COLAB SAN LUIS OBISPO COUNTY

WEEK OF NOV. 30-DEC. 6, 2014

ALERT

$2.4 MILLION GIVEAWAY ON CONSENT AGENDA TAXPAYERS TO FUND EARLY $1,000 CHRISTMAS GIFT FOR EVERY COUNTY EMPLOYEE AND OFFICIAL

SHOW UP TUESDAY 9 AM AND EXPRESS YOUR OUTRAGE - CALL YOUR SUPERVISOR

(SEE PAGE 5 BELOW)

WATER ANTI-EXPORTATION ORDINANCE SENT TO THE WOODS

(SEE PAGE 2)

HOUSING TAX HYPOCRISY

(SEE PAGE 8)

Board of Supervisors Meeting of Tuesday, November 25, 2014 (Completed)

Item 2 - Introduction of an amendment to the Health and Sanitation Ordinance, Title 8 of the San Luis Obispo County Code relating to regulation of the exportation of groundwater. Hearing date set for December 2, 2014. In a sudden turnabout, the Board majority +1 (Arnold dissenting), reneged, for now, on its promise to adopt an ordinance prohibiting the export of ground water out of the County. The motion to continue the item off calendar (tantamount to sending it to the woods) was made by Mecham and seconded by Hill. Mecham justified the action on the basis that "none of the water purveyors support it." His base, (the City of Paso Robles) is very opposed. Board members said another reason to hold off is to "understand the impact" of SB 1168 (The California Water Sustainability Act of 2014) on the issue. Supervisors Gibson and Hill both stated that there is no physical capability (pipes) to export water anyway. They also stated that the County could prohibit the construction of water conveyance facilities through its land use regulations. Some issues:

a. If it is prudent to wait to understand the "meaning" of B 1168 in this case in order to take action, wouldn't even be more prudent to wait and understand its impact on the proposed AB 2453 Paso Water Management District? After all, AB 1168 is specifically about water management districts, not water export ordinances.

b. Since many Paso Basin overliers are concerned about possible water exportation via the proposed new district, this action will heighten suspicion and have the effect of driving more people into the proposed quiet title/adjudication camp.

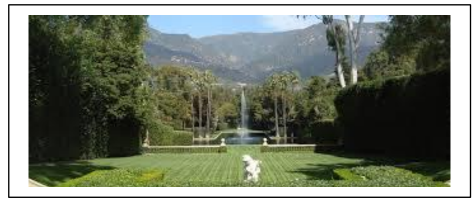
c. Why is the Board so swiftly responsive to the city of Paso Robles and other purveyors with respect to this issue?

d. The lack of conveyance rationalization is not true. Certainly Paso groundwater could be put through the Central Coast Aqueduct and conveyed to its southerly terminus at Lake Cachuma in Santa Barbara County. In turn, it could be sent from there through the Cachuma aqueduct to Santa Barbara, Montecito, UCSB, Goleta, and Carpinteria. This is a market of over 200,000 very well off thirsty people. These communities are experiencing a desperate water shortage and will pay just about anything. Similarly, would it be possible to reverse flows in the Central Coast Aqueduct and transmit the Paso groundwater to the California Aqueduct in Kern County? (Could require the addition of a pump station.) The map below illustrates a variety of possibilities.

For example, 100 acre feet of Paso Basin groundwater, sold to the Montecito Water District for $2,000 per acre foot, would yield a $200,000 profit minus conveyance costs (which the Montecito Water District would probably be happy to pay).[1] This could be a much easier business than growing grapes and converting them to wine. Would the City of Paso Robles

[1] SB County Supervisor Salud Cabajal, who represents Montecito, gave Caren Ray $4,000 in campaign contributions. Do they talk? Why would he be cultivating someone in Arroyo Grande?

consider selling some of its ground water and/or Naci water to the Montecito Water District? If the City sold 2000 acre-feet at $2000 per acre-foot to the Cachuma Member Purveyors, it would realize a tidy $4 million per year minus conveyance costs. The city has to pay for the Naci water whether it uses it or not.



It takes lots of water to keep Montecito green. The conveyance exists.

Anyone for croquet?

Central Coast Aqueduct and Facilities

Background: The current Board majority plus Supervisor Mecham (notationally, Board Majority+1) at the November 18 Board meeting endorsed the creation of a Paso Basin Water Management District, secured the passage of custom legislation for the structure and operation of the district, and directed County staff to prepare the application for creation of the district for submission to the Local Agency Formation Commission. This action was taken in response to basin overliers and other concerned individuals and groups who are wary that a potential use of the proposed district would be for large landowners and outside corporations to gain control of the basin water and/or a portion of the basin storage capacity. This in turn might enable the district and its larger members and/or behind the scenes backers to export water or water credits outside the county for a profit.

The backers of the proposed district, the Paso Robles Agricultural Alliance for Groundwater Sustainability (PRAAGS), vehemently deny this purpose, and each member of the PRAAGS Board of Directors has signed a public statement refuting this allegation.

Nonetheless, the entire Board, in an effort to forestall the objection, directed staff to prepare an anti-water exportation ordinance which would forbid exportation of groundwater outside the county. The situation was immediately rendered more complicated when County Counsel discovered that counties do not have the legal authority to adopt an outright ban. The best they can do is to adopt a very strict permit process, which someone wishing to export water would have to survive.

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

Item 2 - Letter transmitting plans and specifications (Clerk's File) for Nacimiento Water Project Nacimiento River Crossing Pipe Repair, for Board approval and advertisement for construction bids; approve revisions to District Bid Protest Rules; and find that the project is exempt from Section 21000 et seq. of the California Public Resources Code (CEQA).

The Engineer's estimate for the repair of the NACI pipeline is $1,609,000. To date the Board has appropriated $625,000 toward the project. It is not known at this point how much of this amount has been expended trying to figure out how many leaks there are, where they are, and how to fix them. Bids will be opened on December 22, 2014. We will see. Recent project bids by the County have generally exceeded the Engineer's estimate. The County will attempt to recover the costs from the original contractor, Teichert Construction of Sacramento. Teichert is one of the oldest and most prominent construction companies in California.

Item 3 - Monthly Drought Report. There is not much new in this report except that for the first time (15 months after adopting the moratorium) the County proffers some information about the number of wells which have gone dry:

To date, the County has received 73 responses to the supplemental survey. Of the 73 respondents, 33% report that one or more wells have gone dry and 10% report they are trucking in water.

There is no data about the location of the wells, their depth, in which basin they are the located, or anything else. Again, even if all these wells were located in the Paso Basin, which supposedly has 8,000 wells, 24 dry wells (33% of 73) do not constitute an imminent threat to public, health, safety, and welfare (the finding that the board made to justify the Paso Water Basin Moratorium).

What a breach of public trust!

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. 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.

ASTONISHING, OUTRAGEOUS, AND ILLEGAL TOO.

Consider the following:

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 is being 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. Will the Board members themselves, their legislative aides, and the elected department heads each receive $1000? Will Gibson be voting to give the $1000 to his legislative assistant?

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

e. This week the Board proposes to levy more costs on homebuilders for "affordable housing."

f. They have the gall, insensitivity, and arrogance to try to sneak this through on the consent calendar.

g. The item appears on the agenda on the Wednesday of Thanksgiving eve in a calculated effort to slip it through when people are 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? Was there an illegal serial meeting amongst some Board members to reach a consensus on generating and pre-approving the giveaway?

j. Most County employees actually received pay increases during the recession. Did you? See the chart below:

All Bargaining Unit Wage, Cafeteria, and Pension Changes FY 08-09 - FY 14-15

	UNREPRESENTED	DCCA	SLOGAU	SLOCEA*	SLOCEA*	DAIA	SLOCPMPOA	SLOCSMA	SLOCPPOA	DSA	ASLOCDS
	Ops & Staff Mgmt, General Mgmt, Appointed Dept Heads, Elected Officials (excluding BOS), Confidential	*Deputy County Counsel Association*	*San Luis Obispo County Government Attorneys' Union*	*San Luis Obispo County Employee's Assoc*	*San Luis Obispo County Employee's Assoc*	*District Attorney Investigators' Assoc*	*San Luis Obispo County Probation Managers' Peace Officers' Assoc* Formed 8/24/07 now part of BU08	*San Luis Obispo County Sheriff's Managers Assoc*	*San Luis Obispo County Probation Peace Officers' Assoc*	*Deputy Sheriff's Assoc*	*Assoc of SLO County Deputy Sheriffs*
	BU07, 08, 09, 10, 11	BU12	BU04	BU01, 05, 13	BU02	BU06	BU29	BU15	BU31, 32	BU03, 14, 21, 22	BU27, 28
Total PWA to Salary 14-15							MOIC		2.00%		
Total PWA to Salary 13-14				1.18%			MOIC		2.00%		
Total PWA to Salary 12-13							MOIC				
Total PWA to Salary 11-12							MOIC				
Total PWA to Salary 10-11				1.88%	2.65%		MOIC	2.98%		2.98%	2.98%
Total PWA to Salary 09-10		0.23%	0.23%	-3.00%	-3.00%	4.15%	4.50%			4.12%	DSA
Total PWA to Salary 08-09		1.32%	1.32%	3.00%	3.00%	4.00%	6.98%	6.78%	6.00%	6.78%	DSA
TOTAL PWA TO SALARY (%)	**0.00%**	**1.55%**	**1.55%**	**3.06%**	**2.65%**	**8.15%**	**11.48%**	**9.76%**	**10.00%**	**13.88%**	**13.88%**
Total PWA to Cafeteria 14-15						0.32%			0.27%		
Total PWA to Cafeteria 13-14	1.00%			0.40%		0.38%	1.00%		0.30%		
Total PWA to Cafeteria 12-13											
Total PWA to Cafeteria 11-12											
Total PWA to Cafeteria 10-11					0.14%		MOIC				DSA
Total PWA to Cafeteria 09-10	1.55%	2.88%	2.88%				2.54%	7.56%	5.32%	3.44%	DSA
Total PWA to Cafeteria 08-09				3.00%	3.00%	5.35%		0.54%	1.82%	0.54%	DSA
TOTAL CAFETERIA (%)	**2.55%**	**2.88%**	**2.88%**	**3.40%**	**3.14%**	**6.05%**	**3.54%**	**8.10%**	**7.71%**	**3.98%**	**3.98%**
CURRENT CAFETERIA AMTS (PER MO)	$975	$1,096	$1,096	$750.58	$695.95	$816.07	$975	$1,300	$991	$700	$700
EE Pension Contribution 14-15											
EE Pension Contribution 13-14	0.48%			0.48%		0.60%	0.48%	0.60%	0.49%	0.60%	0.60%
EE Pension Contribution 12-13											
EE Pension Contribution 11-12											
EE Pension Contribution 10-11	0.56%	0.56%	0.56%	0.57%	1.65%		MOIC	2.98%		3.04%	2.98%
EE Pension Contribution 09-10	1.55%	0.23%	0.23%	-3.00%	-3.00%	3.38%	0.39%	2.06%			DSA
EE Pension Contribution 08-09		1.32%	1.32%	2.80%	1.66%		0.74%	1.75%	0.63%		DSA
TOTAL EE PENSION CONTRIBUTION (%)	**2.59%**	**2.11%**	**2.11%**	**0.85%**	**0.31%**	**3.98%**	**1.61%**	**7.39%**	**1.12%**	**3.64%**	**3.58%**
				*FY2009-10: SLOCEA's 3% rollback in salary was offset by a 3% ER pension pickup of EE's share							
NET INCREASE (PWA% +CAFÉ% LESS PENSION%)	**-0.04%**	**2.32%**	**2.32%**	**5.61%**	**5.48%**	**10.22%**	**13.41%**	**10.47%**	**16.59%**	**14.22%**	**14.28%**

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If you take out the executives and lawyers who are highly compensated anyhow, the raises over the life of the recession averaged 11.16% per union. This means that over the 6 years covered in the chart, they received an average raise of 1.86 % per year. No one was laid off and no one had to take a mandatory furlough with no pay. Now they get a $1,000 present for having been there. Even the new employees, who were more recently hired and weren't even here during the recession, will receive the $1000 gift.

Disclaimer: The item is so unbelievable that we attempted to contact the HR Director (the author) early Wednesday afternoon of November 26, 2014 (Thanksgiving Eve) to make sure that we were reading it right and to ask if the Board members and their aides would each receive the $1000 dollar present. The receptionist reported that she could not locate the Director and said leave a voice mail. As of the late afternoon of November 28 we have received no response.

Item 8 - Request to approve a one-year base contract with two (2) option years with Water Systems Consulting, Inc., in the amount of $98,500 for the base term, to provide energy and water manager services for County facilities. The staff proposes to spend almost $100,000 on yet another symbolic feel good program. The write up states in part:

An energy and water manager services contract is intended to identify opportunities to reduce usage and costs of electricity, natural gas, water, sewer/wastewater, and propane in County facilities. The consultant services will assist the County to develop, administer, and coordinate the energy and water management programs for County owned and leased facilities. The consultant will provide technical expertise to analyze utility data for discrepancies in billing, conduct independent third party review of projects for potential savings, check calculations and assumptions of energy and water audits, and identify potential rebates, grants, and incentive programs for energy and water savings.

The contract is with the SLO firm of Water Systems Consulting, Inc. (WSC). WSC is so sure that the Board of Supervisors approval is in the bag that it didn't wait for the Board to award the contract before announcing that they received it. The puffery below is already on their web site.

WSC is SLO County's Energy and Water Manager

November 14th, 2014

WSC has been selected as the County of San Luis Obispo's (County) Energy and Water Manager. The County operates a broad range of facilities, including office spaces, court houses, jails, pumping stations and treatment plants. Reducing energy and water usage at these facilities is a high priority for the County. The County's Energy Wise Plan sets specific energy and water goals for County operations, including reducing energy use in existing County facilities 20% by 2020, increasing the use of renewable energy sources in County facilities to account for 10% of total energy used, and reducing water use in County facilities 20% by 2020.

As Energy and Water Manager, WSC will be collaborating with the County to develop, administer and coordinate energy and water management programs for County owned and leased facilities. WSC's initial activities include data management, utility data analysis, coordination with electric, gas and water utilities, review of energy savings audits and projects, and oversight of the County's current initiative, PG&E's Sustainable Solutions Turnkey (SST) program. Through these activities, WSC will help the County achieve and prove significant reductions in the cost and consumption of energy and water.

Item 18 - Water Management Grants. The County successfully competed for $6.3 million in State emergency drought grants. The purpose of this item is to legally accept the grants and determine final allocations. Originally, the County applied for $12.2 million, which was to be applied to $18.9 million in project costs. The County and local water districts would contribute the $6.7 million balance. In the end the project budgets are contained in the table below. The staff also provided some alternatives. Key policy issues include:

a. How will the Board divvy up the funding given that the grant is less than had originally been contemplated?

b. What happens to the Chorro Valley inter-tie, since the revised plan no longer includes funding for it? The inter-tie is a critical piece of the puzzle if it is determined to convey Naci water to the Chorro Valley and beyond. This in turn begs the larger policy question of why is the Board majority plus Mecham contemplating the transfer of Naci water to the south county at the same time that the north county Paso Basin is under a moratorium.

c. A large proportion of the funding is directed towards Cambria and San Simeon on the northwest coast. Both villages are running out of water. The north coast citizens and their representatives have rejected additional water storage projects over the decades, deeming them counter-environmental and growth inducing. Now when they are running out of water, the tax payers have to bail them out.

Table 1. Recommended Grant Funding Allocation

Individual Projects	Recommended Grant Allocation	Match Funding[1]	Total Project Cost	Notes
Project 1: CSA 23-AMWC-Garden Farms Emergency Intertie	$ 1,479,750	$ 508,250	$ 1,988,000	Original grant request retained by reallocating funding from Project 5
Project 2: Heritage Ranch CSD Emergency Turnout	$ 112,500	$ 37,500	$ 150,000	Original grant request retained by reallocating funding from Project 5
Project 3: Cambria CSD Emergency Water Supply	$ 2,354,445	$ 6,478,501	$ 8,832,946	Reduced grant funding to 62% of original request by reallocating funding from Project 5
Project 4: San Simeon Small Scale Recycled Water	$ 2,207,380	$ -	$ 2,207,380	Reduced project scope and grant funding to 62% of original request by reallocating funding from Project 5
Project 5: Nacimiento-Salinas-CMC Emergency Intertie	$ -	$ -	$ -	Re-allocated grant funding request to Projects 1- 4
Overall Grant Administration	$ 169,535	$ 190,497	$ 360,032	
Proposal Total	**$ 6,323,610**	**$ 7,214,748**	**$ 13,538,358**	

1 Funding match must be at least 25% of total project cost (San Simeon as a Disadvantaged Community is waived)

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.

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.

How It's Structured: Homebuilders are required to provide one affordable unit for each five market units or pay a "fee" (tax) into the affordable housing fund in lieu of actually building the unit. The amount of the fee is based on a complex black box study called a nexus study, which analyzes economic and market factors to come up with the base per sq. ft. costs. This data is then manipulated into a standard "fee" (tax) based on the size of the market houses (unsubsidized houses). It is then applied to each market house (per unit fee). As the table below illustrates, for every five market houses, the builder would have to pay the amounts listed in the table to help create one affordable house. For 2015-16 homebuilders will have to pay the amounts in the column entitled Year 1 per Unit Fee. The County originally intended to raise the amounts by 20% per year until they reached the level shown in the column entitled Year 5 per Unit Fee. The homebuilders strenuously objected because of the recession, and the County held off. Last year the staff recommended that the fees be raised 20%; however the Board demurred. This year the recommendation is to raise the fees 4.9%. This move is calculated to placate the homebuilders, yet at the same time move the fees upward. We expect that Supervisor Gibson may push for a full 20%. It will be interesting to see what Ray and Hill do if Gibson proposes such a move. The table below displays the rates with the 4.9% increase included.

Please see the table and text on the next page.

Attachment 1

Exhibit "A"

Table 23.1 (FY 2015/2016) – Residential Development – In-Lieu Fee Schedule

Unit Size (SF)	Year 1 Per Unit Fee*	Year 5 Per Unit Fee	Fee for one IHU**
900	$675	$3,375	$16,875
1,000	$750	$3,750	$18,750
1,100	$ 825	$4,125	$20,625
1,200	$900	$4,500	$22,500
1,300	$975	$4,875	$24,375
1,400	$1,050	$5,250	$26,250
1,500	$1,125	$5,625	$28,125
1,600	$1,200	$6,000	$30,000
1,700	$1,275	$6,375	$31,875
1,800	$1,350	$6,750	$33,750
1,900	$1,425	$7,125	$35,625
2,000	$1,500	$7,500	$37,500
2,100	$1,575	$7,875	$39,375
2,200	$1,650	$8,250	$41,250
2,300	$1,725	$8,625	$43,125
2,400	$1,800	$9,000	$45,000
2,500	$1,875	$9,375	$46,875
2,600	$1,950	$9,750	$48,750
2,700	$2,025	$10,125	$50,625
2,800	$2,100	$10,500	$52,500
2,900	$2,175	$10,875	$54,375
3,000	$2,250	$11,250	$56,250
3,100	$2,325	$11,625	$58,125
3,200	$2,400	$12,000	$60,000
3,300	$2,475	$12,375	$61,875
3,400	$2,550	$12,750	$63,750
3,500	$2,625	$13,125	$65,625
3,600	$2,700	$13,500	$67,500
3,700	$2,775	$13,875	$69,375
3,800	$2,850	$14,250	$71,250
3,900	$2,925	$14,625	$73,125
4,000	$3,000	$15,000	$75,000

Original Source: Residential Housing Impact Fee Nexus Study. Submitted to San Luis Obispo County in October, 2012.

Remember that a developer who is building five market-rate houses of 2,700 sq. ft. would have to pay $2,027 per market-rate house, or $10,125 into the fund in order to get the permits. Once the phase-in reaches the 5th year, this amount would become $50,650. Naturally this will simply be passed along and will make the market houses more expensive – actually diminishing affordability!

This cost, along with the entire County-imposed permitting costs, facilities exaction taxes (for future capital improvement such as roads, fire houses, parks, etc., attributable to the development), and the costs of hiring experts to help processes the permits, get built into the price of the home.

The Program Doesn't Work: The table below displays the program's "accomplishments" for fiscal year 2013-2014. It provided insignificant contributions to three already heavily subsidized developments.

Table 6
Projects Supported by the Title 29 Fund during the Previous Year (2014 Action Plan)

Project Name	Amount Allocated	Amount Drawn	Remaining Amount	Was Project Completed?
Oak Park – Phase 1 Paso Robles (80 units)	$16,362.27	$16,362.27	$0	Yes – Completed November, 2014
Moylan Terrace - Phase 2 San Luis Obispo (7 units)	$35,974.78	$35,865.78	$109.00	Yes – Completed June, 2014
People's Self Help Oceano (6 units)	$5,274.42	$5,274.42	$0	Yes – Completed September, 2014

How ridiculous: The program generated $57,611 for use in 2014. This was applied to 93 affordable housing units - a "whopping" $619.47/unit affordable subsidy. That's just about the cost of one County-mandated low-flow flush toilet.

It's certain that just administering the program, including processing the applications, receiving the payments, negotiating the deals, and producing this report, adds up to more than $57,611.

The table below demonstrates the failure of the County to promote affordable housing.

Table 5: Housing Units Permitted Compared to Housing Element Objective for Calendar Years 2009-2013

	Very Low and Low Income	Moderate Income	Above Moderate Income	Total
Housing Element Objective*	858	418	924	2,200
Housing units completed in 2009	18	6	402	426
Housing units completed in 2010	100	4	290	394
Housing units completed in 2011	32	2	133	167
Housing units completed in 2012	13	2	195	210
Housing units completed in 2013	8	2	316	326
Number of housing units (below) or above the Housing Element Objective	(687)	(402)	412	(677)

* Total number units desired by the Housing Element during the 2009-2014 period.

Contrast the Board "commitment" to affordable housing exemplified in this agenda item with its commitment to employee unions as exemplified in Agenda Item 10 above, where it is giving away $2.4 million in pure general fund revenue without even negotiating any public benefit whatsoever.

The hypocrisy reeks.