

COLAB SAN LUIS OBISPO COUNTY

WEEK OF DECEMBER 11-17, 2011

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LAND USE ECONOMICS STUDY: ANOTHER BRICK IN THE WALL

Board of Supervisors

Board of Supervisors Meeting of December 6, 2011 (Completed)

What Was Cooked Up In Sacramento: The Supervisors are required to report travel and business expense. In this case Supervisor Gibson filed a report on a November 7, 2011 trip to Sacramento. The report of the expenditures was not remarkable. The stated purpose was interesting in that it was to meet with State Senator Sam Blakeslee, Resources Secretary Laird, and “other State Officials.” The substance of the meetings was reported as “matters pertaining to Los Osos Waste Water Project and Diablo Canyon Seismic issues.” We had wondered what “matters” were actually conferred upon. The item was not discussed by the Board and was received as part of the consent calendar vote. It turns out, as reported in connection with other items during the meeting, that the Supervisor was appointed to the independent review committee that has been established oversee the seismic studies, which are to be conducted prefatory to consideration of Diablo Nuclear Plant relicensing. Additionally, the California State Water Board approved a lower interest rate (from 2.6% down to 2%) for the State loan for the Los Osos Sewer system project. It’s not certain that these matters were subjects of the November trip, but the alignment is interesting -- and seemingly fortuitous for Mr. Gibson.

Automation Initiative. The Board approved, without discussion, the Auditor Controller’s request to enter into a \$492,000 contract with Phoenix Business Consulting of Houston to assist with the installation of a SAP software product that would allow non-technical end users to perform queries and produce reports that now require the intervention of programmers. Interestingly, the actual SAP software product cost appears to be only \$25,000.

While the idea is commendable, one concern is that this looks like a data warehouse model that may be an obsolete concept.

In Lieu Housing Fees Housing Extortion “Fee.” The Board approved a nominal increase in housing in-lieu fees, which are paid by developers and homebuilders in lieu of including affordable units in their developments. A larger increase, which had been scheduled as part of a five-year phase-in of major increases, was deferred because of the severely depressed housing market. COLAB requested that the fee (tax) be abolished, pointing out that it was simply a wealth transfer mechanism imposed on home builders in order to raise money to provide token amounts to non-profit low income housing developers. As noted in the Background section below, even the staff recognizes the futility of the program.

COLAB further suggested that if the Board was serious about encouraging the development of housing affordable to the workforce, there were a number of steps it could take, including reform of the permitting process, designating pre-permitted sites, and improving the economy and job market so that people could have jobs and pay rent. COLAB also pointed out that production of rental housing requires economies of scale and that a 300 unit development is approximately the real break point at which it is possible to produce free market unsubsidized multiple bedroom rental units affordable to families. The County’s scheme of land use does not encourage such projects. COLAB noted that projects on such a scale can be attractive and designed to blend in with existing neighborhoods. They need not be large blocky 3 and 4 story Maria Del Rey type projects, such as the new buildings on Broad Street in the City of San Luis Obispo east of Fire Headquarters. Finally, COLAB pointed out that it is likely that it costs more than the measly \$39,000 that will be given to non-profit housing developers for the Planning and Building Department to manage the program.

Background: The In Lieu Program, authorized by the Legislature (called inclusionary housing) several decades ago, enables cities and counties to shake down developers and builders for money in exchange for granting the permits required to build housing developments. The funding raised is to be used to subsidize the construction of affordable housing elsewhere. The program is really a scam to levy a tax on home construction without going to a Proposition 13 or Proposition 218 election requiring a two-thirds vote for a special tax. Obviously, the tax is hidden in the cost of the market houses.

The program is so complicated and the economy so bad that only \$39,155.15 is available in the fund. The staff report points out that, *“It takes approximately \$100,000 in County funds combined with other funding sources to produce one affordable unit. However there has never been \$100,000 in the Title 29 fund accounts since they were established in 2007.”*

We guess that it probably costs more than \$39,155.15 just to administer the program, maintain the data, negotiate the deals, and prepare reports such as this Board item. This is just another costly deception trying to make it appear that the Board is actually doing something. Stop the charade and end this program.

Arroyo Grande Creek Flooding Update. The Board authorized the staff to break the south levy if a failure or over topping of the north levy appears imminent. This may save the mobile home parks, houses, and sewer treatment plant that are protected by the north levy. The staff is working with the Sheriff and OES to update the emergency plan to provide for timely evacuation of those people protected by the south levy.

Beavers and Bureaucrats: The Board received another update on the actions underway to forestall a recurrence of last year's December flooding on the Arroyo Grande Creek and Oceano Lagoon. The County is still struggling with a variety of State and Federal regulatory agencies to obtain permits required to breach the sand bar which plugs up the creek and to remove willows and bulrushes, which are clogging the creek and the Lagoon. These in turn cause silt build up and impede water flow to the Ocean. The County is considering purchase of a specialized tracked amphibious vehicle specifically designed to enter the lagoon and cut the willows and bulrushes. At this point the barrier is receiving permit approval from the California Coastal Commission and the US Fish and Wildlife Service to proceed. An additional complexity is the prohibition from disturbing a number of beaver dams that have proliferated in the area.

Coastal Commission to Residents: "Move". In the old days, before the establishment of the plethora of regulatory agencies, the residents themselves breached the sand bar each winter, and the County bulldozed the bulrushes and willows. The Creek flowed perfectly and there was apparently no flooding. As one brave Public Works staffer reported to the Board, "Coastal Commission staff thinks that areas such as the neighborhoods around the lagoon should be abandoned and go back to their natural state."

Would it be better for the environment if North America were abandoned and went back to its natural state?

Board of Supervisors Meeting of December 13, 2011 (Scheduled) Final Board Meeting of 2011.

More Labor Agreement Modifications. The County continues its process of negotiating concessions with its employees as part of its effort to balance its operating budget as the property tax declines, the sales tax remains flat, and the State shifts responsibilities and costs to counties. As the recession persists, the unions are willing to postpone or abandon salary increases and accept less rich pensions for future colleagues in exchange for avoiding layoffs. Contracts are before the Board for County ratification as follows:

San Luis Obispo County Employees Association (SLOCEA) Trades and Crafts Unit: This SLOCEA sub unit has agreed to a 2 year contract which contains no salary increase in 2011-12 and does contain a reopener in 2012-13 under which a salary increase could be negotiated. Any increase in employee pension costs shall be subject to a reopener.

District Attorney Investigators Association (DAIA): The Investigators agreed to a 3-year retroactive contract (2010-2013), which contains no base salary increases. They also agreed to a 2nd tier pension plan for new employees hired after December 25, 2011. Unlike most of the other union contracts, but like the Deputy Sheriffs, the contract does not include a reduction in the basic pension benefit. Accordingly, new members will have their retirement calculated on 3% at 55. The formula will specify that the new employees' pensions will be calculated on their final three years' salaries instead of their final year.

Probation Officers: The San Luis Obispo County Probation Peace Officers Association (SLOPPA) has agreed to extend its existing contract until June 30, 2013. During this term it

will receive no salary increase. Apparently this union already waived wage increases, which were scheduled in 2010 and 2011 to help the County balance its budget.

At this point the ability of the Board to balance annual operating budgets and maintain services is dependent on the willingness of the County workforce to continue to make wage and benefit concessions. The employees appear to understand that the State and local economies are in decline. At some point the employees may begin to understand that Federal, California, and San Luis Obispo County's regulatory, fee and tax policies will erode their standard of living and could ultimately end their jobs.

Land Use Economics Study. The Planning Department recommends that the County hire the Portland Oregon firm, ECONorthwest, to conduct a "Land Use Economics Study." The scope of work, which is part of the contract, states in part, that "*the County has two main objectives:*

1. "*Estimate how much additional future residential development is likely to occur in unincorporated regions of the county as a result of potential measures to limit growth and development in unincorporated rural areas. In other words if the County restricts growth in rural areas, how much of it will shift to urban areas?*"

NOTE: The County has already adopted its Smart Growth Plan. This is the subject of the COLAB lawsuit. The County should have conducted an EIR to determine these important environmental impacts before it approved its Smart Growth Plan. The fact that the County is now willing to spend money on this is a clear admission that it failed to comply with CEQA in this regard. The Board of Supervisors recklessly and deliberately adopted the Smart Growth Plan knowing that it failed to conduct this important environmental analysis.

2. "*Estimate potential effects on urban growth and real estate values and related economic effects on different regions of the county of proposed measures that are intended to redirect residential growth from rural towards urban unincorporated areas of the county by limiting growth in rural areas. In other words, if the county restricts growth in rural areas, what will the effects be on property values and the economy?*"

NOTE: The County has already adopted "measures" to redirect growth pursuant to the Smart Growth Plan. These include mandatory transfer of development credits, many provisions of the Conservation and Open Space Element of the General Plan, the Paso Robles Level III water restrictions, and the so-called Energy Wise Plan.

It appears that this study is just another "brick in the wall."

Nipomo Community Services District (NCS D) Assessment District Formation. The Nipomo Community Services District is requesting that the Board of Supervisors pass a resolution authorizing the NCS D to form a special assessment district for the purpose of funding capital improvements necessary to bring water from the City of Santa Maria to Nipomo. The proposed project would connect a waterline to the City of Santa Maria distribution system, which would be drilled under the Santa Maria River. It would also provide for the construction of a storage tank and a booster station. The purpose is to supply

6000 acre-feet of water annually to the NCSD. Part of the water (2000 acre-feet) would be delivered to customers and used to offset ground water. Another 1000 acre-feet would be used for a combination of recharge and serving new customers. In the future, 3200 acre-feet would be used to serve future development within the adjacent sphere of influence areas of the NCSD.

The EIR states that the project may be growth inducing. Interestingly, there is no mention of the broader public policy issues of future development of Nipomo and its role as receiver area for “smart growth” concentrations. This is strange when one realizes that minor projects such as building one house or utilizing a historic barn to host events often results in years of hearings, studies, cost, and delays. This major public policy decision is on the consent agenda.

United Domestic Workers Contract (UDW). The Board will consider extending a labor contract with the UDW/AFL-CIO for two years. There are no salary changes. The contract supports the In Home Health Services program, which pays individual providers \$10/hour to care for elderly, homebound and disabled individuals. The providers are often relatives of the person for whom they are providing care.

Tax Defaulted Properties. The Tax collector is requesting Board approval to sell 273 tax defaulted properties. These are mostly low value parcels in the California Valley that have been abandoned according to the agenda letter.

Los Osos Sewer Engineering Contract. The Board will consider a request from the Public Works Department for award of a \$7.7 million construction management contract for the Los Osos sewer system project to HDR Engineering of Irvine, CA.

Next Board Meeting: January 10, 2011

OTHER GOVERNMENT ENTITIES

Planning Commission

Planning Commission Meeting

The next Planning Commission meeting is on December 22, 2012.