COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
MARCH 20 - 26, 2022

THIS IS IT – THURSDAY 5:00 PM – MARCH 24TH

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San Luis Obispo County

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THURSDAY, MARCH 24, 2022
MADONNA EXPO CENTER

5:00 pm Social Hour, Open Bar
6:15 pm Filet Mignon Dinner & Wine
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Cocktail Attire Optional

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THIS WEEK

NO BOARD OF SUPERVISORS MEETING

PLANNING COMMISSION LITE

LAST WEEK

BOS

MAJOR UPDATES TO HEALTH CODE
BUSINESSES, COMMERCIAL PROPERTY OWNERS, HOSPITALITY, FARMERS, AND OTHERS ALL IMPACTED

2ND QUARTER FINANCIAL REPORT
STAFF VACANCIES ABOUND, SALARY INCREASES UNFUNDED

COUNTY ADDING MORE STAFF ALMOST EVERY BOS MEETING

BIDEN'S $1.9 TRILLION INFLATIONARY DEBT SLUSH FUND
SENDS COUNTY $6 MILLION FOR CHILD CARE AND SMALL BUSINESS

FAILED & UNFAIR HOUSING-IN-LIEU TAX TO END

SLO LAFCO - LITE AGENDA

EMERGENT ISSUES

COVID LOW FOR NOW

THE WAR TO BEGIN ALL WARS!

BY ANDY CALDWELL

COLAB IN DEPTH

SEE PAGE 18

TARNISHING THE GOLDEN STATE

ONEROUS REGUALTIONS SQUASH THE CALIFORNIA DREAM

BY JOEL KOTKIN

BUILD MORE HOUSING

When demand for housing rises and supply doesn't keep up, prices rise.

BY ROGER VALDEZ

THIS WEEK'S HIGHLIGHTS

ALL MEETINGS ARE AT 9:00 AM UNLESS OTHERWISE NOTED

No Board of Supervisors Meeting on Tuesday, March 22, 2022 (Not Scheduled)

The next meeting is scheduled for Tuesday, April 5, 2022.

Planning Commission Meeting of Thursday, March 24, 2022 (Scheduled)

Item 4 - Hearing to consider a request by ABR Property, L.P. for an Amendment (AMEND2022-00002) to the San Luis Bay Estates Master Development Plan to allow ten overnight accommodations at the golf resort. The project also includes a phased Development Plan / Coastal Development Permit (DRC2021-00126) to allow for Phase 1: the establishment of 10 overnight accommodations totaling 3,840 square feet to the Avila Beach Golf Resort. Eight guest rooms will be located in a new second floor addition above the existing cart barn, and two guestrooms will be converted from a portion of the Beach Club building, and Phase 2: conversion of the existing cart barn into a 1,548 square foot public assembly (flex space). Dedicated on-site parking will be provided for the overnight accommodations at the Avila Beach Golf Resort. There is opposition from the San Luis Bay Association and the Avila Beach Advisory Council. Many of the established people in the County would prefer to see growth stopped and the County remain as bucolic as possible. Populations would live in the existing cities whose growth would also be stopped.

It is probably time for a frank discussion of this issue countywide. The staff recommends approval of the project.

LAST WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, March 15, 2022 (Completed)

Item 1 - Introduction of an ordinance amending Title 8, Chapters 8.04, 8.06, 8.08, 8.12, 8.16, 8.30, 8.54, 8.60, and 8.62 of the County Code regarding the County Environmental Health Services Division, to update references, delete outdated code sections, and Make other clean up and reorganizational changes and request to use alternative Publication procedures as authorized by Government Code section 25124. Hearing date set for April 5, 2022. The ordinance revisions were set for April 5, 2022, by a consent calendar unanimous vote. There were no questions or comments.

The write-up did not indicate if the staff met with industry groups that would be impacted. The Board did not show any concern in this regard

Background: This was early notification of revisions to the County Code, impacting a number of various types of businesses. They affect operations, construction, permitting, and licensing. The actual hearing is set for April 5, 2022.

It is not known from the write-up if the Health Department consulted with the impacted various businesses, associations, and chambers of commerce on this major update. The Board will need to ascertain the degree to which this happened.

The actual ordinance can be reviewed at the link Meeting details - Provox IIP (ca.gov). When it opens, click on the in-basket icon for item number 1.

Chapter 8.04 - Food and Drink Establishments Page 4 of 6 Part 7 of Division 104 of the California Health and Safety Code (sections 113700 et seq.), also referred to as the California Retail Food Code ("CRFC") was signed into law on May 15, 2006 (SB 144 - Runner). The CRFC became effective on July 1, 2007 and requires that there be uniform Statewide food safety standards for retail food facilities (section 113705). These sections provide that a local enforcement agency shall have primary enforcement responsibility for the State and local standards in its jurisdiction. Sections that were deleted in the recommended amendments are preempted by the CRFC. Chapter 8.04 does not override any local land use requirement or limitation. The purposes of chapter 8.04 are to clarify and explain: (1) the CRFC for local implementation where necessary; (2) the Environmental Health Services Division's role in enforcing State food safety standards for retail food facilities; and (3) implementation of a permit and cost recovery fee system for certain businesses and activities that are subject to the CRFC. The following outline summarizes the recommended deletions, amendments, and additions for this chapter:

Deletions

• Delete any outdated sections that are preempted by State law. Amendments
• Clean up permit requirements and enforcement and appeal process sections.

Additions

• Add a definition for Environmental Health Services Division ("EHS") Director and designate EHS as the local enforcement entity.
• Formalize EHS' existing process of posting Notice of Closures on food facilities closed for no permit or health risk.
• Formalize the annual mobile food facility inspection process where a permit sticker is affixed to each mobile food facility.
• Clarify that fees can be collected for unlicensed complaint investigations when enforcement or other follow up actions are required.

Chapter 8.06 - Plan Approval

This chapter provides that when a building permit is required to construct a retail food facility, public swimming pool, organized camp, or small water system, that plans need to be submitted to the Health Officer along with payment of required fees. It also provides that a stop work order can be issued when work is performed without prior approval. The purposes of the recommended amendments to chapter 8.06 are to consolidate:

1. The existing plan review and health permit requirements for all facilities regulated by EHS;
2. The permit and cost recovery fee system;
3. The due process enforcement procedures for refusing, suspending or revoking a health permit.

The recommended amendments also provide for a cost recovery for Hazardous Incident Response Team incidents and other unlicensed enforcement activities.

Chapter 8.08 - Seasonal Farm Labor Camps

This chapter is recommended to be deleted because it is governed and preempted by 1986 amendments to the United States Department of Labor Migrant and Seasonal Agricultural Worker Protection Act (codified at 29 U.S.C. §§ 1801-1872). 29 U.S.C. §1823 states that housing for migrant agricultural workers must meet applicable California Health and Safety standards and have a Certificate of Occupancy.

Chapter 8.12 - Solid Waste Management

This chapter is administered and enforced by the Health Officer, Public Works, and Auditor with respect to the accumulation, collection, transportation, processing, recycling, and disposal of various types of solid waste. Minor amendments are proposed for this chapter to update outdated California Health and Safety Code section numbers referenced in the definitions of Medical Solid Waste and the definition of Medical Waste.

Chapter 8.16 – Septic Tank Trucks

This chapter provides for the permitting and inspection of septic tank trucks by the Public Health Department. The recommended amendments update permitting requirements by referencing the newly revised chapter 8.06 for health permit requirements. They also formalize current inspection standards for septic trucks pertaining to sanitary equipment and practices, labeling, proper disposal, inspection and reporting.

Chapter 8.30 - Cross–Connections Control and Inspections

The purpose of this chapter is to protect the public drinking water supply against actual or potential cross connections by non-potable water supply sources. Recommended amendments to this chapter include adding and updating terminology, including reference to backflow prevention equipment as "assemblies" rather than "devices". The amendments also codify the existing practice of requiring adherence to the San Luis Obispo County Cross-Connection Program Policy and Procedures and requiring cross connection control testers submit current reports of calibration of their testing equipment when submitting certificates of training from recognized providers before a County issued identification card is provided.

Chapter 8.54 - Enforcement–Citation Authority

This chapter provides citation authority for EHS. The recommended amendment to this chapter clarifies that the citation authority is for violations of Title 8 of the County Code.

Chapter 8.60 - Public Swimming Pools

This chapter designates the Public Health Department to enforce state standards for public swimming pools and specifies that a health permit is required to operate. The recommended amendments clarify that the Health Officer and EHS enforce state public swimming pool standards and codifies the long-standing process of posting a Notice of Closure on public swimming pools and spas that are closed for health risk or for not having a valid health permit. Chapter

8.62 - Organized Camps

This chapter specifies that a health permit is required to operate an organized camp. The recommended amendments clarify that the Health Officer and EHS enforce state organized camp standards and updates the Page 6 of 6 reference to chapter 8.06 for permitting requirements in addition to the outdated California Health and Safety Code section referenced in the definition of Organized Camp

Item 5 - FY 2021-22 Second Quarter Financial Report. The report was received without discussion or comment on the consent calendar. It should have been scheduled as a regular business item.

Background: Overall, the County's Revenues and expenditures are running as expected per the adopted budget**.** Unfortunately, the report does not include a projection for where the County will end up on June 30, 2022, the end of the fiscal year, which is the most important metric for this report. Again, there is considerable anecdotal detail but little in the nature of strategic planning or policy.

One clear trend revealed in the report is that the County continues to add more funded staff positions, reclassifies positions upward in salary, and continues to create one class special positions. The latter is a terrible practice. The County has something like 800 distinct position classes. With 2883 employees, this means that on average there are 3.6 individual employees per position class. This is all the more remarkable in that some classes contain hundreds of employees. These include Deputy Sheriff and Social Services Eligibility Worker.

Civil service systems lock everyone down into very narrow cylinders.

Areas of significant budget variance (both positive and negative) are displayed in the table below:

Table 2: Summary of Notable Issues Included in the Attached Report

Table 2 Summary of Notable Issues Included in the Attached Report New Issues and Issue Status Updates		
Department	**Issue**	**Potential Impact to General Fund**
Public Protection		
132 – District Attorney	$18,758 case trial and backlog expenditures	($280,887) (savings)
136 – Sheriff-Coroner	$2.5 million unbudgeted salary and benefit expenses and revenue update	$796,048
Health and Human Services		
166 – Health Agency - Behavioral Health	$1.8 million unbudgeted expenditures for eating disorder treatment, wraparound services, psychiatry coverage and PHF security, telehealth, and residential care	$356,738
180 – Social Services - Administration	Unbudgeted homeless services expenditures	$181,453 (absorbed)
182 – Social Services - CalWORKs	$1.5 million unbudgeted expenditures due to caseload increases related to the COVID-19 pandemic	$17,756 (absorbed)
Support to County Departments		
114 – Information Technology	$572,962 unbudgeted salary and benefits expenditures due to negotiated salary and benefits increases, departmental reorg	$560,006
411 – Human Resources – Medical Malpractice Self-Insurance	Potentially under-funded	Undetermined
Fiscal and Administrative		
110 – Clerk-Recorder	$670,575 gubernatorial recall election expenditures	$0
119 – Administrative Office – Communications and Outreach	$7,700 unbudgeted salary and benefits expenditures due to departmental reorg	$6,922 (absorbed)

As in past years, the Sheriff's Office displays a large negative variance because the County does not estimate future salaries that have not yet been negotiated. This problem was discussed in detail in the Weekly Update of March 6-12. When it was brought up during the Board meeting, staff stated that the procedure was County past practice and seemed to be working. By the 3rd quarter, we expect that the problem for the Sheriff will have expanded and that there will be proportional problems in other Departmental budgets as labor negotiations are underway with most of the County's unions.

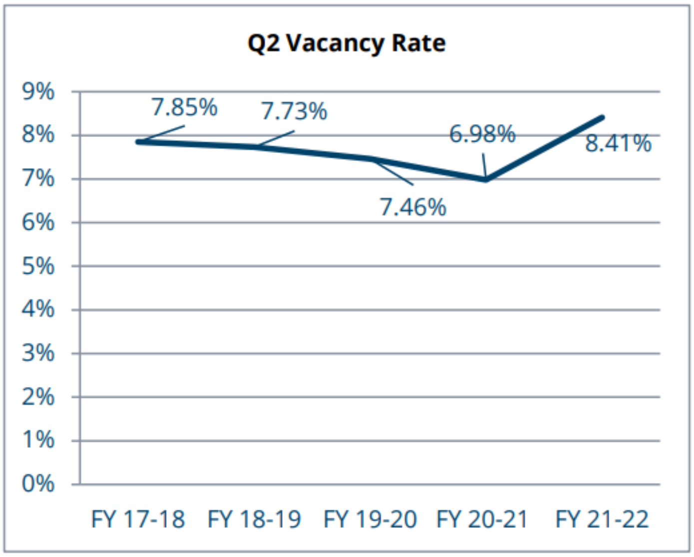
It should be noted that the $1.8 million expenditure in Behavioral Health is for one client who has eating disorders. Apparently, no one thought of Jenny Craig or Noom.

The table immediately below demonstrates the addition of 36 new positions since the budget was adopted last June. The County may aver that many positions are funded by State programs. Nevertheless, you, the taxpayer, are covering the cost somewhere.

FY 2021-22	Q1	Q2	Q3	Q4
Quarter Start	2,847.25	2860.25		
FTE Additions	48.50	41.00		
FTE Deletions	35.50	18.00		
Quarter End	2860.25	2883.25		
Net Change	13.00	23.00		
% Change	0.46%	0.80%		

Another important disclosure is that the County's vacancy rate is increasing. While the average is now 8.41%, the second quarter posted 11.35 %. Staff expects this rate to increase. This leaves 300 positions vacant on any given day. To the extent that this trend continues, it means that the County is actually running on 300 fewer positions than it budgeted.

What is the service impact? Does this affect the performance measures? With a large State university in the Community and a community college preparing entry level professionals in most disciplines, you would think that there would be a functional pipeline.



The accompanying text states:

The County turnover rate at the end of the second quarter was 11.35%. This equates to 300 employee separations. By comparison, the turnover rate for the second quarter during the prior year was 10.48%, and the turnover rate for the second quarter of FY 2019-20 was 14.90%. This represents an increase of 0.87 percentage points in turnover for the County overall. While this is not a significant variance from the prior fiscal year, given the significant changes in the labor market and workforce priorities over the last year, Human Resources expects this number to continue to rise over coming months, possibly reaching 14.56% by 2023. Efforts are already underway to address recruitment and retention challenges that the County will be facing.

Items 19 and **25** underscored the problem of adding staff positions off-budget during the year. Staffing and financial creep ensue. Often the new positions are excused because they are funded by the State or Federal Government – not the County local discretionary General Fund. Of course, the taxpayers are still funding them. Two examples are outlined below:

Item 19 - Mid-year Staff Additions in the Behavioral Health Department. The item, which was approved on the consent calendar added 6 new positions while deleting 1, at a full year new net cost of $1.2 million. Adding positions off-budget foments budget creep. As noted in the item immediately above, the County has already added a net of 36 new positions overall so far, this fiscal year.

Item 25 - More new positions in the Social Services Department. Like the item above, this one was approved and added 6 new positions and $679,000 annually to the budget mid-year.

Estimated Annual Expense at Max Classification and Step					
Classification	FTE	Salary	Benefits	Total	Step Estimate
Administrative Assistant II	1.0	$ 46,654	$ 36,855	$ 83,509	Step 5 for 12 months
Personal Care Aide	1.0	$ 48,526	$ 38,457	$ 86,983	Step 5 for 12 months
Social Worker III	2.0	$ 147,680	$ 98,641	$ 246,321	Step 5 for 12 months
Program Review Specialist	1.0	$ 73,486	$ 47,912	$ 121,398	Step 5 for 12 months
Program Manager I	1.0	$ 86,507	$ 54,493	$ 141,000	Step 6 for 12 months
Net Change	**6.0**	**$ 402,854**	**$ 276,357**	**$ 679,212**	

The write-up states that the purpose and benefits are as listed to strengthen the Adult Protective Service Program.

RESULTS • The addition of the administrative assistant will result in the Department equitably distributing work among two staff. Currently one AA supports 2 social worker supervisors and 11 social workers.

Once the additional 2 social workers being requested are added, each AA will support a more manageable 1 social worker supervisor and 7-8 social workers

• The addition of two social workers will result in the Department being able to lower caseloads from the current 30 on average to 25 on average per worker

Item 30 - Request to: 1) Approve the funding plan for American Rescue Plan Act small business and childcare grants, including $500,000 in ARPA funds to go towards the COVID-19 Small Business Grant Program and $3 million for childcare projects to the County Office of Education, acting as fiscal agent for a coalition of childcare organizations; and 2) Approve the corresponding budget adjustment in the amount of $3,500,000. This item was approved unanimously. It provides further allocation of the County's $55 million in American Rescue Fund Act (ARPA) funding. During the March 1 Board meeting, $6 million in homeless remediation funding was approved. This week's allocations provide for $500,000 in COVID relief grants for small businesses and $3 million for child-care providers impacted by COVID. No one seemed particularly concerned that the funding is one time. What happens to the expanded services when these dollars run out?

The presentation was made by the County's new economic development coordinator Laura Fiedler. It was concise and professional. She answered questions that were posed by the Board with precision and directness. Her background material states in part:

Public policy and energy industry professional with more than a decade of global experience working at the intersection of business, government, and civil society. Expertise in issues management, corporate responsibility, ESG, sustainability, community & economic development, crisis management, and communications. Experience living and working in Africa, *the Middle East, and Asia, but still a Californian at heart with deep ties to the Central Coast. Master's in Foreign Service - Global Business and Finance from Georgetown University; Valedictorian of the Northwestern University Medill School of Journalism. U.S. State Department Fulbright Fellow in Jordan.*

Background: These funds are all part of the larger $1.9 trillion ARPA Federal program funded by debt and expansion of the money supply by the Federal Reserve. As is apparent to everyone, the inflationary chickens are coming home to roost. In effect, you are paying for these programs at the gas pump, supermarket, and higher housing costs.

A coalition of daycare providers testified in support. They were gushingly praiseful of the Board, which approved the item unanimously.

The programs are summarized in the slides below:

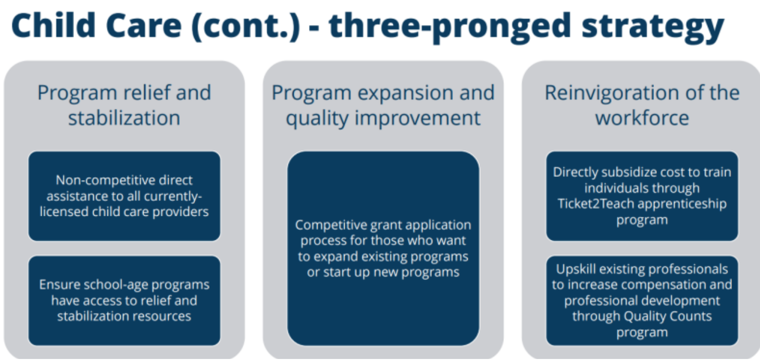
- On January 11, 2022, the Board gave direction for $9M in ARPA funding to be allocated to businesses, non-profits, and child care as follows (items in **red** are being addressed today):
  1. Businesses: up to $3M
     a) $500K for COVID-19 relief grants for small businesses
     b) $2.5M in grants to community-based organizations to provide technical assistance for businesses, workforce development and job training for individuals impacted by COVID-19
  2. Non-profits: up to $3M in grants to non-profits negatively impacted by COVID-19 or to support services to community members impacted by COVID-19
  3. **Child care: up to $3M in funding to community-based organizations for child care sector program relief and stabilization, program expansion (new slots) and quality improvement, and reinvigoration of the child care workforce**

Small business grants

- Award type: up to $500,000 in cash grants to small businesses located in the County (incorporated and unincorporated):
  - 1-10 employees: $5,000
  - 11-25 employees: $10,000
- Eligible use of funds: mitigate financial hardships or to implement COVID-19 prevention or mitigation tactics
- First come, first served

Child Care - overview

- A collaborative consortium of child care sector organizations has formed to manage the distribution of the $3M in ARPA funds for child care through 2024:
  - SLO County Office of Education
  - Child Care Resource Connection based at CAPSLO
  - First 5 SLO County
  - Other partners are expected to join over time



Item 32 - Update on the Housing-in-Lieu Tax. The Board gave staff direction to bring back the actions necessary to repeal the ordinance. The vote was 4/1, with Gibson vigorously dissenting. Supervisor Ortiz-Legg wanted to postpone the matter until after the primary election in June to see if some alternative ways to generate funding for housing could be examined. Of course, the staff already was given the assignment propose alternatives in March 2019. After some work was completed, the project was abandoned as staff was reassigned to work on the COVID 19 emergency. Worse yet, their major recommendation was to issue debt to fund affordable housing. Debt is a terrible idea. There needs to be a dedicated stream.

Note: The title of this item was camouflaged as a Report on the County's Inclusionary Housing Ordinance. The so-called fee is in actuality a tax that has been deceptively packaged as a "fee." This Board item presents a 3-year history of the "fee." There is nothing inclusionary about it. It is simple wealth transfer tax.

Now the effort going forward will be for the left to mobilize the housing not-for-profits, which benefit from the tax. Gibson and company will attempt to stage a big rally when it comes back on the agenda for repeal. The Board majority should not allow any dilly-dallying, as there is no research or lengthy preparation necessary.

Collection history and it uses:

Significantly, this item presents an opportunity for the Board to direct staff to draw up a future Board item (and ordinance amendment) that would abolish the program and tax.

Brief History: Decades ago, the State adopted enabling legislation that allows cities and counties to require that developers include a percentage of affordable housing within their new projects. Only148 jurisdictions (out of 58 counties and 450 cities in the state) have adopted the provision. San Luis Obispo County is one of those entities and adopted its ordinance in 2008. San Luis Obispo County typically requires that a new subdivision of 100 homes provide "20" affordable homes. Obviously, projects that are already 100% affordable (usually government-funded not-for-profit projects) are exempted. Thus, it is the market-priced homes that are taxed. Commercial projects are also subject to the tax posing as a fee on a per-square-foot basis.

It is ironic and patently stupid that government has determined to tax the very thing that is in short supply, in order to provide more of it.

Over the years, various jurisdictions learned that this compulsory mixing of housing types did not work well from a marketing or social interaction standpoint. For example, there are huge fights in homeowner associations (HOAs) about common uses. For example, do the people in the affordable units get to use the pool? From the developers' standpoint it is difficult to market the non-affordable units in a subdivision or complex that contains less stylish and less fancy affordable units. Market buyers are leery of buying into a social engineering scheme.

The most affluent and wealthy communities avoid the program. For example, Montecito has regularly rejected becoming a separate incorporated city in an effort to avoid various State-mandated and permitted affordable housing requirements. Why would Prince Harry, Oprah, Ellen DeGeneres, and Rick Caruso, want the County to plop a complex full of schoolteachers and Toyota owners in the middle of Upper Village next to the trendy restaurants, boutiques, and Bentleys?

Eventually, the State amended the enabling statute to allow developers to pay a "fee," in reality a tax, instead of building the actual units. This is the so-called "housing in lieu" fee. SLO uses it to assist "affordable" projects in the cities and Templeton.

The Bottom Line: 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 has 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 in order to bail out the politicians' failed public policy.

In 2019 the Board updated the ordinance to exclude homes with less than 2200 square feet and substantially raise the so-called fees for market and custom homes. In exchange, Supervisor Gibson agreed to let the Board majority direct staff to conduct an extensive analysis of alternative methods to help affordable housing. During the first phase of the project, staff generated a list of potential programs from which the Board selected some strategies for further feasibility study. A Project Manager, who has since left the County, was assigned to lead the project. The project was abandoned when COVID 19 arrived, and staff members were shifted to other duties.

Screwed Again: As a result, Gibson got higher fees established, but the promised project to find other better solutions never took place.

The Board revised the Inclusionary Housing Ordinance on March 12, 2019. The most significant changes to the fee structure included applying the fee to all new dwellings over 2,200 square feet in size (previously the fee only applied to subdivisions) and replacing the flat rate fee ($1.50 per *square-foot) with a tiered rate structure based on square footage (with a maximum overall rate of $7 per square-foot). As an example, a new 3,000 square-foot house would pay $8,400 in in-lieu revenues under the tiered rate structure. The Board also included Section 29.05.050, as described above, which requires the County to hold a hearing in three years and repeal the Inclusionary Housing Ordinance if broad based funding options have been successfully established*

Current Status: This Board item clearly demonstrates the failure of the program. Per the table below, the County collected only $1.5 million over 4 years.

Table: In-lieu Fee Revenues (FY 17-18 through FY 20-21)

Fiscal Year	In-lieu Fee Revenues – Residential	Impact Fee Revenues – Commercial	In-lieu Fee Revenues - Total
FY 17-18	$36,419	$94,542	$130,961
FY 18-19	$77,778	$143,159	$220,937
FY 19-20	***$313,060***	***$19,496***	***$332,556***
FY 20-21	***$723,197***	***$93,038***	***$816,235***

Since 2019, the County allocated $1,167,000 in in-lieu and impact fee funds to non-profit builders to construct 222 new affordable housing units in 8 new developments, with a total development cost of $118-M. See Table 2, below.

These funds were than distributed per the very misleading and incomplete table below:

Table: Projects Funded with In-lieu and Impact Fee Revenues (2019 – 2021)

Year	Project	In-lieu and Impact Fee Award	Units
2019 and 2020	Templeton Place II	$151,261	36
2019	Brisco Rd. Affordable Housing	$184,294	8
2019	Longbranch Transitional Housing	$119,000	6
2020	Nipomo Senior 40	$59,032	40
2020 and 2021	Pismo Terrace	$229,969	50
2021	Toscano Family Apartments	$142,396	38
2021	Morro Bay Family Apartments	$7,216	35
2021	Vine Street Affordable Housing	$185,221	9

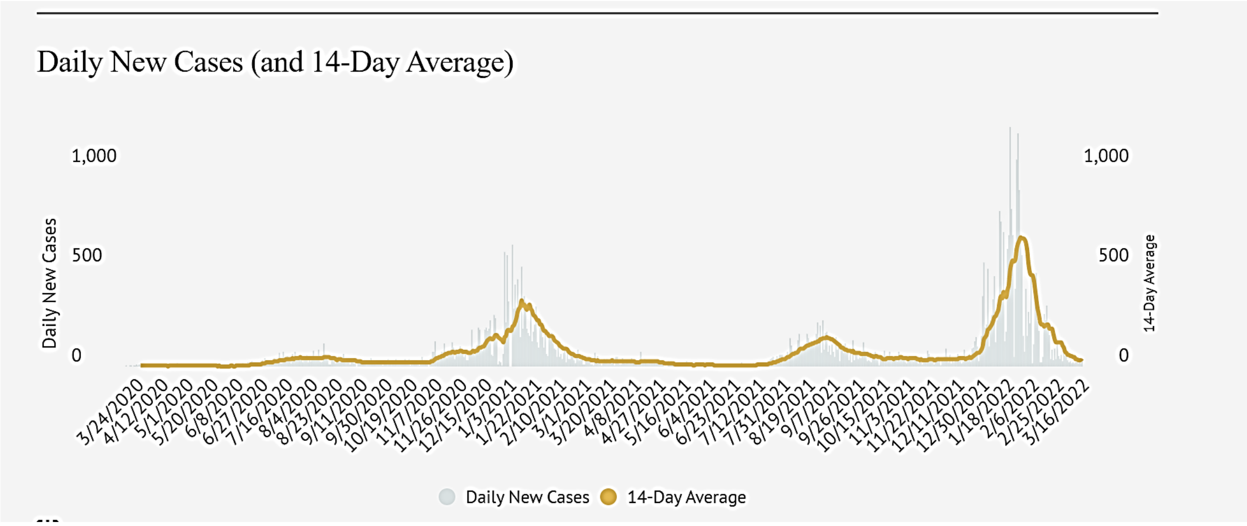
The table hides the truth in that the total cost of the listed projects is not displayed. Thus, laypeople and even officials might think that the projects were constructed for the costs listed. These were actually funded by Federal and State programs and cost tens of millions of dollars. The County contribution to the funding packages is miniscule in caparison the real costs. By offering this presentation, the staff significantly disguises the truth.

Local Agency Formation Commission (LAFCO) Meeting of Thursday, March 17, 2022 (Completed) Remote Teleconferenced Meeting

The meeting agenda was very light. It contained a few administrative matters.
Meeting ID: 844 9907 6833
Password: 735462

EMERGENT ISSUES

Item 1 - COVID. The decline in cases and hospitalizations is now the lowest it has been since the first few weeks of the pandemic.



9 (2 ICU)SLO County Residents with COVID-19 in Hospital

Item 2 - The war to begin all wars! Andy Caldwell's Santa Barbara New Press Sunday, March 20, 2022 column provides great context by relating the anti- fossil fuel movement to our current national security predicament.

President John F. Kennedy said, "The great enemy of truth is very often not the lie — deliberate, contrived, and dishonest — but the myth — persistent, persuasive and unrealistic. Too often we hold fast to the cliches of our forebears. We subject all facts to a prefabricated set of interpretations. We enjoy the comfort of opinion without the discomfort of thought." Let's discuss the myths having to do with the "war on fossil fuels."

Is it obvious that the war on fossil fuels is a war we can't afford to win with gas prices on the Central Coast at $6 and rising? Moreover, how many Americans can afford to buy a $50,000 electric vehicle when many of them are one paycheck away from poverty?

The lie and the myth associated with the mandate to go all electric is that most all electricity in America is made from fossil fuels! Hence, there is no environmental benefit between filling your gas tank or charging an electric vehicle. In both cases, the source of the energy is fossil fuel.

Moreover, nearly every consumer product you use, including food, will go up in price because fossil fuels are used to make, transport and deliver medicines, plastic, tires, fertilizer, and *clothes, just to name a few of the more than 6,000 products we use each and every day, meaning it is time to call a cease-fire in this war.*

I once heard a presentation from a UCSB economist who demonstrated that the increase in environmental rules, regulations and activism resulted in a precipitous decline in our manufacturing and industrial sector jobs and output. Yet these jobs did not cease, they were simply moved offshore, as were the emissions and other environmental impacts associated with the same, thereby resulting in massive job losses with no commensurate environmental benefits.

Many troubling and dangerous implications arose from this transfer of jobs to other countries.

The most obvious is we lost the best-paying jobs for blue collar workers, thereby relegating scores of workers and their families to mediocre incomes. Second, the resultant global economy means we no longer have the security of independence. Instead, much of the world must rely on places like the Middle East and Russia for oil, and China for many of our manufactured products and raw materials.

Finally, we have thereby enriched communists, dictators, oligarchies and despots who use these monies to oppress their own people while destabilizing the world.

Consider the fact that China threatened to cut off our supply of antibiotics because we offended them by calling the coronavirus the "China Virus." Furthermore, the precious minerals China uses for the raw materials for "green" batteries comes from strip mines in the Congo "manned" by children as young as 4 years old.

It was Saudi oil monies that ultimately funded the attacks on 9/11.

And it is the purchase of oil and gas from Russia that enables Vladimir Putin to aspire to create an empire.

America, long ago, lost the ability to fight a war on two fronts as we were able to do during World War II, and our enemies know this. Unfortunately, the war on fossil fuels is now the one war we and Europe have been fighting. Thereby, we have undermined the security of the free world. That is, the free world can no longer defend itself from various forms of blackmail via our dependence on these enemies of freedom.

For example, Europe dithered in containing President Putin's ambitions because he controls the fossil fuel supply their "green" economy relies on. And now President Joe Biden proposes we become reliant on such "noble regimes" as Iran and Venezuela, *instead of our own domestic supply of oil and gas, because somehow that is the "green" thing to do?*

Andy Caldwell is the COLAB executive director and host of "The Andy Caldwell Show," airing 3 to 5 p.m. weekdays on KZSB AM 1290, the News-Press radio station.

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES

TARNISHING THE GOLDEN STATE

ONEROUS REGUALTIONS SQUASH THE CALIFORNIA DREAM

BY JOEL KOTKIN

No state advertises its egalitarian bona fides more than California. Governor Gavin Newsom brags that his state is "the envy of the world," a place that is "not going to abandon our poor people." In his inauguration speech, he claimed that "unlike the Washington plutocracy, California isn't satisfied serving a powerful few on one side of the velvet rope. The California Dream is for all." Yet even as Newsom and his progressive allies have backed Black Lives Matter and enacted a racialized "ethnic studies" curriculum in public schools, reality tells a less positive story. The Golden State's racial minorities are far from thriving. Increasingly, they're seeking fortunes elsewhere—often to redder, less "enlightened" states.

The minorities leaving California are not running away from beautiful weather or scenery but toward an opportunity horizon that no longer seems achievable in the Golden State. In a new report for Chapman University, my coauthors and I found that African-American and Latino Californians' real earnings ranked between 48th and 50th among the states. Blacks in California earn roughly the same, or slightly less, than do their counterparts in Mississippi. The state has the nation's worst cost-adjusted poverty rate and the third-highest Gini Inequality index (behind New York and Louisiana). According to the United Way of California, over 30 percent of

California residents lack sufficient income to cover basic living costs even after accounting for public-assistance programs; this includes half of Latino and 40 percent of black residents.

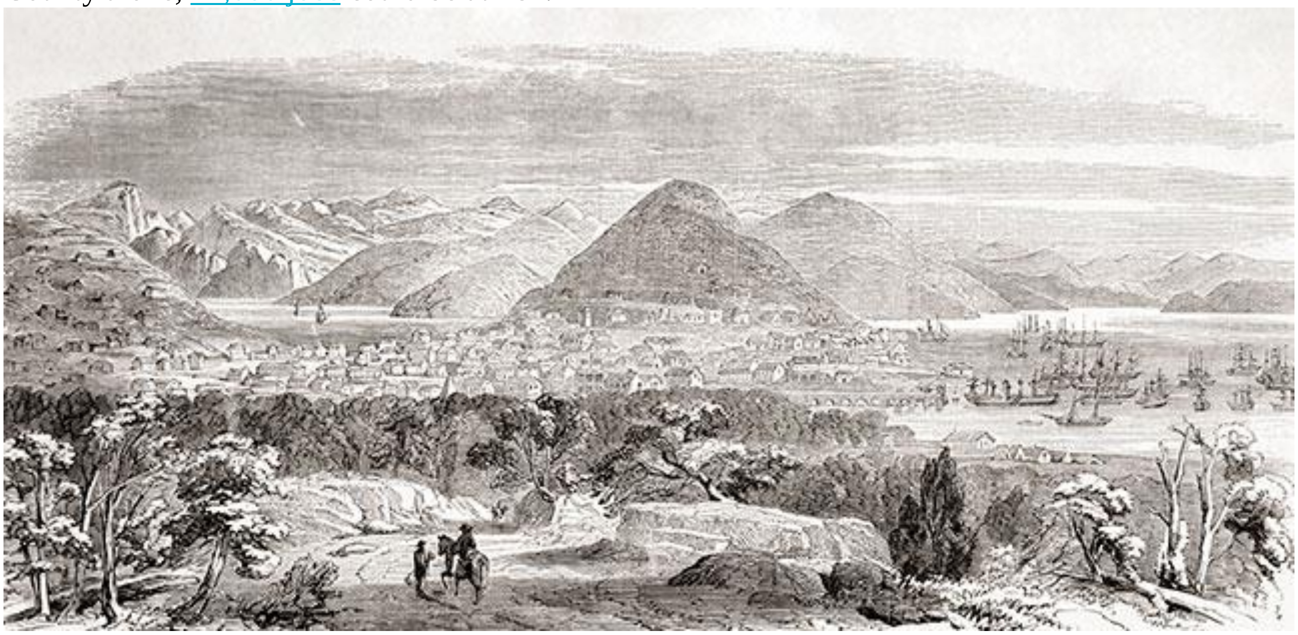
It was different once. Ever since the nineteenth-century Gold Rush, people from around the world rushed to California to seek their fortunes, giving the state a diverse population of whites, Asians, Latinos, and blacks. Deeply afraid of an "Asian invasion" into what newcomers called Gold Mountain, incumbent Californians limited the rights of Chinese, Japanese, and other migrants from the East and backed racially oriented bans originating from Washington, D.C. that lifted only in the early 1950s. The Asian population has risen since. Until 1990, Asians were not systematically enumerated in the decennial census but were instead combined with Pacific Islanders; this larger grouping increased from 2.0 percent to 9.6 percent of the state's population, according to Census Bureau research. The state's Asian population increased from 10.9 percent in 2000 to 15.1 percent in 2020.

Immigrants also entered from Mexico, at first to escape the chaos of that country's brutal 1910–1920 revolution. Controls on Mexican migration tended to follow economic conditions, but a liberalization of immigration laws in 1965, and a mass amnesty in 1986, assured that Latinos would be the Golden State's largest group. Census Bureau research indicates that California's Hispanic population rose from 6.0 percent in 1940 to 13.7 percent in 1970 and 32.4 percent in 2000. A figure of 37.6 percent was reached in 2010, rising to 39.4 percent in 2020.
Finally, African-Americans started coming to the state in the 1920s and 1930s, with their numbers increasing during World War II. Lured by good jobs in the state's burgeoning aircraft, automobile, and construction economies, blacks may have faced some discrimination, but far less than they did elsewhere. In L.A., wrote Ralph Bunche, blacks were "eating high up" off the hog. As late as 1940, less than 2 percent of the population was black—a number that more than doubled by 1950 and reached a peak of 7.7 percent in 1980. Since 2000, however, California's black population has dropped from 6.7 percent to 5.4 percent.

Today, the California opportunity structure is no longer so promising. Once seen as a mecca of sorts for blacks, L.A. now ranks toward the bottom of the Urban Reform Institute's Upward Mobility Index, which measures such factors as income, housing affordability, unemployment, educational attainment, and homeownership. San Francisco does poorly by the same metrics. The best American cities for upward mobility today are not Los Angeles or San Francisco but Atlanta; Phoenix; Virginia Beach and Richmond, Virginia; and Lancaster, Pennsylvania. Today's California is a state where aggregate wealth is enormous but is heavily concentrated.

Since 2008, one Chapman University report suggests, California has created five times as many low-wage as high-wage jobs. It has lost 1.6 million above-average-paying jobs in the past decade, more than twice as many as any other state. The Bay Area, epicenter of progressivism and home to the tech industry, has morphed into what Bloomberg CityLab describes as "a region of segregated innovation," while San Francisco, according to the Brookings Institution, experienced the fastest growth in inequality among the nation's large cities from 2007 to 2012.

Over the past decade, California has fallen into the bottom half of states in manufacturing-sector employment growth. It ranked 40th last year, easily outpaced by competitors such as Nevada, Kentucky, Michigan, and Florida. Even without adjusting for costs, notes the *New York Times*, no California metro ranks in the U.S. top ten in terms of well-paying blue-collar jobs, but four—Ventura, Los Angeles, San Jose, and San Diego—sit among the bottom ten. And while the state struggles to create jobs in construction, personal services, and tourism, it aims to bury forever its once-massive oil and gas industry. The fossil-fuel industry in California still contains more than 300,000 jobs, roughly half of those held by minorities and many high-paying. But in Kern County alone, 24,000 jobs could be at risk.



San Francisco Bay in the 1850s. Ever since the Gold Rush, people from around the world rushed to California to seek their fortunes. (Photo by: Universal History Archive/Universal Images Group via Getty Images)

Why have things turned out so poorly for many minority residents of California? It's critical to separate lawmakers' intentions—which tend to be well-meaning—with the actual effects of their policies. Californians have no problem calling for the amelioration of racial disparities, but the consequences of the state's environmental and housing regulations have been far from egalitarian.

First, environmental policies have had unequal effects. In a report for *Breakthrough Journal*, Jennifer Hernandez demonstrates that many policies designed to fight climate change come at the expense of the poor and minorities. "The state's overwhelmingly White climate activists, underwritten by its overwhelmingly White billionaires," she writes, have "demanded unprecedented action to remake the state's economy and its communities in response to an existential threat." But the policies they recommend have driven electricity and gas prices to among the nation's highest, with electricity prices 50 percent above the national average and gasoline costs exceeding even import-reliant Hawaii. These prices are among the reasons, Hernandez contends, that manufacturing and other blue-collar employment has been reduced.

In a lawsuit filed with 200 civil rights leaders, a group of activists alleges that the California Air Resources Board adopts policies essentially discriminatory toward minorities. "CARB," the group wrote to the agency in October 2020, "willfully elected to increase housing costs and make it more difficult for members of our communities to close the wealth gap." Yet despite strong minority support and a theory of disparate impact that progressives tend to embrace, the suit has received little coverage from the state's green-oriented mainstream press.

As a recent Massachusetts Institute of Technology report suggests, overreliance on renewable energy will continue to impose costs, including for massive new battery-storage capacity; high prices are a feature of super-green energy policies, as seen in both Europe and California. Big-tech executives can locate energy-intensive work elsewhere, and some have profited from investments in renewables. But many other Californians, primarily in the hotter interior, have fallen into energy poverty. Black and Latino households already pay from 20 percent to 43 percent more of their household incomes on energy than do white households. In 2020, over 4 million households in California (30 percent of the total) experienced energy poverty. "Between 2011 and 2020," Hernandez observes, "the state's home energy affordability gap rose by 66 percent, while falling by 10 percent in the rest of the nation."

Second, owning a home has become increasingly unattainable. Since World War II, homeownership has defined middle- and working-class aspirations and accounts today for roughly two-thirds of the wealth of middle-income Americans. Homeowners have a median net worth more than 40 times that of renters, according to the Federal Reserve.

Historically, the Californian dream was built around homeownership as well. But ever-more draconian regulations have boosted the price of housing well past affordability for most. In January 2021, the median California home cost was nearly $700,000, up 21 percent from the prior year, and required an annual income of $122,800 to qualify for a mortgage of $3,070 per month. Based on that measure, Hernandez estimates, only 20 percent of state Latino and black households—half the national rate—could qualify to buy a house in the state, compared with 40 percent of white households.

For many minorities, the California dream is vanishing. The environmental regime has helped raise prices so that only 34.6 percent of African-Americans own homes in metro Los Angeles, 34.9 percent in San Francisco, 29.0 percent in San Diego and 27.5 percent in San Jose, compared with the national rate of 43.5 percent. Homeownership rates for Latinos at the national level are more than one-quarter higher than in these four metros, according to 2019 American Community Survey data.

Instead, most minorities struggle as lifelong renters. For about 54 percent of all renters in California, housing costs exceed 30 percent of household income, the traditional definition of unaffordability. Nearly 70 percent of all state households with unaffordable housing costs are nonwhites.

The result is a state where twice as many Latinos and African-Americans as whites express problems with paying their bills, according to a recent PPIC survey. Latinos and blacks are more concerned than whites about high housing prices. At the same time, a new UC Berkeley poll shows that people under 40 are most negative about Governor Newsom's performance. Younger Angelenos, according to one UCLA survey, are more dissatisfied with living conditions in the city.

Perhaps more revealing are migration patterns, showing not only an exodus but also a lack of new migration. The black population in California is dropping, particularly in the Bay Area, while it rises in Salt Lake City, Phoenix, and Las Vegas. In San Francisco, the black community has declined from one in seven in 1970 to barely one in 20 today, with many of those remaining ensconced in public housing. San Francisco's African-Americans are now so marginal that a filmmaker even made a movie called *The Last Black Man In San Francisco*. Over the past two decades, the black household population also has declined in Oxnard and Los Angeles. Hispanics and Asians, according to an analysis of census data, are also moving. Even the foreign-born—the group that has transformed California over the past few decades—are staying away.

An analysis of census data by demographer Wendell Cox shows that the foreign-born population is actually declining in Los Angeles and fading in the Bay Area, while growing by as much as 30 percent in Dallas–Fort Worth, where a chunk of the state's corporate base has been moving. This loss of new migrants seems likely to continue. During the 1970s, refugees from Vietnam poured into the state. Today, due to high costs of living, newly released State Department recommendations on relocation options for Afghan refugees raise caution about some California cities as destinations.

Yet it will fall to minorities to change the state's conditions. Demographic trends, particularly migration trends and low birthrates, mean that the share of whites in California will continue to decline. The recall election may have given Newsom and his Democratic allies the notion that

California is hopelessly indigo in perpetuity—local media, such as the *Los Angeles Times*, favor still more draconian climate legislation. But the state's current neo-feudalist drift benefits a small, mostly white power structure while cutting off opportunities for others.

Signs of discontent continue to emerge. At a time when electric vehicles cost more than $50,000, Newsom's executive order banning the sale of internal combustion vehicles by 2035 was derided by Latino voting-rights advocates, many of whom have openly criticized efforts to phase out affordable gas-powered cars in favor of expensive EVs, and to eliminate gas-powered "stoves, water heaters and furnaces" that require "us, or our landlords, to make investments we can't afford." A similar objection was raised by African-American assembly member Jim Cooper: "How will my constituents afford an EV?" he asked on the day the order was signed. "They can't. They currently drive 11-year-old vehicles." The remarkable defeat last year of a well-funded referendum to restore affirmative-action laws was driven by Latino and Asian voters. And the recent Asian-led recall of radical school board members in the progressive bastion of San Francisco suggests a broader reaction against progressivism's excesses. Claims that opponents were Trumpian "white supremacists" simply illustrates how deluded the political elite has become.

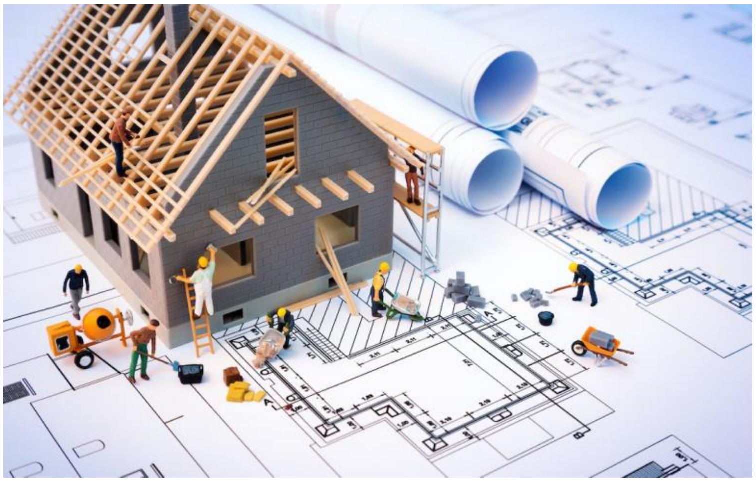
Ultimately, it will be up to the state's new minority-majority to determine whether California can reclaim its status as the beacon of aspiration for people of all backgrounds.

Joel Kotkin is a fellow at Chapman University and the executive director of the Urban Reform Institute. This article first appeared in City Journal on March 16, 2022.

BUILD MORE HOUSING

When demand for housing rises and supply doesn't keep up, prices rise.

BY ROGER VALDEZ



Rising prices are causing the left to reckon with the realities of supply and demand. The White House has made its position clear: Supply shocks, not an increase in the money supply, are driving inflation. Can rising rents and housing prices be explained the same way?

A recent *New York Times* article lists several of the Biden administration's theories of the case on inflation. Recently, the Biden administration has characterized inflation as "Putin's price hike," occurring as a result of sanctions imposed on Russia. Toward the end of last year, they said it was caused by kinks in the supply chain related to Covid-19. In a recent press conference, White House Press Secretary Jen Psaki summarized the issue in a few words: "It's as simple as: Less supply raises prices."

Progressives lose this clarity on supply and demand when it comes to housing. Here's a formulation of the left's view from a Seattle "urbanist" blog.

"To assume the market alone can solve homelessness—and the twin problem of the housing shortage in the low rent market—through supply has never been demonstrated in the real world. It's a nice theory—a good topic for an Ayn Rand book. If it were that simple."

Jenny Schuetz of the Brookings Institution would disagree with that assessment. She wrote that "anemic housing production in high-opportunity places is not primarily due to container ships with lumber backed up outside ports or a 'Great Resignation' among construction workers," which are common reasons given for inflation in other sectors. Schuetz argues that the real issue is supply, as "the policies that regulate land use and housing production make it extremely difficult to add more homes in desirable locations." This restricts the supply side of the market, and as any econ undergraduate knows, drives up prices for consumers.

When it comes to housing, deriding solutions that involve "the market alone" is most often associated with the left, as is the urge to increase "affordable housing." In practice, both phrases are code for providing more subsidies to nonprofits to build expensive housing. Dysfunctional policies at the local level are largely to blame for rising housing prices. To many progressives, however, discussing those policies is simply not on the table—even when they produce stunning examples of inefficiency.

In Los Angeles, for example, the city's controller evaluated the progress of a $1.2 billion housing-bond measure passed more than five years ago, and found that per-unit costs of new housing built approached $800,000. So much for affordable housing. The controller also found that the higher costs were significantly attributable to "a combination of cost factors including prevailing wage requirements, financing complexity, land use issues, project labor agreements, and building characteristics." In other words, too many rules and regulations.

The controller recommended that the city address "longstanding challenges with timely and efficient approvals for multifamily housing," advising it to make "improvements to its permitting processes, increase staffing, expand the scope of its existing streamlining policy, and implement public reporting requirements for relevant departments."

These seemed like reasonable suggestions. What was the city's response?

In a tweet quoted by ABC News, Mayor Eric Garcetti said that the program "is producing more units than promised, at a lower cost than expected." How much did the mayor expect to pay per unit? Cue Doctor Evil: One million dollars?
One advocate, quoted in the same story, "warned the program, while a step in the right direction, represents only a small fraction of the money needed to complete projects."

And the determination to throw money at the problem isn't limited to Los Angeles; the Washington legislature passed huge budget increases to pour more money to supposedly solve its housing crisis. Both failed to realize that producing more housing, not blindly tossing more money at the problem, is the solution to rising home prices. The truth is simple. When demand for housing rises and supply doesn't keep up, prices rise. This primarily punishes people lower on the wealth distribution. The answer isn't pouring more money into the market, but lightening the regulatory load on housing production—which is already costly and challenging to produce. It's time for local governments to issue more permits—not more excuses.

***Roger Valdez** is director of the Center for Housing Economics, a non-profit housing research and advocacy organization, and a research fellow at the Foundation for Equal Opportunity (FREOPP). This New Urbanism series is supported by the Richard H. Driehaus Foundation. Follow* New Urbs *on Twitter for a feed dedicated to TAC's* *coverage of cities, urbanism, and place. This article first appeared in The American Conservative of March 18, 2022.*

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