COLAB SAN LUIS OBISPO COUNTY

WEEK OF MARCH 31-APRIL 5, 2014

IS THE BOARD EMBARRASSED YET?

(WILL HILL BREAK YET ANOTHER PROMISE TO RECUSE HIMSELF ON CAPSLO VOTES?)

No Board of Supervisors Meeting on Tuesday, March 25, 2014 (Not Scheduled)

There was no Board of Supervisors meeting scheduled for March 25, 2014.

Board of Supervisors Meeting of Tuesday, April 1, 2014 (Scheduled)

Item 3 - Audit Finds Overcharges/Lax Controls/Duplicate Billings in Los Osos Plumbing Retrofit Contracts.

Note: This item is on the Consent Agenda in an obvious attempt to blow it by everyone.

On March 5, 2014, the Auditor Controller submitted a report which exposes significant problems in the Los Osos Plumbing fixture rebate program. The program is part of the Los Osos Sewer Plant project and is designed to help residents pay for the costs of mandatory water saving measures that the County imposed as part of the project to lessen the use of groundwater, which will receive less recharge when septic systems are replaced by a central sewer system. Some of the details of the Auditor's findings are contained in the Background section below. It is important to note that the County CEO, Public Works Director, and County Counsel actually requested the audit because they suspected or knew there was a problem.

Staff Cover-up: Aside from the management failures, a much more significant issue is that the staff's suspicions and the fact that the Auditor was conducting a study were covered up when the Board was approving a **Plumbing Fixtures Retrofit Program** for the entire Paso Robles Basin. During the Board meeting of February 28, 2014, the Board directed staff to implement a massive water conservation program for the Paso Basin. The relevant adopting language stated:

For purposes of implementing Ordinance 3246, the Approved County Water Conservation Program for new development shall operate as follows:

1. The County will facilitate the retrofitting of houses in the area of the Paso Robles Groundwater Basin (Basin) subject to the Urgency Ordinance. Retrofitting will target houses and buildings constructed prior to January 1994 with 3.5 gallons per flush (gpf) toilets. Houses and buildings constructed prior to 1980 used 6.0 gpf toilets; however, due to the newer age of the housing stock and natural replacement rates, 6.0 gpf toilets are not expected to be found in substantial quantities.

2. An Offset Clearance request will ordinarily be part of a building permit application for new or expanded development in the area of the Basin subject to the Urgency Ordinance.

The building permit application will be reviewed by the Department of Planning and Building, which will set the volume of water needed for offset purposes for both interior and exterior use and establish a "prior to final inspection" compliance condition with the Ordinance.

3. The County will contract with a private firm (contractor) to operate the retrofit program. The contractor will focus on the areas included in the marketing effort in the Basin and will perform retrofits using a licensed plumber, establish a virtual retrofit credit bank, and track retrofit credit deposits and withdrawals.

4. A licensed plumber will perform the retrofits with approved plumbing fixtures (see below). The reduction in water use due to the retrofits will take the form of "retrofit credits" that will be placed in a "bank" for use as offset credits for new or expanded development.

5. Existing plumbing fixtures shall be replaced with the following:

a. All toilets greater than 1.6 gpf shall be replaced with toilets that use no more than 1.28 gpf.

b. Existing showerheads shall be replaced with showerheads that use no more than1.5 gallons per minute (gpm).

c. Existing aerators shall be replaced with aerators that use no more than 1.0 gpm.

d. Fixtures with lower flow rates will result in additional prorated water savings.

6. Replaced toilets shall be rated a minimum of 600 by the California Urban Water Conservation Council (CUWCC) Maximum Performance Testing (Map) program.

COLAB POINTED OUT THESE VERY PROBLEMS. THE BOARD BLEW US OFF. .

How will the County's official plumber be selected? Will this be a monopoly?

How will the County prevent price gouging, improper appliance and toilet price markups, and collusion by the County's official contracted plumber, its subcontractors, and its suppliers?

The County will maintain permanent records of the kinds of toilets, appliances, showerheads, etc., that are in peoples' homes, as it does in the Los Osos program. Are these records subject to public disclosure?

In the Los Osos retrofit program, the County has maintained the power to periodically review the water bills of people who retrofitted to verify savings. Is this something that residents of the Paso Basin want?

The write-up states that the County is allocating $25,000 to administer the program. What is the analysis that supports this number?

The very highest level officials of the County, who know there was a problem and who knew that these questions were absolutely on point and relevant to the Board's decision, never said a word. We cannot know for sure, but it is very likely that the Board knew of the Auditor's investigation and had some idea of the problems which would be disclosed to them just a few days later on March 5, 2014.

Background: The Auditor's report states in part:

We tested 77 Public Works pre-inspected homes to their corresponding rebates*. Of the 77 rebates, we found 18 (23%) rebates with one or more issues. Public Works did not document explanations when rebates were approved that varied from pre-inspections.*
• For 11 of the 18 rebates we noted that the fixture information on the PW pre-inspection Water Conservation Checklist completed by Public Works' staff did not agree to the fixture information in the PW database.
• We found instances on 13 of the 18 rebates where the number of fixtures on the rebate application was greater than the amount recorded in the PW database.

Test 2: Rebates for fixtures documented on Title 8: Retrofit Verification Forms
We reviewed 19 additional rebates for which the PW database indicated a Title 8 Retrofit had been performed prior to the rebate application being submitted.
• Of the 19 rebates, the Planning and Building Department was unable to provide Title 8 Retrofit documentation to perform our testwork in 3 (16%) cases.
• Of the remaining 16 cases, we found 8 (50%) rebates with one or more issues.
o We found one instance where an owner submitted a rebate application for fixtures that had two months earlier been replaced by a different plumber. The second rebate contained both eligible and ineligible fixtures. Public Works rejected the entire rebate request.
o We found one instance where the number of fixtures on the rebate application was greater than the amount recorded in the PW database.
We identified 7 (44%) instances where it appears that the plumber replaced fixtures that had previously been replaced in the Title 8 retrofit program, and rebates were then issued for these fixtures for a total of $2,584.

Inadequate Documentation of Questionable Rebate Applications
We found a number of rebate applications whose appearance and content raised concerns about their accuracy and eligibility. These applications were primarily submitted for work done by one plumbing company. Public Works staff noted issues with some of the rebate applications and appropriately denied them; however, a number of questionable applications were approved without staff documenting the reasons for approval when supporting documentation (Pre-inspection or Title 8 forms) conflicted with the rebate application. Public Works staff stated that reviews were sometimes rushed due to the desire to provide homeowners rebate checks within 10 days of receipt of the rebate application. Questionable rebates issued without documentation increase the risk of fraudulent rebate submittals.

The Board of Supervisors, knowing that there were problems, voted to subject thousands of homeowners in the Paso Basin to the exact same risks, costs, and abuses.

Wonder what the criminal investigation will turn up when the accused plumbers start to snitch people off in exchange for leniency?

Item 14 - Environmental Impact Review Contractor to Receive $731,726 to Review Avila Beach Hotel Project. The former tank farm in Avila Beach is proposed for a beautiful small hotel, which should be a great asset for the County. The developer will pay for the EIR. Wonder what the County will bill the developer for its management of the EIR and all the other in-house reviews?

Item 21 - Month of the Child Proclamation. Supervisor Gibson has proposed a syrupy Resolution proclaiming April as the "Month of the Child." What happens to the poor children in the other eleven months?

Item 25 - Contract for Santa Barbara County to Manage the emPower Energy Home Improvement Program For San Luis Obispo County.

Background

emPower was developed by the County of Santa Barbara to help homeowners countywide overcome obstacles to making energy saving improvements to their homes. By making home upgrade projects easier and more affordable through incentives, financing, qualified contractors and expert energy advice, emPower helps homeowners be more comfortable in their homes and lower utility bills. emPower teamed up with the statewide Energy Upgrade California and California Solar Initiative programs, which allow homeowners to take advantage of high-dollar utility rebates. The program also partnered with local Credit Unions in Santa Barbara County to offer unsecured loans with low rates and flexible terms of loan repayment in order to achieve manageable monthly costs.

The emPower program is the local name and outgrowth of Santa Barbara County's original attempt to become a bank, granting home loans for installation of solar, insulation, windows, and water saving upgrades. A number of other jurisdictions embarked on this and some have very large programs. Before SB County was able to complete the program set-up, Fannie-Mae, and other Federal housing agencies decided that the program was illegal and barred new start-ups. In actuality, the home loan industry realized that the cities and counties would be cutting into their markets and thereby adding risk to existing mortgages and home loans. There are a number of bills in Congress designed to make PACE programs legal.

Santa Barbara County's program is a much scaled-back effort, which uses grants to fund the improvements. SLO and Ventura are piggy backing on SBC's program.

Policy Issues:

Does the contract with Santa Barbara County hold SLO County harmless from liability if SB County conducts illegal acts in its administration of the program? What if Santa Barbara County appoints contractors on the basis of their political alignment or contributions and/or the work is faulty/or there is duplicate billing etc.? (Sort of like the Los Osos Retrofit program on a massive scale).

Does the contract hold SLO harmless if there are damages to people or property from the program administered by SB County? For example, what if it is found in 20 years that the rare earth elements used in the fabrication of the solar panels installed on the homes caused cancer? (This could actually be a good question for SBC itself.)

In the bigger picture (and especially if PACE is legalized), should the County get into the home loan business in competition with its resident private banks, savings and loans, and credit unions?

In case of mass defaults, is the general fund at risk?

Item 26 - Presentation on the Complete Communities Survey (Clerk's File) that identifies infrastructure needs and strategies to fund and implement needed improvements to infrastructure and public facilities in four unincorporated communities: Nipomo, San Miguel, Oceano, and Templeton. This item contains the presentation of a State funded consultant study which examined the needs for utilities, libraries, water supply, parks, street improvements, and overall community design for San Miguel, Templeton, Nipomo and Oceano between now and 2035. The County will have to find ways to fund infrastructure to carry out its plan for stack-and-pack housing in the 4 target communities.

The basic story unvarnished: This is the practical side (how to support the density) of the County's "Smart Growth Strategy."

If they can't figure out how to finance the required infrastructure and services, it's dead in the water.

Under its current land use and economic development policies, the County is hundreds of millions of dollars short of what it needs.

It will have to raise taxes, fees, and exactions to raise the money (which will still not be sufficient).

The adoption of the findings into the County's Plan of development and implementing ordinances will make housing, commercial development, and rural development more expensive.

There is a reality disconnect between these stated plans and the ability to actually carry them out financially. The key findings are quoted below:

The financing section of the report can be accessed at the link:

http://www.slocounty.ca.gov/Assets/PL/pdfs/fund-financeplan.pdf

Key Findings

1. *The facility and infrastructure improvements identified for the communities of Nipomo, Oceano, Templeton and San Miguel will be costly and require a broad range of funding sources and financing mechanisms to construct and maintain. Nearly $505 million of capital improvement projects are identified across the four communities in the Facilities Inventory, nearly three-quarters of which are related to transportation improvements. Approximately $154 million of improvements are identified for Nipomo, $47 million for Oceano, $276 million are identified for Templeton, and $28 million for San Miguel. At the completion of this full set of improvements, the additional operations and maintenance costs will also be significant.*

2. The facility and infrastructure improvements identified in the Facilities Inventory are an integral part of the County's efforts to revitalize and enhance the communities of San Miguel, Nipomo, Templeton and Oceano. Investments in the "public realm" are a key aspect of the County's economic development efforts *to revitalize the four communities. Investments in utilities, transportation infrastructure, streetscapes, parks and public facilities have been shown to induce private investment, development, and increased economic activity, where other key ingredients, such as market demand, are also present. This synergistic relationship between public and private investment typically builds upon itself creating a range of public and private benefits.*

3. New development in the County will generate real estate value that serves as a basis of taxes and fees that can fund infrastructure improvements. County development projections indicate the potential for significant new development in each of the communities between now and 2035. Land and development-based funding sources include development impact fees, road improvement fees, and special taxes or assessments. While development impact fees are used exclusively for capital improvements, special taxes and assessments may be used for capital improvements or ongoing maintenance and operations costs. Based on development projections through 2035, Public SLO CCS: Funding and Financing Plan Facility Development Impact Fees revenues could total nearly $17 million. At $54.3 million, public facility improvements will require additional funding sources. Approximately $42bmillion of road improvement fees could be collected through 2035. Total street and highway improvements currently total $302.7 million, so additional funding sources will need to be identified. Any identified improvements that are needed due to existing infrastructure deficiencies cannot be funded through impact fees or road improvement fees.

4. To fund existing deficiencies, a broad range of existing and new sources will be required. Potential sources available to fund existing deficiencies may include a countywide sales tax increase, special taxes (e.g., Mello-Roos CFD), grants, utility revenues and revenue bonds among others. These will require careful evaluation as financial feasibility will need to be considered and some may require voter approval.

Item 27 - Request for authorization to process a General Plan Amendment to incorporate information relative to infrastructure deficits within Disadvantaged Communities into the San Luis Obispo County Land Use and Circulation Element as required by Senate Bill 244. The Board letter summarizes the issue as follows:

San Luis Obispo County must fulfill the requirements of Government Code Section 65302.10, which requires local governments to update the Land Use Element of the General Plan on or before the adoption of its Housing Element. These requirements are the result of SB 244 (Wolk) that was passed in 2011 and later amended with clarifying language in 2012 (SB 1090). According to the Governor's Office of Planning and Research's (OPR) Technical Advisory for Senate Bill 244, Land Use, General Plans, and Disadvantaged Communities (2-15-13), 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."

The three communities identified so far include San Miguel, Shandon, and Oceano.

San Luis Obispo County Council of Governments (SLOCOG) Board of Directors Meeting of Wednesday, April 2, 2014 (8:30 AM)

Item 1-1: Joint purchase of a property at 40 Prado Lane. The SLOCOG, in its role as Board of the Regional Transit Authority (RTA), is seeking to purchase a portion of the property to serve as the RTA administrative headquarters and bus maintenance facility. The Community Action agency of San Luis Obispo County (CAPSLO) also seeks to purchase a portion, which would be used to locate its proposed Homeless Service Center. The two agencies could not afford the entire property on their own. Neither agency needs the entire property. RTA would use 68% of the property and CAPSLO would use 32%.

Business Issues:

a. SLOCOG obtained one appraisal for the property, which it reports appraised at $ 3.25 million. The Board item indicates that the agencies have negotiated a purchase price of $ 2.25 million. A best government practice for major government property acquisitions is to obtain 2 separate and independent appraisals.

b. The Board letter says that the RTA will be paying $1.535 million and CAPSLO $750,000 for a total of $2,285,000. We are not sure about the difference in the number here and the price of $2.25 million listed above. Perhaps there are commissions.

c. Much of the Board letter contains detail on RTA's plan to use various State transportation funds to pay for its portion.

d. CAPSLO plans to fund its share with $250,000 (approved by the City of San Luis Obispo on February 18, 2014); $250,000 to be provided by the County of San Luis Obispo (Board letter says to be approved by the Board of Supervisors in the near future); and $750,000 to be "raised" by the Homeless Foundation (it's not clear if the money has been raised or is to be raised).

e. There will be considerable costs in permitting the projects due to wetlands issues, prior potential contamination, the City of SLO's extremely costly permitting process, and the need to eventually conduct a major Environmental Impact Report (EIR). One "risk" is that the EIR could find that there are better sites (less environmental impacts) for either or both of the projects.

f. Will the proposed Homeless Service Center actually do anything to reduce homelessness and the underlying causes? What are the goals, metrics of success, and proposed unit costs? Certainly the highly touted Ten Year Plan to End Homelessness did absolutely nothing.

Ethics Issue: As noted above, the County is being requested to contribute $ 250,000 now (and undoubtedly much more in the future). This raises the issue of how Supervisor Adam Hill can participate in any vote on such funding. He is doubly conflicted. On the one hand his fiancée (and soon to be spouse) is a CAPSLO Manager in charge of part of the CAPSLO Homeless Services. On the other Hand, Hill's fiancée was recently demoted in a CAPSLO reorganization. As a result, Hill has become suddenly and very overtly critical of the CAPSLO management. Reports from inside the County building indicate that he is demonstrably angry.

1. On either account, how can Hill be allowed to vote on this matter?

2. This situation is just the latest in a long litany of Hill outrages.

3. What will the other members of the Board of Supervisors and the Board of SLOCOG have to say about the CAPSLO Board of Director's recent official complaint about Hill's threats and intimidation?

4. Unfortunately, and whatever happens, and unless Hill recuses himself, any vote and public policy on this matter will be forever tainted. In an "apology" letter published in the March 26, 2014 San Luis Obispo Commune (Tribune), Hill promised to refrain from any votes involving CAPSLO matters. COLAB has been repeatedly calling for this step for years. Of course 2 months ago we were treated to a Hill diatribe vilifying just about everyone in SLO County with whom Hill disagrees, who believes in God, or who is not part of the leftist elite.

Item B-5: Regional Transportation Plan Update. The staff will present an update about its ongoing work on the Regional Transportation Plan (RTP), which must be updated every four years and approved by CALTRANS in order for the cities and the County to be eligible for State and Federal transportation funding. SB 375 and SB 743 require that RTP updates must contain a section called the Sustainable Community Strategy (SCS). The SCS is one of the mechanisms by which the State will enforce its greenhouse gas reduction/stack-and-pack housing policies. The SCS must be reviewed and approved by the California Air Resources Board (CARB) before the RTP can be approved. Accordingly, a portion of the proposed text in SLO County's RTP states:

…identify projected capacity deficiencies for State Highways, Routes of Regional Significance, and principal arterials based on the best data available evaluating the economic and demographic characteristics of the region, and provide an estimate of anticipated traffic increases using improved modelling tools such as traffic density or other new criteria for transportation impacts that "promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses" as required by SB 743 (Steinberg, 2013).

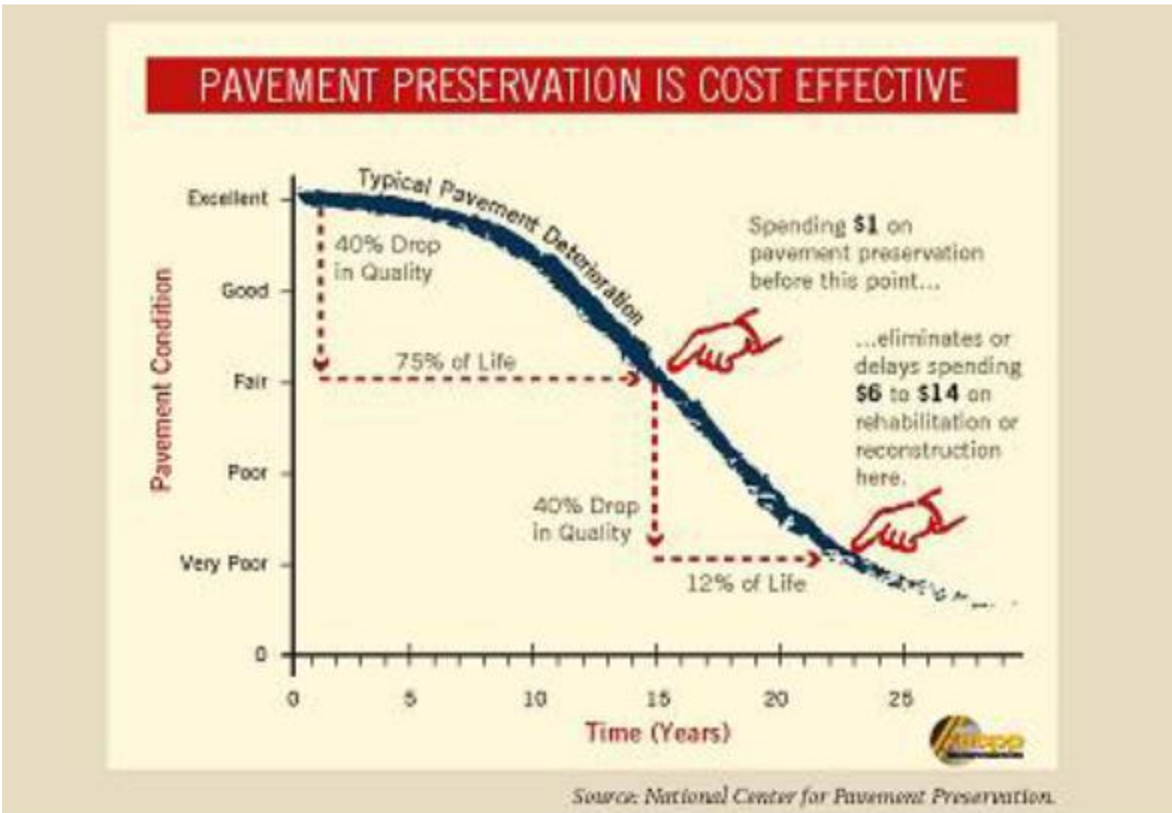
Separately, the report contains compelling data on the County's and cities' growing infrastructure deficit.

2013 Countywide Pavement Conditions

JURISDICTION	Centerline Miles (3)		ESTIMATED ROAD CONDITION (1) Centerline Miles by Category (2)								AVG PCI
			Bad (4)		Poor (5)		Fair (6)		Good (7)		
	No.	% All	No.	% (8)	No.	% (8)	No.	% (8)	No.	% (8)	
Arroyo Grande	67	4.0%	1	1%	6	9%	12	17%	48	70%	71
Atascadero	145	8.4%	42	29%	37	26%	44	30%	21	14%	56
Grover Beach	51	2.9%	7	14%	23	45%	6	12%	15	29%	53
Morro Bay	53	3.1%	3	6%	9	17%	12	23%	29	55%	63
Paso Robles	150	8.6%	18	12%	37	25%	30	20%	65	43%	62
Pismo Beach	47	2.7%	2	4%	1	2%	10	21%	34	73%	73
SLO City	129	7.4%	4	3%	10	8%	22	17%	93	72%	72
Total Cities	641	37.0%	77	12%	123	19%	136	21%	305	48%	n/a
SLO County	1,092	63.0%	95	9%	202	18%	232	21%	563	52%	63
GRAND TOTAL	1,733	100.0%	172	10%	325	19%	368	21%	868	50%	n/a

NOTES:

Note that the County's pavement condition index has fallen to 63 because the County has been unable to provide adequate road money in its annual budgets. A score of 63 is fair. The chart below describes how a falling rating ultimately results in massive road reconstruction costs.



The County currently has a $173 million road maintenance deficit which grows every year. How can the Board state repeatedly that it has a balanced budget when it cannot afford to maintain its road and facilities investment, for which the public has already paid?