



COLAB SAN LUIS OBISPO COUNTY



WEEK OF MAY 31-JUNE 6, 2015

**LONG APCD WRANGLE/DECISION ON HOW TO
MANAGE COURT CASE LOSS DEFERRED TO
JUNE 17, 2015**

**PASO BASIN WATER EIR NOTICING MUFFED
COMMENT PERIOD AND NEW RESPONSE PERIOD WILL LAPSE
EMERGENCY MORATORIUM PRIOR TO EFFECTIVE DATE OF
PERMANENT ORDINANCE**

**BOARD TO CONSIDER ENTERING ENERGY
HOME LOAN BUSINESS ON LARGE SCALE**

**WERE HILL AND GIBSON ACTAULLY SERIOUS?
NEW RULE WOULD REQUIRE BOARD MEMBERS TO REPORT CONVERSATIONS
WITH CITIZENS AND GROUPS ABOUT AGENDA ITEMS EACH WEEK
(SEE PAGE 8)**

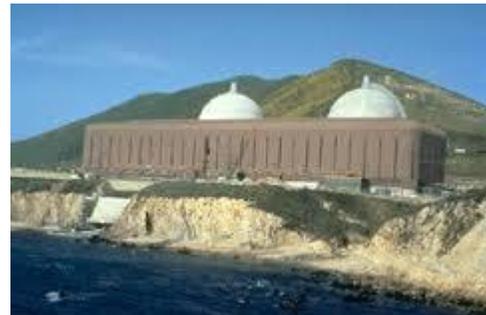
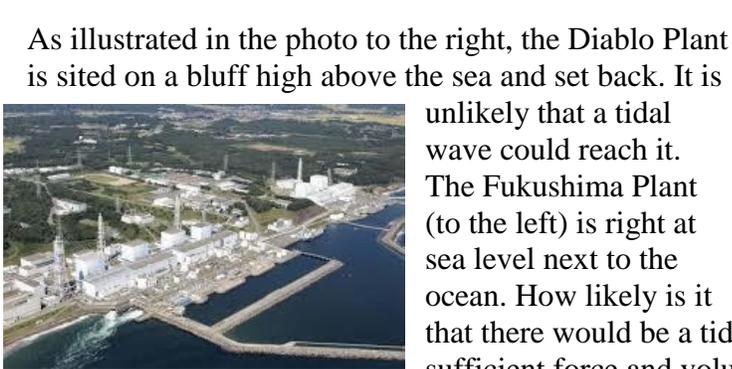
No Board of Supervisors Meeting on Tuesday, May 26, 2015 (Not Scheduled)

Monday, May 25, 2015 was Memorial Day. The Board typically does not meet on Tuesday following a holiday.

Board of Supervisors Meeting of Tuesday, June 2, 2015 (Scheduled)

Item 6 - Submittal of a letter of support for SB 657 (Monning) – Independent Peer Review Panel. Gibson requests support of the Board to endorse SB 657, which would continue the life and financing of the Panel that is reviewing PG&E’s Diablo Power Plant relicensing seismic studies.

In August of 2010, the IPRP was created by the CPUC to review and comment upon technical studies of the earthquake seismic risk to the DCP. The IPRP has provided recommendations to the CPUC for studies to further refine the understanding of the potential seismic hazards at the DCP. The IPRP also provided an independent review of PG&E’s study plans and findings. After the accident at the Fukushima Dai-ichi nuclear power plant, the NRC required a re-evaluation of the risks which PG&E submitted on March 12, 2015.



As illustrated in the photo to the right, the Diablo Plant is sited on a bluff high above the sea and set back. It is

unlikely that a tidal wave could reach it. The Fukushima Plant (to the left) is right at sea level next to the ocean. How likely is it

that there would be a tidal wave that would overtop the cliff with sufficient force and volume to impact the structures? Are the

continuous and added studies actually a contrived form of delay and opposition designed to foment hysteria and drive PG&E to close the plant prior to the Board taking a public stand? More people are killed in train accidents every year than have ever been killed in nuclear power plant accidents (except for the badly communist-mismanaged Chernobyl Plant in the former Soviet Union). But governments and enviro radicals are not calling for the banning of passenger trains. Instead they are trying to force the expansion of this 19th century technology at public expense.

Will the Board ever fish or cut bait on this issue and decide if it supports relicensing or not? Would the Board ever pass a resolution supporting relicensing even if studies show that it is absolutely safe? It will be interesting to see if PG&E ultimately pulls the plug on the renewal of the licenses to operate the 2 reactors after 2025 (just ten years from now). The cost of replacing the cooling tower system, unrelated to seismic issues, could be decisive.

Item 10 - Request to approve a letter of opposition to the State Water Resources Control Board’s Grazing Regulatory Action Project (GRAP). Back in April, the Board directed staff to prepare a letter opposing the State Water Board’s proposed regulatory expansion, which would regulate ranchers. Based on our experience with the Board’s current irrigated ag regulations, this program could restrict where cattle can graze, how many cattle can be run, what feeds and supplements can be used, etc. Annual plans and fees will most likely be required. The State has not demonstrated any proof that there is a serious water quality problem on the central coast caused by cattle ranching.

The Board letter provides a variety of reasons why the Water Board should not go forward with the problem. The proposed letter can be accessed at the web site:

<http://agenda.slocounty.ca.gov/agenda/sanluisobispo/4715/QXR0YWNobWVudCAxIC0gR1JBUCBMZXR0ZXIucGRm/12/n/44650.doc>

Item 24 - Request to approve a sole source agreement for professional services with NBS, in an amount not to exceed \$52,500, for Proposition 218 funding mechanisms and proceedings for the Paso Robles Groundwater Basin Water District formation, and execution of an Indemnity Agreement with the Local Agency Formation Commission.

As we have pointed out previously, the County's application to LAFCO for creation of a Paso Basin Water Management District is being jammed through in pieces. There is no actual complete application document. In this item the Public Works Director requests the Board to authorize issuance of a new no bid contract with the county's LAFCO application financial consultant NBS. The staff states:

More refined cost allocations are needed to fully inform a decision on the appropriate funding mechanism for the new District. NBS consultants have developed a scope of work to provide both special tax and property related fee cost allocations. NBS has also included the cost of performing the formal Proposition 218 proceedings.

And:

A typical Request for Proposal for professional services takes at a minimum 45 days. There are approximately 60 days between now and August, leaving at best, 15 days for the selected firm to conduct the Proposition 218 cost allocation. By sole sourcing the contract with NBS, it ensures they have ample time to prepare a quality work product.

- a. How much was NBS's original contract?
- b. The NBS scope of services indicates that Board of Supervisors water majority is moving ahead with plans to conduct an election on a parcel tax or property based fee (possibly a pump charge) to fund the district as soon as it is legally possible.
- c. NBS will prepare the groundwork for levying either a parcel tax and a property based fee. NBS advised the Board of Supervisors in its March 31, 2015 letter that:

A parcel tax may be enacted pursuant to Government Code 50075. The parcel tax can be levied against all taxable property within the proposed boundary of the PRBWD in anticipation of its formation. The parcel tax is not a fee, and, therefore, need not be shown that it is proportional to the cost of that the levy does not exceed the cost to provide the service. There is no requirement that the special tax be apportioned on the basis of the benefit to any property; Successful creation of a parcel tax requires approval of 2/3 of the registered voters voting in the election.

We do not foresee any legal challenges to overcome in order to enact a parcel tax.

d. A property based fee (probably a pump charge) could be legally tricky and subject to challenges. NBS cautions that a property based fee:

1. Must show levy to fund compliance with SGMA is a property related service rather than a tax or assessment.

How does paying to use your own water (and having restrictions imposed on how much you use) constitute a service? It's a regulation.

2. Must show the amount charged to each parcel does not exceed the proportional cost of the service attributable to that parcel.

This will create huge budget allocation problems. The basin is about 450,000 acres. Around 150,000 acres are used for cattle grazing, which use a very small proportion of the water. Ditto for residential, dry farming, no use vacant land, and so on.

Item 27 - Submittal of a report on residential energy efficiency financing options. The key issue before the Board contained in this item is whether the County should initiate a Property Assessed Clean Energy Program (PACE). The write-up states in part:

Property Assessed Clean Energy (PACE) is a financing mechanism that allows property owners to finance eligible energy and water efficiency, and renewable energy projects, by adding the cost as an assessment to the property tax bill. This mechanism eliminates upfront costs and allows repayment to be made over a long timeframe—typically from five to twenty years.

There are a number of possible variants to the program. One of the largest is the Sonoma County program, where the County issued revenue bonds to provide the cash to make the loans. The loans are paid off by the added assessment on the property tax bills. The home provides the ultimate security. A number of jurisdictions considered the Sonoma model but before the programs could be implemented, the Federal Housing Finance Agency (FHFA) issued a directive stating that:

...residential PACE programs present "significant safety and soundness concerns" that must be addressed (Attachment B). FHFA's primary concern was – and remains today - that PACE loans in California are established as senior liens and are therefore fundamentally dissimilar to routine tax assessments. Thus, the FHFA determined that these PACE assessments pose significant challenges to mortgage lenders and mortgage securities investors. Based on this directive from FHFA, Fannie Mae and Freddie Mac announced to lenders that they would not purchase mortgages originated on or after July 6, 2010 that were on property with a PACE senior lien obligation. Given this directive from FHFA, the California First PACE residential program was put on hold while efforts through legislation and the courts to reverse the FHFA policy were pursued. Federal concerns regarding mortgage risk were specific to residential PACE programs and did not impact commercial PACE programs from moving forward.

The State of California attempted to overcome the problem by setting up a loss reserve program. FHFA, Freddie Mac and Fannie Mae would not relent. The State sued in Federal Court to force the Federal housing agencies to change their position. The State lost in the 9th District Court of Appeals.

a. There are no indicia in this staff report that the County Auditor Controller has weighed in on the establishment of such a program and its risks.

b. The Sonoma County FY 2013-14 Comprehensive Annual Financial Report indicates that Sonoma has issued \$45.9 million in PACE 7% interest bonds (so-called energy independence bonds). Should SLO County get into the home loan business on borrowed money?

c. Apparently the Sonoma County buys its own PACE Energy Bonds as part of its Treasury operations. A recent Sonoma County Board item (Item 36 of its March 17, 2015 agenda) stated in part:

Staff is requesting approval of the resolution (the “Resolution of Issuance”) authorizing the Public Financing Authority to issue, on a monthly basis, new bonds for the months of April 2015 through September 2015, and approval of a resolution authorizing the Treasurer to invest in the new bonds on behalf of the Treasury Pool or the Water Agency. Board approval of this resolution is required to allow Sonoma County Energy Independence Program to continue to finance energy and water improvements for Sonoma County property owners. Resolution of Issuance allows the flexibility to issue specific 10 and 20 year non-residential contracts as separate bonds. This is important in that it provides flexibility to the County when and if it desires to sell the bonds on the open market as some investors may only be interested in bonds linked to commercial projects.

d. Is the Sonoma County treasury buying the PACE bonds because they are not sellable in the regular financial markets?

e. This sounds like some sort of Ponzi scheme. The Sonoma County issues debt to fund the loans. The County then buys its own debt with funds from its Treasurer’s investment pool.

f. The County’s existing energy home loan program, emPower, is not exactly selling like hot cakes. The staff report states in this regard:

Within this time, (since August 2014) the emPower team has hosted seven educational workshops on residential energy efficiency, presented at 30 community events to promote the program, and coordinated three local training programs for local building professionals to receive energy efficiency and safety training or certification. Twelve contractors and building professionals are currently enrolled and participating in the program. In addition, the emPower Energy Coach has provided 107 homeowners throughout the County with a free energy assessment to help them understand the energy retrofit opportunities in their homes.



Based on the Energy Coach Visit and education and outreach efforts, there are 58 active homeowners in the program and twelve energy efficiency projects have been completed with an average job cost of \$23,942.

g. Wonder what the staff, management, and other costs were to produce 12 loans over 10 months? Notwithstanding a massive advertising campaign and all the promotional activities about which they are crowing above, the program is not taking off. Sample slick promotional material is shown on the pages below.

It's Easy to Get Started



GET STARTED

Select the services you're interested in, and we can help you get going today!

WHAT TO EXPECT:

Steps to upgrading your home

Get an overview of the process

Is your home too cold, too hot, or too drafty?

Are your energy bills through the roof?

Are you frustrated by older features in your home?

The Tri-County region is a beautiful place to live, shouldn't you enjoy the indoors as much as the outdoors? emPower has brought together all the resources and partners necessary to make your home energy upgrade easy and affordable.

Learn more about emPower services for single family homeowners:

- emPower specialists can guide you through the process
- Energy coach free home evaluation
- Flexible upgrade options & incentives up to \$6,500
- Convenient, low-cost unsecured loans
- Connect with qualified contractors
- Home energy workshops throughout the tri-county area

Bizarrely, and notwithstanding all of this, the County staff requests the Board to determine if it wishes the staff to proceed to develop a PACE program.

Item 28 - Submittal of a resolution approving the issuance and sale of Nacimiento Water Project 2015 Revenue Refunding Bonds, in one or more series in an aggregate principal amount not to exceed \$167,425,000 by the SLO County Financing Authority. The Public Works Department recommends that the Board authorize refinancing of a portion of the debt used to build the project. Interest rates have fallen, and it is advantageous to replace existing bonds with bonds that provide a lower interest rate. The write up states:

The refinancing of the tax exempt bonds is currently estimated to save \$6.6 million in total over the remaining 26 year term of the bonds, or approximately \$280,000 annually. This equates to approximately \$4.5 million in present value savings. This savings will be reflected in reduced Nacimiento billings to the Cities of Paso Robles and San Luis Obispo and the Templeton Community Services District.

The item does not seem to indicate what the cost of issuance is for bond counsel, financial advisors, underwriters, banking services, etc...

Item 30 - Submittal of a report on options for addressing ex parte communications for members of the Board of Supervisors. Back in March, Hill and Gibson suggested that the Board adopt a rule which requires disclosure of any contacts that a Board member receives concerning matters on an upcoming agenda. This arose because they don't like COLAB systematically providing information and recommendations to Board members and others. Apparently they want to know what COLAB is covering and suggesting. By floating this idea, they hope to chill and suppress any regular contact between COLAB and Board members. Actually, all they need do is read the Weekly Update because it is all disclosed here in advance of the meetings for all the world to read. We are willing to meet with any Board member to go over the upcoming agenda items as well. Moreover, we are available for questioning at Board meetings, LAFCO meetings, APCD meetings, and Planning Commission meetings. We are the only civic group which attends all the Board meetings, many of the other County agency board meetings, and reads the Annual Budget, Comprehensive Annual Financial Report, and Annual Pension Valuation Report from cover to cover. We are also the only group which reports weekly on the issues relevant to businesses, agriculture, homeowners, and taxpayers.

The staff was directed to study the feasibility of adopting the procedure and to report back.

In a carefully worded report (so as not to incur the wrath of anyone) the staff points out that the disclosure of ex parte communications is generally used to insure openness with respect to land use appeals. Technically, on land use appeals the Board is acting in a quasi-judicial capacity. The staff report goes on to provide background and choices. Two of the choices related to the use of ex parte disclosures pertained to land use matters. The third responds to Hill and Gibson's real purpose.

It states:

3) Amend Rules of Procedure to require disclosure of ex parte communication for all matters on the Board's agenda (regardless of whether quasi-judicial in nature or not).

This option incorporates a new policy into the Board's Rules of Procedure that would require disclosure of ex parte communications for all matters on the Board's agenda. This option could result in a considerable amount of time at each Board meeting as the required disclosures would include Board member meetings with special interest groups, constituents, and service providers, as well as receipt of related written communications, to name a few.

Possible language for this option:

So if a Board member receives comments from someone at the Deli in Albertsons, they would have to report it. Just keeping track and remembering would be tedious. They would need to carry an iPad, tablet, or something to keep notes. Or perhaps they could be required to wear a video cam, like the ones which more and more law enforcement agencies are requiring their officers to wear. "What's good for the goose...?"

To the extent any member of the Board has an ex parte communication related to matters before the Board, the communication shall be reported to the Board in open public session, including sufficient detail so as to provide adequate information to the other members of the Board and the public as to the substance of the communication. To the extent that a member deems it necessary, the member may also file with the Clerk of the Board a written statement explaining a public ex parte contact. This provision does not exempt the member from making a public ex parte disclosure.

Will talks between the Board members and their political consultants when they relate to agenda items be subject to this policy?

Air Pollution Control District (APCD) Meeting of Wednesday, May 27, 2015 (Completed)

Item B-1: Hearing to Consider Adoption of Amendment to Rule 1001, Coastal Dunes Dust Requirements. The APCD Board held a lengthy discussion and came to no conclusion other than to send a letter to the Federal Environmental Protection Agency (EPA) to request their opinion on a matter which will be detailed below and to continue the issue to the June 17 2015 meeting. The ostensible issue on the agenda was the recommended removal of a sentence from a regulation (Rule 1001), which had been invalidated by California State 2nd District Appeals Court.

Court Case Background: The amendment was to remove one sentence from the Rule. That sentence states:

5. All facilities subject to this rule shall obtain a Permit to Operate from the Air Pollution Control District by the time specified in the Compliance Schedule.

The Board letter recommends that the sentence be removed because the Court found it to be illegal. Specifically, The Second Appellate District Court found that the APCD *exceeded its authority in adopting rule 1001 of Regulation X, Fugitive Dust Emission Standards Limitation and Prohibitions (Rule 1001), which requires that the California Department of Parks and Recreation obtain an air emissions permit to operate the Oceano Dunes States Vehicular Recreation Area.*

Issue Became Expanded: Several APCD Board members, including Waage, Arnold, and Harmon proposed in one way or another that the APCD attempt to work with State Parks to develop an expedited collaborative process to find ways to lower the amount of dust being generated from the vehicle riding areas. This could entail converting an existing consent decree between the APCD and State Parks into a mutually acceptable memorandum of understanding (MOU).

The problem with the existing MOU is that it is being used as cover by the APCD staff, Gibson, Hill, Marx, Bright, and Smukler to pretend that the APCD never lost the case in the first place. As the Board letter stated:

This proposed Rule revision will remove the permit requirement without changing the effectiveness of the Rule.

Essentially the staff was minimizing the impact of the Court decision and suggesting that they plow ahead as if nothing happened. As we pointed out last week:

The problem for APCD is that, as noted above, the Court found that Air Districts don't have the legal power to regulate non-point sources of PM10 in the first place. The consent decree outlines the process by which the APCD is regulating non-point sources of PM10. Is not the Consent Decree a nullity at this point?

In any case, some of the other Board members were not ready to be processed down the garden path on this one. Accordingly there was a lengthy debate. Waage made repeated attempts to arrive at some sort of practical way to move forward.

The Staff/Gibson/Hill/Marx/ Bright/ Smukler rejoinder was that the EPA would never accept a collaborative MOU and would therefore come in and seize control of the issue and impose far more restrictive and oppressive controls than the APCD (where have you heard this line before?). It was determined to send a letter to the EPA to solicit their general opinion. Waage pled in vain to work out some details of an MOU and process first, so that the EPA would be presented with something solid and thought out. The APCD Director and the Gibson /Hill block insisted that the staff was too overtaxed to develop such a plan and that before they were assigned any work, that EPA's opinion should be solicited first. Thus, sending the vague letter without backup is likely to guarantee that EPA will come in. After all, the court already invalidated the heart of the dunes dust rule.

COLAB again pointed out that the whole regulatory scheme was misplaced. If the PM₁₀ dust was actually caused by humans and was an actual carcinogenic health hazard, the County Health Officer would have already shut down the riding and vehicle camping years ago under her State powers. The entire Nipomo Mesa as a geologic structure is composed of sand which has been blowing there for tens of thousands of years. For part of the year, the wind howls almost every afternoon. Why would anyone who does not like wind and/or a sandy coastal environment move there in the first place? Why would you move to Phoenix if you don't like heat or dust storms or to Wisconsin if you don't like mosquitos in the summer or blizzards and sub-zero temperature in the winter?

MUFFED WATER CONSERVATION PLAN (PERMANENTIZATION OF THE PASO MORATORIUM) EIR NOTICE CONFIRMED

Late last Friday it was confirmed that the County failed to publish one of the legally required notices announcing the publication and comment period start for the so-called "Water Conservation Plan" EIR. Water Conservation Plan is the County's euphemistic title for the collective amendments to various sections for the Plan of Development and zoning ordinances

which would render the Paso Basin Moratorium permanent, impose new water conservation requirements, and spread some aspects to other parts of the county.

The RE-DO: On Friday the County published a notice of circulation of the EIR, which requires a new public 45-day comment period. This will be followed by a 30-day period for the staff to prepare responses to any new comments. The Planning Commission is in the process of reviewing the program and the EIR. The Commission will not be able to take formal action until the new process is complete, which means that they will have to wait until its July 30, 2015 meeting to take action. Once the Planning Commission finishes its review and adopts a recommendation to the Board of Supervisors, there must be a minimum 10-day interval before the Supervisors can conduct a hearing and take action. This means that the proposed program can be introduced as a consent item on the Board agenda of August 11, 2015. The Board could then actually consider the item at its meeting on August 25, 2015 and if it required another meeting. also on September 1, 2015. The current moratorium expires in mid-August. If the Board were to adopt the program on August 25, 2015, the moratorium would have already lapsed. Additionally and because there is a 30-day waiting period before a new ordinance may take effect, it will be October before the program would go into effect. The Board cannot adopt the new ordinance on an emergency basis, because the State law that allowed the original urgency ordinance forbids adoption of a 2nd one for the same purpose.

Notwithstanding the muffed notice, the Planning Commission is moving forward with a detailed review of the various provisions of the program. Given that the EIR is being recirculated and that there is a new comment period, etc., what if their review and substantial effort is determined to be premature and must be started over?

Planning Commission Meeting of Friday, May 29, 2015 (Completed)

Please see the item immediately above, which may slow or render the matter discussed here invalid.

Item 3 - Water Conservation Program/General Plan and Land Use Ordinance Amendments, which will:

- 1. Make the Paso Water and Development Moratorium permanent.**
- 2. Create a Water Offset Program (Pay to use your own water).**
- 3. Add miscellaneous restrictions on the use of water.**
- 4. Begin to spread various portions of the moratorium to other parts of the county.**

The Commission continued to go through various provisions of the program in detail. They have many good questions and are concerned about various impacts. Nevertheless, they seem to believe that its adoption in some form is a necessary and a foregone conclusion. Disappointingly,

both the Commission and the staff seem to understand and accept the fact that the program continues the moratorium and effectively shuts down the expansion of both agriculture and residential development in the Paso Basin and other level III basins, perhaps for decades and until sources of supplemental water can be financed and developed.

Alarmingly, there was some discussion of selecting a more stringent offset ratio above the proposed (and existing) 1:1. The Commission made no move in this direction, but it's on the table. The Farm Bureau objected, as did the Grower Shippers. Interestingly, Bob Brown of the PRAAGS Board, and who serves on just about every water advisory group and committee in North County, expressed some concern that if the program becomes too similar to the one prepared for the Board of Supervisors by the Resource Conservation District (and rejected so far) it could grow the opposition.

Background: The Commissioners began the process of considering the program on May 14, 2015. The session lasted from 9:00 AM until 5:00 PM and was continued to Thursday, May 29th for further review.

The objectives of the development and implementation of the proposed Countywide Water Conservation Program (Program) are to substantially reduce increases in groundwater extraction in areas that have been certified LOS III; provide a mechanism to allow new development and new or altered irrigated agriculture to proceed in certified LOS III areas, subject to the requirements of the County General Plan and County Code, in a manner that fully offsets projected water use; and to reduce wasteful use of water in the county.

The write-up goes on:

The proposed Program is comprised of two components, Water Neutral New Development (WNND) and Water Waste Prevention (WWP). The figure below shows the individual components of the Countywide Water Conservation Program.

Planning Commission Meeting of Thursday, June 4, 2015 (Scheduled)

Item 3 - Continued Hearing on the Request of the County of San Luis Obispo to Establish A Water Conservation Program by Amending Various Portions of the Plan of Development and Zoning Ordinances Which will:

- 1. Make the Paso Water and Development Moratorium permanent.**
- 2. Create a Water Offset Program (Pay to use your own water).**
- 3. Add miscellaneous restrictions on the use of water.**
- 4. Begin to spread various portions of the moratorium to other parts of the county.**

The Commission will continue to review the so-called Water Conservation Program.

We repeat our recommendations to the Commission from the previous sessions:

1. Planning Commission should structure its review process before jumping in the swamp.

The staff report and substantial accompanying attachments are designed by staff to lead the Commission to support the proposed so-called “Water Conservation Program.” Rather than simply watching the proverbial movie, the Commission should set a process structure for its multi-meeting deliberations.

- a. It should direct staff to prepare a more complete chart, which shows each of the program components that are included under the boxes in the chart below.
- b. This new chart should be accompanied by a table showing the purpose, the geographic areas impacted by each program component, the estimated amount of water to be saved from current use (if any), and the estimated amount of water to be saved by forestalling growth.

Right now the entire program is based on subjective opinion.

- c. The Commission should then set up a schedule and order for its consideration of each component.

2. The Commission should direct staff to present data in a complete and non-relative way.

For example, for the Paso Basin offset program:

- a. The Commission should receive a presentation on the new Paso Basin model from the consultants who prepared the model. One cannot approach policy-making without a clear understanding of the facts contained in this report.
- b. The Commission should pay particular attention to the amount of pumping by agriculture, municipal, residential, commercial, and so forth.
- c. It is absolutely essential for the Commission to understand how the proposed program would impact each of these categories.
- d. It is especially important and necessary that the staff break down the amount of water used by the major agricultural subcategories, including irrigated agriculture (and then further estimates of grapes, alfalfa, nut trees, and other major subcategories). This should be relatively easy, since the staff already has the Resource Conservation District Report on the program design, which shows how much water each crop type uses. The staff also has a list of the acreage for each crop type and other land uses which was generated by the County’s LAFCO consultant, NBS, from the County Assessor’s parcel data.

Note: The Commission should receive a presentation from NBS (not about district financing, but about its analysis of the land use categories.)

e. Other ag uses include grazing, 143,184 acres of the 453,729-acre Paso Basin (SLO County portion).

f. Similarly, single-family residential consists of approximately 85,000 acres. What percentage of the water do single-family residences use? How much would the moratorium extension save in this category?

The Commission cannot properly assess the proposed so-called “Water Conservation Project” without this data.

3. The Commission should receive a briefing from County Counsel on the impact of the current Quiet Title Adjudication proceeding and its ultimate impact on the proposed program. The Save Our Water Rights group indicates that nearly 500 separate owners, representing 17,000 acres, have signed up to become plaintiffs against the County and other municipal appropriators. The trial has been set for December 7, 2015. If the basin is placed in adjudication, can the County enforce the offset and other restrictions?

4. How much water is being used by the municipal appropriators (Paso Robles, Atascadero, Templeton CSD, and the County itself) and others which will be exempt from the program? The County planning and zoning laws do not pertain to the cities, and Templeton CSD is tying itself to the Atascadero Water Company’s assertion that the Atascadero sub-basin should not be subject to any of this.

5. The Commission should carefully examine the water credit program, which is an intrinsic part of the larger program as it applies to the Paso Basin. The Commission should receive a report from the Las Tablas Resource Conservation District staff on this subject. County staff should provide the Commissioners with copies of the RCD’s report, which contains some strong warnings.

San Luis Obispo County Council of Governments (SLOCOG) Meeting of Wednesday, June 3, 2015 (Scheduled)

Item C-1: SLOCOG State and Federal Legislative Program Update. The report contains updates on a number of State legislative bills which relate to transportation funding. It also contains a discussion of the refunding (delayed) of the Federal Surface Transportation Act (renamed by the President as the “Moving Ahead for Progress” [MAP] Act). States and localities are heavily dependent on this program for major projects. The most significant issue is the request that SLOCOG support SB 16.

SB 16 - Beall: The staff recommends that SLOCOG endorse Senator Beall's bill, which would create a new stream of road maintenance funding. Beall's bill would provide a new \$3.5 to \$3.9 billion each year for 5 years. The funding would be used by the State, counties, and cities. This is proposed to begin reducing what the Governor has termed a \$59 billion ten-year shortfall to maintain the state highway system and \$78 billion for city and county roads and bridges.

a. Given that the roads deteriorate progressively each year, thus even as this plan begins to take effect, the \$59 billion and \$78, billion continue to grow.

Current State transportation taxes and fees:

Current taxes and fees

Existing law imposes state taxes and fees related to transportation as follows:

- Gasoline excise tax: \$0.36/gallon
- Diesel excise tax: \$0.11/gallon
- Diesel sales tax: \$0.27/gallon
- Vehicle license fee (VLF): 0.65% of market value
- Vehicle registration fee (VRF): \$43 per vehicle
- Weight fees, for commercial vehicles only, up to a maximum of \$2,271

SB-16 would add:

This bill increases taxes and fees, and creates new fees, over time as follows:

- Gasoline excise tax: \$0.10/gallon
- Diesel excise tax: \$0.12/gallon
- Vehicle license fee: for non-commercial vehicles, 0.07% each year so that the VLF is 1.00% by July 1, 2019
- Vehicle registration fee: \$35 per vehicle plus an additional \$100 for zero-emission vehicles

The bill provides a bonus to those counties which adopt a new transportation sales tax. SLOCOG is considering placing a ½ cent sales tax on the 2016 ballot.

State and local split. These new funds raised by this bill are formulaically allocated to both state and local projects. Five percent is set aside for counties which pass local sales and use taxes for transportation purposes, and which have not previously passed such taxes. The remainder is split 50/50 between state and local projects. The local project funding is allocated pursuant to an existing statutory formula where 50% goes to cities based on population and 50% goes to counties based on a combination of the number of registered vehicles and the miles of county roads. In order to

Estimated local SB-16 allocations are displayed in the chart below:

Exhibit A: SB 16 Funding Allocations: the County of SLO & Seven Cities

Jurisdiction	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total
SLO County	\$7.9 m	\$8.5 m	\$9.1 m	\$9.6 m	\$10.3 m	\$45.5 m
Arroyo Grande	352,000	377,000	402,000	428,000	453,000	\$2.0 m
Atascadero	581,000	623,000	664,000	706,000	748,000	\$3.2 m
Grover Beach	269,000	288,000	307,000	327,000	346,000	\$1.5 m
Morro Bay	215,000	230,000	246,000	261,000	277,000	\$1.2 m
Paso Robles	618,000	662,000	706,000	751,000	795,000	\$3.3 m
Pismo Beach	177,000	190,000	202,000	215,062	227,000	\$1.0 m
City of SLO	922,000	988,000	\$1.05 m	\$1.1 m	\$1.2 m	\$5.3 m
City Total	\$3.1 m	\$3.4 m	\$3.6 m	\$3.8 m	\$4.0 m	\$17.9 m
Grand Total	\$11.1 m	\$11.9 m	\$12.7 m	\$13.5 m	\$14.2 m	\$63.4 m

Source: California State Association of Counties (CSAC)

a. The County’s road maintenance deficit (for the unincorporated area) was estimated at \$167 million two years ago.

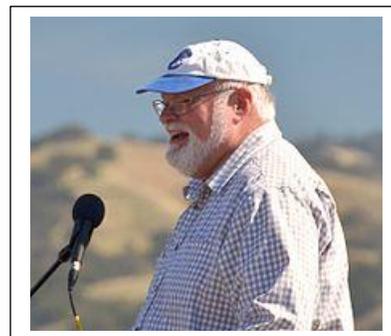
Senator Jim Beall: Beall represents San Jose. He has previously served as a San Jose City Councilman, Santa Clara County Supervisor, State Assemblyman, and now as State Senator. Beall is a classic example of the state of California politics in terms of the lock which public employee unions have on the policy makers and policies. The tables below are self-explanatory. One of the main reasons roads and other facilities have not been maintained accumulatively over the past 40 years is the progressive shift of dollars to current expenditures vs. capital investment within State, city, county, school, and university budgets. Most of the current tax dollars go to salaries, benefits, and pension debt amortization. Obviously Beall and his colleagues are not going to suggest any reforms in this situation.

He simply states there is a road maintenance crisis and therefore new taxes, fees, and tax increases are urgently needed.

Total Campaign Contributions Received by Jim Beall: \$967,329 (Picture Below)

Top 10 Interests Funding

Interest	Contributions
General Trade Unions	\$228,450
Public Sector Unions	\$226,147



Interest**Contributions**

Transportation Unions	\$40,850
Lawyers & Lobbyists	\$39,500
Health Professionals	\$38,624
Computer Equipment & Services	\$24,565
Tribal Governments	\$22,700
Hospitals & Nursing Homes	\$18,100
Insurance	\$9,900
Health Services	\$9,825

Top 10 Individual Contributors Funding**Contributor****Contributions****Contributor****Contributions**

Service Employees International Union	\$19,850
International Brotherhood of Electrical Workers	\$15,800
California Labor Federation Afl Cio	\$15,600
California Teachers Association	\$15,600
National Education Association	\$15,600
California Nurses Association national Nurses Organizing Committee	\$14,850
American Federation of State, County and Municipal Employees	\$13,800
United Domestic Workers of America	\$11,700
Laborers' International Union of North America	\$11,050
Faculty Association of California Community Colleges	\$10,550