

**COLAB SAN LUIS OBISPO COUNTY**  
**WEEK OF JUNE 15-21, 2014**

**ALERT**

**ATTEND AFTER 1:30 PM JUNE 17TH**

**GIBSON UNILATERALY SUPPORTS WATER DISTRICT  
CHANGES**

**SAYS BOARD/CITIZEN REVIEW IRRELEVANT  
(SEE AGENDA ADDENDUM ITEM 6 ON PAGE 7)**

**ARNOLD AGAIN CHASTIZED FOR RAISING THE ISSUE**

**FUNDING FOR NORTH COUNTY WATER RIPOFF PROPOSED  
UNDER COVER OF DROUGHT EMERGENCY  
(SEE ITEM 46)**

**HOUSING PLAN UP FOR ADOPTION BUT WON'T DO MUCH  
(BOARD'S OVERALL POLICY IS HOUSING KILLER)  
RATS AND GREENHOUSE GAS TRUMP HUMANS  
(SEE ITEM 43)**

**Special BUDGET Board of Supervisors Meeting of **Monday**, June 9, 2014 (Completed)**

**Item 2 - Public Hearing on the Proposed 2014-15 County Annual Operating Budget.** The Monday hearing focused on the overall operating budget. The Board went through the \$ 525 million budget and 400- page book in 2.5 hours. There was no substantial review.

**Special BUDGET Board of Supervisors Meeting of **Wednesday**, June 11 2014 (Completed)**

This session focused entirely on the allocation of several million dollars to various community-based not-for-profit social service and health agencies. CAPSLO was in for a number of

requests. The board also considered allocations to economic development entities such as the EVC and the Visitors and Convention Bureau.

**San Luis Obispo County Board of Supervisors Meeting of June 17, 2024 (Scheduled)**

**Item 1 - Renewal of the Drought Emergency.** The Board is being requested to extend its declaration of a drought emergency for one month. Actions to deal with the emergency taken over the past month are reported as:

*County OES continues to be in in regular contact with the Governor’s Office of Emergency Services (Cal OES) to receive and provide situation status information.*

*The Public Works Department continues to coordinate with water purveyors and cities.*

*Public Health is coordinating with relevant state agencies, including the State California Department of Public Health and Emergency Medical Services Authority Health Coordination Center.*

*On June 3, 2014 the Board appointed Supervisor Frank Mecham to the Drought Task Force.*

Whenever you see words such as “coordinate,” “be in contact,” and “task force” used by government officials, you can be pretty sure they are doing nothing real.

**Item 2 - Renewal of Contract for State Lobbyist through June 30, 2018.** This contract will provide the County with lobbying and advocacy services in Sacramento.

*Shaw/Yoder/Antwih, Inc. and Peterson Consulting, Inc. will provide representation, on the County’s behalf, to legislative and administrative agencies in Sacramento on the specific issues and interests set out in the County’s legislative platform.*

This contract should be held up until the whole mess with the County’s legislative program and its manipulation to circumvent the Board and public are reformed. (See item XXX below with respect to this subject on page 7). Moreover and with the possibility that there will be a new Board member in January, this contract should be continued only to June 30, 2015.

**Item 7 - Use of Exaction Fees for Playground Replacement in Nipomo.** The staff is providing a little pre-election pork (\$120,000) for Supervisor Ray. The write-up states in part:

*This project will allow for the aging Nipomo Community Park playground to be removed and replaced resulting in greatly increased recreational opportunities with improved accessibility for the Nipomo community. This action supports the County goals of providing a healthy and livable community.*

**300101 Parks Nipomo – Park Playground Replacement**

Date	Source	Amount
FY 2004-05 Budget	PPFF	\$177,200
FY 2007-08 Budget	PPFF	\$ 72,800
6/17/14 Request	Quimby District 4	\$120,000
Total Project Budget:		<u>\$370,000</u>

As can be seen on the Chart above, a portion of the money has been languishing for the greater part of the decade. The write-up states that they didn't move forward in the past because they were waiting for the community plan to be updated. Sounds weak – if the playground was deteriorating and they had the funds, why didn't they fix it? After all, it is a replacement, not a new facility.

**Item 16 - Environmental Impact Report Contract for Phillips 66 Rail Spur Expands.** The Board is being asked to approve an additional \$360,690 (paid for by Phillips) to conduct expanded analysis of the proposed rail spur project, bringing the total so far to \$790,000. The enviro-socialist left is trying to kill the project locally and kill the energy boom nationally by inciting hysteria about tank cars.

**Item 34 - More Appointments to the Paso Basin Advisory Committee.** See chart:

<u>Appointee</u>	<u>Status</u>	<u>Representing</u>
John DeRosier	Alternate Member	Non-Viticulture Irrigated Crop Agriculturalist
Robert Johnson	Member	Monterey County Water Resources Agency
Howard Franklin	Alternate Member	Monterey County Water Resources Agency
Carlyn Christianson	Member	City of San Luis Obispo
John Ashbaugh	Alternate Member	City of San Luis Obispo

**Items After 1:30 PM**

**Item 43 - Housing Element and Disadvantaged Communities Plan Amendments.** The staff report title summarizes the confusing combined items as follows:

***Hearing to consider a resolution for a request by the County of San Luis Obispo for General Plan Amendments to: 1) incorporate information relative to infrastructure needs and financing within the "Disadvantaged Communities" of Shandon, San Miguel and Oceano into the County Land Use and Circulation Elements as required by Government Code Section 65302.10 (Senate Bill 244), and 2) make numerous updates and amendments to the Housing Element (Clerk's File) of the County General Plan including a new five-year Regional Housing Needs Plan as required by State law; and approve the CEQA exemption and addendum to the previously issued Negative Declaration***

Note that the items were combined because Part 1 must be adopted before part 2 can be adopted. This is unfortunate, because it means that public comment on 2 important matters is constrained to one 3-minute period. It also means that consideration is more limited and confusing.

The Chair should therefore break the 2 items apart and treat them separately. The entire matter is jammed because the Planning Department was dilatory in preparing Part 2, the Housing Element, which must be submitted to the State Department of Housing and Community Development by June 30, 2014. The Planning Commission has already complained about this and would like to have had more time to make its recommendation to the Board. The Commission even held a special meeting to deal with the problem.

## **Part 1**

Part 1 involves amending the Land Use and Circulation element of the General Plan to include language required by State statute whereby counties must assess the infrastructure deficiencies and poverty conditions in their various unincorporated sub-communities that are characterized as having poverty. Those that are designated as “*Disadvantaged Communities*” must then receive special attention in the Land Use and Planning element and the Housing element. The write-up summarizes this requirement:

*Government Code Section 65302.10 requires local governments to update the Land Use Element (or other applicable elements) of the General Plan on or before the adoption the Housing Element to incorporate information regarding infrastructure needs and financing within the “disadvantaged communities.” The text goes on to state;... the purpose of this legislation is to identify “disadvantaged communities” underserved by public water, sewer and other services and “...to begin to address the complex legal, financial, and political barriers that contribute to regional inequity and infrastructure deficits within disadvantaged unincorporated communities .*

At this point it is not clear whether this new mandate will actually result in any improvements, because there is no funding. Expect that Cap and Trade carbon tax dollars will be doled out to counties with requirements to do something in this regard as part of more expansive stack-and-pack “smart growth” requirements. Shandon, Oceano, and San Miguel have been designated as San Luis Obispo’s *disadvantaged communities* under this program. It’s sort of reminiscent of the old urban renewal game: You are poor and powerless: therefore we can move you around, add density, and socially engineer your neighborhood. In the ‘60’s and ‘70’s, this was one of the main causes of riots in historic black neighborhoods of the urban cities.

## **Part 2**

Part 2 is consideration of the Housing Element itself. The Housing Element has two dimensions. One is that it is the portion of the County’s General Plan, which lays out housing trends and needs and sets goals for the future. The second dimension is that the State requires that cities and counties have sufficient land zoned for densities high enough (usually 20 units or more per acre) to afford developers the opportunity to produce housing affordable to various categories of low and moderate-income people. The State Housing and Community Development Department (HCD) sets numerical goals for each county as an area. The regional planning body, in our case, the San Luis Obispo County Council of Governments (SLOCOG) divides up the assigned quota among the 7 cities and the unincorporated county. The County must submit its plan for meeting its share of the quota to HCD by the close of business on June 30, 2014. It can easily show that there is sufficient land zoned to meet the quotas.

**The real problem is that the whole thing is a fake and the Planning Commission knows it:** The San Luis Obispo County Planning Commission has figured out that the County's housing policy is doomed to failure. In fact during its regular meeting of May 22, 2014, the Commissioners expressed concern that the current housing plan (the 2009-14 Housing Element) didn't accomplish much.

In the instant case the SLO County Planning Commission has realized that the provisions of the Housing Element will be ineffectual, and some members would actually like to propose something real. One problem is that the staff did not bring the draft report forward to the Commission until May 22, 2014, and the Commission must approve and send it to the Board of Supervisors, which in turn must approve it in time to submit it to the State by its legally mandated June 30, 2014 deadline. This situation has irritated the Planning Commission.

**“Smart Growth” Trumps Housing:** The timing issue is one problem. The larger problem is that the County's overall “smart growth” land use policy essentially outlaws the development of rental housing projects of a scale that is large enough for the building industry to provide sufficient market and affordable rental units. These are what are critically needed for “workforce housing” – that is, housing affordable to entry-level professionals, health care workers, technology workers, and others who form the core of the County's economic development strategy. Where in unincorporated San Luis Obispo County can a developer locate a project of 300 garden apartment units (the minimum size that is economically viable for potential affordable development without subsidies)?

The Board of Supervisors insists that it has a balanced budget, but in actuality it lacks the revenue to fund vital infrastructure required to support such projects, both practically and by its resource-based “smart growth” strategy. Worse yet, and since market units cannot be produced on such a scale, the work force is pushed down into units that otherwise would be available to low and moderate income people.

**No Real Strategic Plan:** At rock bottom the County does a great deal of balkanized regulatory-based land use planning but has no comprehensive strategic plan to integrate its job creation, economic development, land use, financial, and capital improvement planning. Any suggestions made from outside along these lines are smugly rejected by the Board, which adheres to business as usual. It would be a miracle if the Planning commissioners (who are Board appointments) would stand tall and press the issue.

What if the County leadership abandoned the resource based “smart growth” approach and adopted a policy that would place its people (especially their jobs and homes) first? Then, what if it developed policies intended to grow the requisite resources? Instead, rats and greenhouse gas determine policy.

The quotas are displayed in the chart below:

**Unincorporated County Share of Housing Needs 2014- 2019**

Income Category	Number of New Units	Percent
Very Low	336	24.9
Low	211	15.7
Moderate	237	17.6
Above Moderate	563	41.8
Total	<b>1,347</b>	100

**Item 46 - Integrated Regional Water Management Plan (IRWM) Update and Project Eligibility.** In 2002 the State set up a regional planning system called the IRWM. Jurisdictions must cooperate to compete for State water grants. The program is funded through sale of State general obligation bonds (debt). The current round of grant competition is focused on the drought, and projects must be configured to help reduce the risks generated by the drought. The recommended package is displayed in the chart below:

Project	Total Project Cost	Grant Funding Allocation in Application	Required Funding Match
CSA 23-Atascadero-Garden Farms Emergency Intertie	\$1,973,000	\$1,479,750	\$493,250
Heritage Ranch CSD Emergency Turnout	\$150,000	\$112,500	\$37,500
Cambria CSD Emergency Water Supply	\$5,000,000	\$3,750,000	\$1,250,000
San Simeon Small Scale Recycled Water	\$1,728,120	\$1,296,090	\$432,030
Salinas / Nacimiento / CMC Emergency Intertie	\$4,077,710	\$3,058,282	\$1,019,428
<b>TOTAL GRANT FUNDING for SLO Co IRWM Region Drought Grant Application</b>	<b>\$12,928,830</b>	<b>\$9,696,622</b>	<b>\$3,232,208</b>

The Salinas/Nacimiento/CMC Emergency Intertie would allow north county water (subject to the approval and negotiation of pricing with the Nacimiento Authority members) to be sent to the Chorro Valley. It is possible that if the drought continues into 2015, State water, which currently supplies the State Prison, the National Guard facility, the County jail and service yard, Cuesta College, and the City of Morro Bay, will be unavailable. The intertie would allow water from the Naci pipeline to be conveyed to these facilities.

The Board and staff have steadfastly refused to look at alternative solutions, and none are proposed here. Some questions:

- ✓ Since the Board has adopted an urgency ordinance water and development moratorium over most of the Paso basin, why would they take water that could be used to recharge the basin and mitigate declines?
- ✓ Could the use of the Naci water become permanent after the drought emergency ends?
- ✓ Given the growing salt-water intrusion problem in the Los Osos water basin (and issues related to the sewer treatment system under construction there), is it possible that Naci water could end up being used for injection or spreading into the Los Osos Basin?

In the end, this is a perfect “smart growth” ploy: Use the drought emergency to construct the facility to perpetuate the Paso moratorium and restrict irrigated agriculture and home development in the rural and suburban areas. At the same time, bail out the Los Osos problem, which if not fixed could result in huge reworking, and related costs, for the sewer project.

**Note: This Board meeting agenda is very crowded, and the Gibson/Mecham/Buckshi communications slips issue related to the Paso water district legislation has been added to the agenda. It is of huge concern to thousands of people in the North County. The deadline to submit the IRWM application is Monday, July 21, 2014. Accordingly, it could be continued to a future meeting or a special meeting, taking some of the pressure off the 17<sup>th</sup>.**

**Agenda Addendum Item 6 Addendum - Suppressed Letters, Favoritism, Arrogance, Deception, and Bullying in Relation to The Proposed California Water District**

**Addendum Item 6**

**Consideration of AB 2453 regarding 1) proposed specific amendments to the bill from the California State Senate Governance and Finance Committee, and 2) a conceptual framework for implementation suggested by the California State Senate Governance and Finance Committee staff. Districts 1 and 5.**

**Disclaimer:** This discussion does not presume to take a position on the various versions of a proposed Paso Robles water management district or whether or not there should be a district in the first place. As a broad based coalition, COLAB has members on all sides of this issue. The discussion does examine the behavior of the Board of Supervisors and, in particular, it’s Chairman. The matter has now been placed on the agenda of the June 17<sup>th</sup> Board meeting at the request of Supervisor Arnold, in spite of major resistance led by Supervisor Gibson and supported by Supervisors Mecham and Hill. It is an important story by which the citizens of San Luis Obispo County should judge some members of their Board of Supervisors.

**Assembly Member Achadjian’s Request:** The enabling legislation to create a customized California Water District (AB 2453), as a work in progress, was amended to change the formula for qualifications of 3 of the 9 Board positions. Originally, qualifications for all the seats required that members be owners of property within the basin. The amendment would eliminate the property requirement for the 3 at-large seats. They would be required to be registered voters

within the basin. There are a number of theories about why such a change was made. It could be as simple as the fact that Senator Monning has a problem with a formula that excludes renters. Another theory is that some large entities have managers who are not owners. The owners want these managers, who live on site or elsewhere in the new district, to be able to represent them and take an active part in district governance. Citizens are concerned about how the change would affect policy and operations of a future district. For example: Does a paid manager/corporate executive who is not personally subject to the fees and taxes and who does not have a personal stake in impacts of the district (but who instead is solely interested in economic outcomes) have the same interest as a resident owner (particularly someone with a single home or small property and whose life savings and family survival will be impacted)?

In any case, Assemblymen Achadjian wrote to Board Chair Gibson on June 4, 2014 (the letter is stamped in at the County on June 9, 2014) and requested that he (Gibson) schedule the matter on the Board agenda on June 17. The purpose would be for the other Board members, interest groups, and the general public to have chance to express their opinions about the change and for the Board to consider whether it still supports the bill.

The hard copy of the letter is stamped in on June 9<sup>th</sup>. Given Achadjian's urgency concerns, wouldn't he have sent a separate and instantaneous electronic copy (fax or email attachment) on June 4<sup>th</sup>? When did Gibson actually receive the letter? Is it possible that it was withheld from some other Board members for 5 or 6 days or (in Ray's case until she read about it the newspaper) 7 days?

Another question is when and how did the County Executive Officer obtain a copy of the letter and then when and how did he distribute it to the Supervisors (if ever)? Given the urgency and gravamen of the situation, one would think he would have composed a memorandum (to cover himself) alerting all Board members simultaneously.

If Gibson was the only one who received it, why would he not have distributed the letter to all of his colleagues immediately?

See Exhibit 1 (Achadjian's June 4<sup>th</sup> Letter) below:

**More on Next Page.**

Exhibit 1

<p>STATE CAPITOL P.O. BOX 940899 SACRAMENTO, CA 94249-0005 (916) 319-2000 FAX (916) 319-2125</p>	<p>Assembly California Legislature</p>  <p><b>KATCHO ACHADJIAN</b> ASSEMBLY MEMBER, THIRTY-FIFTH DISTRICT</p>	<p>COMMITTEES CHAIR LOCAL GOVERNMENT VICE CHAIR ACCOUNTABILITY AND ADMINISTRATIVE REVIEW BANKING AND FINANCE GOVERNMENTAL ORGANIZATION TRANSPORTATION</p> <p>JOINT COMMITTEES LEGISLATIVE AID</p>
<p>DISTRICT OFFICE 1150 OSOS STREET SUITE 207 SAN LUIS OBISPO, CA 95401 (805) 549-3381 FAX (805) 549-3450</p>	<p>RECEIVED</p>	
<p>June 4, 2014</p>	<p>JUN - 9 2014</p>	
<p>Bruce Gibson, Chair San Luis Obispo County Board of Supervisors Room D-430, County Government Center San Luis Obispo, California 93408</p>	<p>Board of Supervisors San Luis Obispo County</p>	
<p>Dear Supervisor Gibson,</p>		
<p>I am writing to you to request that you place draft amendments to Assembly Bill 2453 on the June 17<sup>th</sup> board agenda for discussion and a public comment period. I have taken several meetings with both the sponsors of AB 2453 and the policy committee in the State Senate which will be hearing the bill later this month. We have come to the conclusion that amendments need to be taken in order to address some of the concerns raised by those in opposition to the legislation.</p>		
<p>While most of the amendments are technical in nature, PRAAGS and PRO Water Equity, the sponsors of the legislation, have agreed to allow the three at-large directors to be open to all registered voters in the proposed Paso Robles Basin Water District.</p>		
<p>The amendments I have just described are currently being drafted by Legislative Counsel, so I will share a copy of those amendments, in concept, with you as soon as I receive them. I have said all along that I will not change the Board-approved language in AB 2453 without the consent of the Board of Supervisors, which is why I am requesting that you place the amendments on the June 17<sup>th</sup> agenda for discussion and public comment from those interested as our bill is set to be heard in its first policy committee on June 18<sup>th</sup>. Another Senate Policy Committee may also want to discuss the merits of this legislation, and must do so by June 27<sup>th</sup>, which means that there is limited time to get this approved.</p>		
<p>Without approval of the amendments from the Board of Supervisors, and input from the public, I would not feel comfortable moving forward with AB 2453 until those discussions are able to occur.</p>		
<p>I thank you in advance for your attention to this time sensitive matter.</p>		
<p>Sincerely,</p>		
		
<p>Khatchik H. "Katcho" Achadjian 35th Assembly District</p>		
<p><small>Printed on Recycled Paper</small></p>		

Gibson's Reply:

On June 9<sup>th</sup> Board Chair Gibson (- promptly? – depending on when he really first received it) replied to Achadjian stating that it was not necessary to place the matter on the County Board agenda because the Board had previously considered the bill and the formation of a water district in general. (See exhibit 2 below). Gibson stated this approval is included in the County's 2013-14 Legislative Program, which authorizes him, as Chairman, to represent the County Board of Supervisors when such changes arise.

Gibson's assertion is a huge improper and unethical leap. The various potential configurations of the proposed district board of directors were hashed over for months. It is a matter of broad and deep public concern. In fact, during the debates about the district, Gibson said repeatedly, that if the legislature changes it and we don't like it, we can ask that the bill be withdrawn. If no one knows about the changes except Gibson, how does that promise work?

Gibson's letter says ...*Removal of the requirement that the three (3) directors elected by registered voters within the district at-large be landowners within the district broadens the population of interested parties, with no negative effects to other interests.*

How does he know?

Nevertheless, he wrote, *Thus our Board supports the amended version of AB 2453 as consistent with our Legislative Platform. The amended version actually addresses concerns expressed by Board members and the public that it broadens the population of interested parties in the Basin eligible to serve on the Board*

Not surprisingly, it turns out that other Board members have an opinion on this. Now that the matter has become public it is more than clear that many impacted groups not only have an opinion, but are extremely angry.

Even more outrageously, neither Supervisors Arnold nor Ray saw the Achadjian letter or Gibson's response until much later. (It is not clear when Supervisors Mecham and Hill were included. In fact, Ray says she learned of the situation by reading the Tribune. Note that neither Achadjian's June 4<sup>th</sup> letter nor Gibson's June 9<sup>th</sup> reply show indicated copies to the other Supervisors. This is, in itself, peculiar since Achadjian is an experienced former 3-term Supervisor and a member of the nation's most politically sophisticated, powerful, and overstaffed State Assembly. Do we believe they just forgot the protocol for indicated copies?

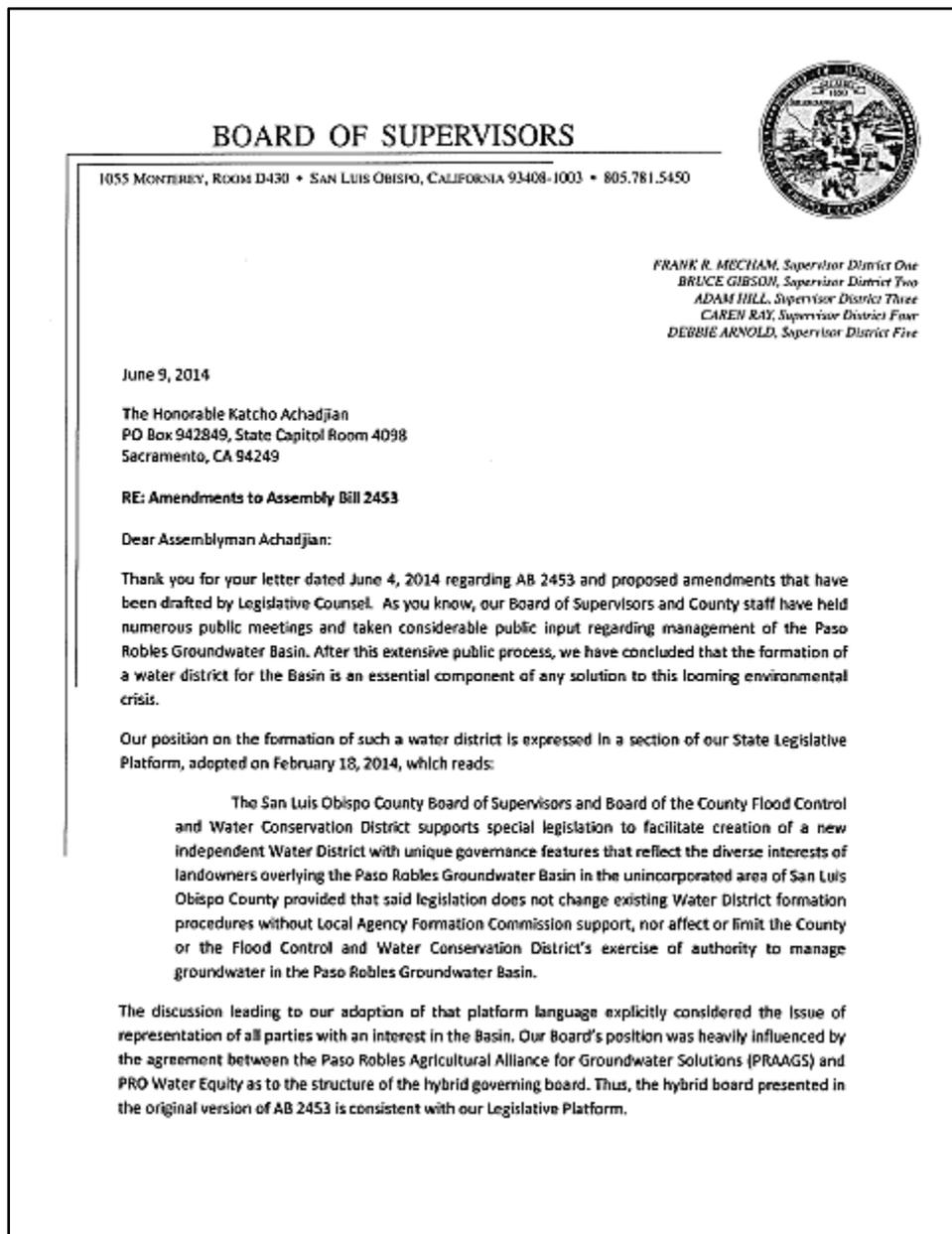
A troubling question: When did Mecham find out? When Arnold brought the matter up on Wednesday June 11<sup>th</sup>, Mecham seemed fully conversant with the issue and was not perturbed. When Arnold requested that the issue be agendaized for the June 17<sup>th</sup> Board meeting, Mecham said, "I don't understand what we are going to do" (if it is on the agenda).

More egregiously, it is Arnold's district that is most impacted by the potential operations, costs, and regulations of a water district. She only found out about the letters inadvertently and had to send her aide to demand them. This is yet another example of Gibson's bullying and disrespectful treatment of Arnold in his deliberate attempt to marginalize her and diminish her

voice on the Board. Not only her constituents, but also decent people everywhere should be outraged. The people who just returned him to office should be ashamed of themselves.

When will Ray disavow Gibson and publicly criticized his arrogant and unethical behavior?

## Exhibit 2



More on next page:

The amendment language provided by Legislative Counsel (via your office) was reviewed relative to our Platform, and we find the following:

- 1) Most of the amendments are technical and do not have a significant effect on the governance structure of the district, and
- 2) Removal of the requirement that the three (3) directors elected by registered voters within the district at-large be landowners within the district broadens the representation of interested parties, with no negative effects to other interests.

Thus, our Board supports the amended version of AB 2453 as consistent with our Legislative Platform. The amended version actually addresses concerns expressed by Board members and the public in that it broadens the population of interested parties in the Basin eligible to serve on the governing board.

It is important to note that PRAAGS and PRO Water Equity support the amended language (see attachments), as their agreement on the hybrid governing board structure was central to the development of our legislative platform.

We would reiterate that the development of our Legislative Platform on this issue involved an extensive public process. Given the tight time limits on consideration of AB 2453 in the State Senate, we believe that the previous public input received by the Board and the Board deliberations on AB 2453 are sufficient for us to support AB 2453, as amended.

In conclusion, although the issue of land ownership as a necessary condition to service as a director is not specifically addressed in our Legislative Platform, it has always been the priority of this Board to have all stakeholders represented. Granting non-landowners the right to serve as directors effectuates this goal.

If you have any further questions regarding this issue, please don't hesitate to contact me or our County Administrative Officer, Dan Buckshl. Thank you.

Sincerely,



**BRUCE GIBSON**  
Chair, Board of Supervisors  
County of San Luis Obispo

Attachments

After receiving Gibson's letter containing the misrepresentations of the Board's position on the issue, Achadjian withdrew his request that the matter be agendaized on the June 17<sup>th</sup> Board meeting. Please see exhibit 3 below. Gibson's reputation for dishonesty in his personal life is now conjoined with this example of his dishonesty and deception of a State official.

Continued on the next page.

Exhibit 3

<p>STATE CAPITOL P.O. BOX 942849 SACRAMENTO, CA 95829-0005 (916) 319-3235 FAX (916) 319-2135</p> <p>DISTRICT OFFICE 1150 OSCG STREET SUITE 207 SAN LUIS OBISPO, CA 93401 (805) 549-3351 FAX (805) 549-3400</p>	<p>Assembly California Legislature</p>  <p><b>KATCHO ACHADJIAN</b> ASSEMBLYMEMBER, THIRTY-FIFTH DISTRICT</p>	<p>COMMITTEES CHAIR: LOCAL GOVERNMENT VICE CHAIR: ACCOUNTABILITY AND ADMINISTRATIVE REVIEW BANKING AND FINANCE GOVERNMENTAL ORGANIZATION TRANSPORTATION</p> <p>JOINT COMMITTEES LEGISLATIVE AUDIT</p>
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June 10, 2014

Bruce Gibson, Chair  
San Luis Obispo County Board of Supervisors  
1055 Monterey, Room D430  
San Luis Obispo, CA 93408

Dear Chairman Gibson, 

Thank you for contacting me regarding the proposed amendments to Assembly Bill 2453. I am very glad to hear that the Board is supporting the amendments dated June 7<sup>th</sup>.

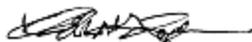
As you already know, my goal is to work with both the proponents and opponents of my legislation in order to ensure that this bill has the best chance at success. While I know I may not have addressed all of the concerns of the opposition, many of the concerns will be addressed by the San Luis Obispo County Local Agency Formation Commission as they will be establishing the boundaries and the powers and duties of the district. I believe the currently proposed amendments bring more balance to the board of directors by giving nonlandowners the opportunity to sit on the board of directors.

Because the Board of Supervisors has determined that the proposed amendments are within the scope of the discussions held at the board hearings in February, I will move forward with the amendments, which allow residents of the proposed district that do not own land to sit on the board of directors, at this time.

With a hearing in the Senate Governance and Finance Committee scheduled for June 18<sup>th</sup>, I am eager to continue the discussions with my Senate colleagues and stakeholders in the Basin.

Should you have any further questions regarding the amendments or the legislation in general, please do not hesitate to contact me.

Sincerely,

  
Khatchik H. "Katcho" Achadjian  
35th Assembly District

cc: Senator Bill Monning

**New Set Of Proposed Amendments:**

It turns out that there are other amendments in play. These include the establishment of a temporary district run by the Board of Supervisors. It would then be converted to the independent version with its own elected Board. All this is summarized in the memo below:

June 10, 2014

To: Assembly member Achadjian

Senator Monning

From: Toby Ewing, Consultant

Senate Governance and Finance Committee

Re : AB 2453

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AB 2453 would establish the Paso Robles Basin Water District with a governing board of 9 members, six representing landowners based on a one-acre/one vote weighted voting, as specified in the bill, and three elected at large with a one-person/one-vote requirement.

In recognition of the controversy in the region regarding the proposed governance structure for the new district, please consider an option that has precedent.

The Legislature has in the past authorized a County Board of Supervisors to appoint the initial board of a new district, with successive boards being elected. This approach is consistent with how vacancies can be filled. Similarly, the Legislature has required landowner-only irrigation districts to transition to voter districts when they begin to offer electricity services (SB 1939, Alarcón, 2000) or if they provide 3,000 or more acre-feet of water to residential customers or have more than 3,000 customers (AB 159, Salinas, 2006).

A similar transition approach may offer benefits over the current proposal:

- An appointed board would allow the district to be formed more quickly.
- An appointed board, following the governance structure of the bill, will allow for the district to begin operating with the representation outlined in AB 2453 and incumbents would be eligible to subsequently run for election.
- An appointed board that is followed by an elected board based on one-person/one-vote may address opposition to the current bill regarding lack of representation.
- The transition to a popularly elected board may reduce the risk of litigation over the constitutionality of the governance structure.

Please consider the following language. This language is not in legislative counsel form.

I would be happy to respond to any questions.

I can be reached at [toby.ewing@sen.ca.gov](mailto:toby.ewing@sen.ca.gov) or 916-651-4119.

More on the next page.

**Item B-3- Adoption of the District's annual 2014-15 Budget.** The APCD Board is set to adopt its \$4.3 million budget. Its recurring revenues are decreasing \$229,000 due to loss of annual permitting fees resulting from the closure of the Morro Bay Power Plant. The staff forecasts that the district will nevertheless be OK, because it has a \$ 1.9 million reserve. (They must have been overcharging for years and/ or really hit the solar farms hard for permit fees). The write-up states:

*Annual operating permit revenue for existing sources is expected to decrease \$229,000 (12%) overall, from \$1,949,000 to \$1,720,000, primarily due to closure of the Morro Bay Power Plant. Construction and modified permit revenues are estimated to remain at \$140,000. There are no proposed fee increases and, for the third consecutive year, no proposed increase to the District's hourly billing rate and permit renewal factor.*

But stay tuned :

*Although a significant overall reduction in revenue is anticipated for FY 2013-2014, the budgeted level should be adequate to support implementation of the APCD SAP, **move toward full cost recovery of the permit program and other services provided, and accomplish the goals and mandates of the District .***

Our guess is after the November election and depending on how the 4<sup>th</sup> district supervisorial race goes, there could be a move to raise fees. As the staff report says:

***Improve Cost Recovery for Services***

*As described in the Board-adopted Fiscal Plan, District staff should routinely review levels of service provided to permit holders and other stakeholders, and assure that cost recovery properly compensates for the cost of those services, without unfairly burdening other fee payers. Specific cost recovery goals are detailed in the Fiscal Plan. Measurement Method: Biennial or triennial evaluation of cost recovery effectiveness in all program areas through updates to the Fiscal Plan. Commitment to Performance: Cost recovery improvements and potential new revenue strategies were adopted through the updated APCD 2013-2017 Fiscal Plan approved by the Board in November 2012. Implementation of some strategies has been **temporarily delayed**, as the District's reserves are adequate to temporarily supplant the loss of permit revenue from closure of the Morro Bay Power Plant.*

**The APCD Budget**

	BUDGET 2013-14	ESTIMATED 2013-14	REQUESTED 2014-15
<b>REVENUES</b>			
Property Taxes	\$ 301,122	\$ 297,681	\$ 302,598
Operating & Authority to Construct Permits	2,089,000	2,105,924	1,860,000
Other District Fees (Asbestos, Environ Assess, Burn Fees)	164,850	189,553	170,800
Mutual Settlements	15,000	31,380	15,000
Interest	9,000	4,619	5,000
DMV Air Fees	984,679	1,020,639	994,526
State & Federal Aid	220,626	264,200	216,726
Other Sales & Miscellaneous Revenues	3,000	3,882	2,000
Cancelled Reserves & Designations	0	0	198,952
Fund Balance From Prior Year	614,931	614,931	498,069
Encumbrance Reserve From Prior Year	140,954	140,954	0
<b>TOTAL FINANCING</b>	<b>\$ 4,543,162</b>	<b>\$ 4,673,763</b>	<b>\$ 4,263,671</b>

<b>EXPENDITURES</b>			
Salaries & Benefits	\$ 3,127,819	\$ 3,060,601	\$ 3,180,746
Communications - Phones, Radios, Mail	42,277	25,917	42,269
Computers, Software & Computer Support	101,291	88,085	97,555
County Services (excluding Computer Support)	96,793	84,283	91,610
Insurance	34,360	33,622	38,514
Leases & Rents	1,300	1,100	1,300
Maintenance - Equipment & Facilities	68,643	59,324	70,283
Office Supplies & Copies	18,686	6,370	18,186
Other Department Expenses	26,837	23,376	25,947
Professional & Special Services	492,027	407,944	412,460
Public Outreach & Education	59,000	59,000	59,000
Training & Travel	42,590	46,614	40,716
Utilities	14,182	14,985	15,000
Vehicles - Maintenance & Fuel	24,561	25,067	24,400
Subtotal - Services & Supplies	1,022,547	875,687	937,240
Other Charges / Contributions to Other Agencies	7,500	3,000	9,500
Fixed Assets	164,119	140,656	12,000
Contingencies	125,427	0	124,185
Increased Reserves & Designations	95,750	95,750	0
<b>TOTAL EXPENDITURES</b>	<b>4,543,162</b>	<b>4,175,694</b>	<b>4,263,671</b>
<b>Net District Cost</b>	<b>\$ -</b>	<b>\$ (498,069)</b>	<b>\$ -</b>

Planning Commission Meeting of Thursday, June 12, 2014 (Completed)

**Item 1 - Cambria Community Service District (CCSD) Emergency Brackish Water Use Permit.** The Commission ratified an emergency permit issued by the Planning Director that allows CCSD use brackish water to help maintain the aquifer. The District could run out of water by July or August. A permanent permit must be approved by the California Coastal Commission. The staff report summarizes the issue as follows:

*Emergency Justification*

*Staff determined that the work would qualify as an "emergency permit" as defined in the CZLUO because implementation the brackish water supply project is necessary to secure Cambria's water supply during the upcoming dry season. The precarious state of Cambria's water situation is described in an April 22, 2014 memo from Bob Gresens, District Engineer, to the Department of Planning and Building:*

*"The severe drought has placed the CCSD water supply in jeopardy due to the total rainfall being approximately 65 percent of the minimum rainfall needed to fully recharge the two coastal stream aquifers serving as the community's sole water supply. Uncertainty remains on whether upper springs that serve to provide underflow to the creeks during the dry season will cease earlier than normal due to the very dry conditions within each watershed. This could result in CCSD well levels dropping as an accelerated rate during the late summer to early fall period, which could lead to seawater intrusion, pumps losing suction, and possible subsidence."*

*The adverse effects resulting from the depletion of Cambria's water supply would be potentially catastrophic and would cause incalculable damage to Cambria's economy and environment.*