663

The upcoming Planning Commission hearing and subsequent vote is a critical juncture for the Las Pilitas Resources project, and members of the public should consider aiding in their efforts by attending the Planning Commission hearing, speaking in support of the project, and/or writing a letter to the editor and/or letter to the Planning Commission to tell them why this project will be a positive benefit in our community.

At this time, opponents to the project have been overwhelming the Planning Commission with negative form letters. The Planning Commission needs to hear that there are people who support local business and support this project. Please show your support by sending a letter or email the County expressing your opinion. Emails or letters can be sent to the following addresses:

Planning Commission Secretary: rhedges@co.slo.ca.us *(Please ask for your email to be distributed to all Planning Commissioners)*

Or

SLO County Planning Commissioners
976 Osos Street
San Luis Obispo, CA 93408

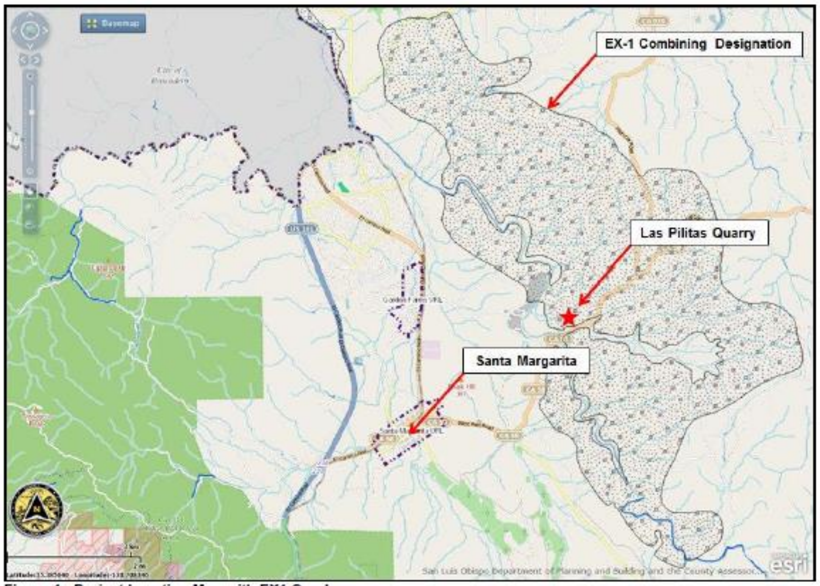

Figure 1 - Project Location Map with EX1 Overlay

B. **Project Location** – The proposed quarry / surface mine is located approximately three miles northeast of the community of Santa Margarita on the north side of State Route 58, immediately east of the Salinas River. The project site is located at 6660 Calf Canyon Highway (SR 58) which is approximately 234 acres in size (APN 070-141-070 and 071). The project site is located within, but near the western boundary of the Extractive Resource Area (EX1) combining designation (refer to Figure 1).

San Luis Obispo County Council of Governments (SLOCOG) Meeting of Wednesday, December 3, 2014 (Completed)

Item A-2: Regional Transportation Plan (RTP) and Sustainable Community Strategy (SCS) -- San Luis Obispo's 2014 Regional Transportation Plan (2014 RTP) is the blueprint for the region's transportation system over the next 20 years. The SLOCOG Board authorized staff to circulate the Plan extensively throughout the county and to conduct informational meetings prefatory to scheduled adoption of the Plan in March 2015. The Plan is required in order for the County and its seven cities to be eligible for Federal and State transportation grants and other inter-governmental revenue involving potentially hundreds of millions of dollars over the 20-year horizon of the plan.

The Plan is laced with "smart growth" principles calculated to secure its approval by Caltrans and, more importantly, the California Air Resources Board (CARB). For example, one section states:

The 2014 RTP proposes achieving a reduced dependency on auto trips by fostering more efficient local and regional land use development that will enable more walking, bicycling and transit use to meet congestion reduction goals – which in turn will support health and obesity prevention objectives. Key elements include:

☐ *Expand transit service, rideshare options, and transportation choices*

☐ *Encourage development in existing urbanized areas with access to existing businesses and services*

☐ *Support potential infill and redevelopment of properties within target development areas*

☐ *Support incentive programs to develop measures that encourage smart growth development projects*

☐ *Discourage future rural development projects in agricultural and natural resource lands*

☐ *Report on transportation performance and new residential and commercial building activity.*

Sustainable Communities Strategy Transportation Investments

Preferred Growth Scenario Impacts

1. Residential density increases by 10.2% in urban areas (within cities, unincorporated communities and Cal Poly)
2. 37% of new housing is multi-family residential (compared to 17% of the current housing stock)
3. 91% of new employment is located in urban areas. (compared to 83% of current employment)
4. 30% of new housing is in target development areas (compared to 22% of the current housing stock)
5. 81% of new employment is within TDAs (compared to 70% of exiting employment
6. The generation of GHG emissions will be reduced from 2005 levels by 9.43% by 2020 and by 10.91% by 2035 - exceeding the ARB targets of 8% for both of those dates.
7. VMT/per capita will drop from 22.71 in 2005 to 21.04 in 2020 (-7.35%), and to 20.78 (-8.50%) in 2035.

Note the stack and pack density provisions contained in the chart to the left. Future residents will be funneled into denser and taller housing and discouraged from commuting in light trucks and cars. Most citizens have no idea that these restrictions are being imposed by their city councils and the Board of Supervisors as part of this larger countywide plan.

https://library.slocog.org/PDFS/AGENCY_MTGS_AGENDAS/SLOCOGBoard/2014/December%202014/A-2%20Draft%202014%20Regional%20Transportation%20Plan_Attachment%20A_Executive%20Summary.pdf

Item D-10: Authorization to Conduct a Poll to Ascertain if a ½ cent sales tax for Transportation Could Achieve a 2/3 vote. SLOCOG will conduct a poll to determine if a ½ cent sales tax addition has any chance of passing. The measure would be placed on the 2016 ballot. A previous poll, conducted in 2011, indicated that only 60% of voters would support a measure.

The staff report waxes philosophical about the prior poll:

The economic and political conditions that have created this environment are largely the result of macro national and state factors not directly under the control of SLOCOG or its member agencies. However, there are findings documented in the Study, and actions that SLOCOG can take going forward, to create an enabling environment for a more favorable outlook from voters. The recommendations outline a program of outreach, education, informed decision-making and creative governance that over time would form the foundation for reconsidering a supplemental transportation tax measure, once macro-economic and political conditions have improved .

The challenge for proponents is that there are so many costly regulations, taxes, program expansions, and other burdens imposed by too many government agencies that the public is exhausted. Many government officials don't understand the true dimensions of the problem, which they have created. Would they reduce some other burdens as a good faith move and in exchange for support for this type of capital investment measure?

This staff report recommends approving a contract with M. Ward & Associates and JMM Research for the purpose of taking a fresh look at the prospects for a regional transportation measure for supplemental funding in 2016. The first step in such an endeavor is to solicit public input – through a statistically valid survey process - to accurately determine: the level of importance of transportation investments in the region, the affordability of an increased tax, and the trust that the funds would be used as intended.

A successful ½ cent transportation measure in the San Luis Obispo region would generate $25M this year, and would increase as the economy continues to expand. Over 20 years, this would amount to $500M to $600M for such transportation items as: Transit, Pedestrian, Bike, Safe Routes to School, Regional Route, Highway, and local road maintenance.

The poll and related activities would cost $53,000, including community "education." A less costly version ($32,000) was offered as an alternative.