COLAB SAN LUIS OBISPO COUNTY

WEEK OF October 18-22, 2011

INSIDE THIS UPDATE:

COUNTY BUDGET: "VERY PRECARIOUS POSTION"

DID COUNTY KNOW SUNPOWER WAS THE NEXT SOLYNDRA?

EVEN MORE PLANS TO PLAN (AND REGULATE)

MORE $$$ FOR CHC AND AVOIDING AN ELECTON ISSUE?

MORE $$$ FOR CAPSLO HOMELESS OPERATIONS

Board of Supervisors

Board of Supervisors Meeting of October 11, 2011(Completed)

Fiscal Year 2012-13 Budget Forecast. The County Administrator presented a budget forecast for FY 2012-13 in which he predicts further budget reductions. The property tax is projected to fall slightly as a result of decreasing values, lack of growth, and delinquencies. The general sales tax, hotel tax, and property transfer tax are all projected to be flat.

Very Precarious Position: The County Administrator stated that the County could be in a very precarious position as a result of unfunded shifts of prisoners and parolees to counties, other unfunded State shifts of services to counties, failing State budget revenue estimates, and the continued weak economy.

Background: State and Federal categorical revenues (restricted for social services, mental health, and public health) will be flat in some cases and will decrease in others. The state/local public safety sales tax (the half cent provided by Prop 172) is expected to equal its actual performance in FY 11-12, which means it also will be flat.

Overall, a $5.5 million to $9.5 million gap on an estimated $384.1 million budget is projected. This will be eliminated by the use of a combination of budget reductions and application of reserves.

COLAB believes that program and spending reductions will be necessary in spring of 2012 because the State Budget was balanced with fake revenue projections. The State Budget adoption bill included automatic reductions if projections are not met, which is already happening. Some of these reductions will impact counties. The underlying State structural budget gap will carry over into FY 2012-13.

Budget Discussion Inadvertently Points to County Solyndra Syndrome: The budget staff report (written and published prior to public discovery of SunPower financial questions) stated that the first year of the much anticipated and touted three-year temporary sales tax spike from the two solar plants was not included in the projections. Did County staff know of the impending SunPower financial problems prior to the recent exposé? Why, after all the ballyhoo about the sales taxes and economic development, did the staff decide not to include any sales tax estimate in the future 2012-13 budget projections? Now, it turns out that there are significant questions related to the financial sustainability of SunPower, the rescinding of its $1.2 billion US Department of Energy loan commitment, and its plans to manufacture the solar panels in Mexico. It also appears that the loan guarantee may have been facilitated by Contra Costa Congressman George Miller, through his lobbyist son.

Treat/Big Trick: Shifting of State Prisoners and Parolees to the County (AB 109 Safety Realignment Plan). The Board adopted the Plan to take over responsibility for some categories of felons (non-violent offenders, non-sexual offenders, non-serious offenders) from the State prison system to the counties. It is also will also have responsibility for some categories of parolees.

Background: This devolution of State responsibility is camouflaged in the Orwellian "double speak" word "realignment." This means you pay more State taxes, get less service, and in this case keep more felons in San Luis Obispo County. Existing prisoners will not be transferred to the County. This a is phase-in program so that as new convicts are sentenced, they will be housed in the San Luis Obispo County Jail instead of being sent to a State facility. When they are released, they will be assigned to County probation officers instead of State parole officers. The State estimates that when the shift is complete, there will be 140 offenders serving felony sentences in the County Jail, 136 offenders on post-release community supervision, and 22 revoked offenders in jail for violating parole or probation.

The shift began in mid-October with the State providing partial funding of $2.3 million. The County staff estimates that when fully phased in, the full year cost will be $4.0 million per year and growing. There is no State guarantee of funding in future years, and since the State will be even more insolvent next year, it is likely that the County will be forced to absorb all or much of the so called prison "realignment cost" in its FY 2012-13 budget (and in subsequent budgets). The counties are evaluating running a ballot measure that would force the State to provide the funding. This measure will not stand much of a chance because it will be viewed as taking money away from education, State employee pensions, and environmental initiatives.

General Plan Annual Progress Report. The Board received the report on the status of its Land Use Plan. From COLAB's perspective, there is already too much work being done, and we know that the Board majority would like to get even more underway. From the standpoint of the Board and staff, the $11 million dollar 88 staff Planning Budget is insufficient. Staff was directed to examine the situation and return in February with recommended priorities.

Background: Counties and cities are required by State law to adopt and maintain a general land use plan. Various "elements" (sections on land use, conservation and open space, circulation, and so forth) are required. Each year, every jurisdiction is required to prepare a status report on the condition of the plan; the age of the elements; and amendments, additions, and deletions. The report also serves as an opportunity to justify the planning effort by pointing out that it is "mandated by state law."

It would be helpful at some point to have an independent expert land-use attorney from outside San Luis Obispo County conduct an analysis and review of what is really mandated. This would be analogous to getting a second opinion prior to surgery.

Even More Plans to Plan: Department of Planning and Building Priorities. The Board received the quarterly progress report on its top ten projects and other projects for which there is no budget or staffing. COLAB suggested that the Board place a moratorium on further development of regulations and Plans. With respect to the Board's ostensible priority of "permit streamlining," we pointed out that velocity and cost are the real metrics which should be tracked. At present, there does not seem to be any observable change. We also pointed out that the volume of permits for virtually all categories of land use and building permits are very low and, in many cases, are down from last year, which was a very low year.

Background: The top ten today are:

- Implement permit streamlining measures.
- Adopt and begin implementation of the so called Energy Wise /Climate Action Plan.
- Adopt and begin implementation of the Economic Strategic Plan in collaboration with the Economic Vitality Commission.
- Prepare ordinance amendments to implement a Planned Development Ordinance.
- Prepare general plan and ordinance amendments to modify agricultural cluster subdivision policies and standards.
- Prepare the Public Review Draft of the Land Use and Circulation Element update and prepare the EIR.
- Complete the draft Los Osos Habitat Conservation Plan-Begin Fish and Wildlife agency Review.
- Complete the Paso Robles Groundwater Basin Resource Study.
- Adopt the Special Events Ordinance.
- Update the Shandon Community Plan.

Board of Supervisors Meeting of October 18, 2011 (Scheduled)

Partial Funding Restoration Proposed for Community Health Centers of the Central Coast (CHCCC). As readers may recall, there was quite a controversy in June over funding reductions for the not-for-profit CHCCC. Originally, CHCCC was contracted to provide $3 million of clinic services to poor people in 2011-12, but because of declining revenues and increasing costs in general, the County Administrator proposed $2.2 million. This was in line with reductions to other departments and agencies as part of the County's overall strategic budget reduction plan (the Seven Year Pain Plan). CHCCC's Executive Director complained forcefully and was accused by Supervisor Gibson of mobilizing CHCCC's clientele to request more funding. It was Gibson's view that such activity was improper and interfered with negotiations which had been taking place. This was yet another example of the propensity of the Board majority to chill public comment with which it does not agree and is illustrative of the culture of the Board meetings, in which agreement with the Board majority is rewarded and dissent is punished. Those who come and are thankful for being "allowed" to speak, those who are shills for the leftist regulatory policies, and those who are otherwise obsequious are often given thanks and praise and even more time. The County Counsel, County Administrator, and other staffers are often used as foils by Board members to rebut public comment with which Board members do not agree. Of course, the public members cannot respond.

Avoiding an Election Issue? The staff is now recommending that the FY 2011-12 funding amount be increased to $2,540,000 and that the FY 2012-13 amount be set at $2,500,000. Presumably CHCCC agrees. By adopting a two year package the Board avoids a potential repeat of the controversy next spring during the run-up to the June Supervisorial election. The extra $440,000 is to be transferred from the County's contingency reserve. ($340,000 for CHCCC and $100,000 for specialty medical care, which used to be provided by CHCCC but will now be contracted to others). The action will require a four/fifths vote.

The real underlying issue is the continuing decline of the County's financial position resulting from the ongoing economic recession. The County simply does not have enough revenue to provide basic services such as health care for children and the poor. The Board and staff continue to seek cover by citing the fact that many counties have even more severe financial problems. This compares to being an alcoholic and touting the fact that you don't have cancer like some of your friends. Thus, while reducing basic services, burning reserves, and seeking more and more concessions from its employees, the Board continues its quixotic, costly planning and regulatory assault, which further undermines the local economy.

Once again, we point out that the Board needs to declare a moratorium on further regulation.

Once again, we point out that the Board needs to roll back onerous regulations such as the Smart Growth Plan, Level III water prohibitions in the north county, and the transfer of development credits (TDC) mandate.

Once again, we point out that the Board needs to adopt and implement a major economic stabilization program.

Once again, we point out that the Board needs to redirect the entire bureaucracy to make such changes the critical philosophical, policy, and operational priority.

Finally, groups such as CHCCC patients, the county's employees, and those citizens who go to bed at night in areas served by intermittent fire engine staffing or understaffing (2 fire fighters on an engine, when four is the National Fire Prevention Association standard) should not be bought off. They should come to the Board and vociferously object to the current policy direction.

Grant Application to US Department of Housing and Urban Development (HUD): The Board is being requested to authorize staff to submit an application for a $958,730 grant to HUD for a series of homeless services projects. Of the total, $733,467 is slated to go to the Community Action Partnership of San Luis Obispo County (CAPSLO).

OTHER GOVERNMENT ENTITIES

Planning Commission

Planning Commission of October 13, 2011 (Completed)

Climate Action Plan (Now Energy Wise Plan): The Commission conducted its continuing hearing on The Climate Action Plan. The first hearing was held on October 6, 2011. COLAB pointed out that given the current poor economic situation, the Commission should stop the Climate Action Plan and other regulatory efforts and declare a moratorium on new regulations. We also pointed out that the public is being sucker punched. The danger is that the "Plan," which is now being presented as a long range cafeteria of greenhouse gas reducing choices, will be adopted because those being sold this supposedly benign "plan" will assume that they can respond to future piecemeal regulations as they are proposed. This, of course, is a devious divide-and-conquer tactic, since different groups will be impacted differently by various regulations. Moreover, it avoids the analysis of the "accumulative impacts."

Additionally, COLAB highlighted some of the budget dangers facing the County (see the 2011-12 Budget Forecast section above). We also outlined the financial risks facing the County as the State transfers various services to the counties. Finally, we pointed out that the Commission is spending a significant amount of time on Plan details rather than assessing the strategic implications on jobs, business, and the ability of the County to sustain basic safety, health, and supportive services to children and at risk populations. The Commission majority's approach is worse than rearranging the deck chairs on the Titanic. It is deliberately steering the ship toward the iceberg.

Legal Impact of the Plan Still Murky: At least three of the Commissioners expressed concern and confusion about the legal authority and meaning of the "Plan." As COLAB has repeatedly pointed out, the staff terms it a "Plan" that does not have requirements but that does "have consequences." A prior Board letter stated, "While the measures in Chapter 5 of the Plan are not laws or policies, they offer guidance to the public, decision makers and staff in discussions of energy efficiency, strategic growth, renewable energy and waste reduction policies." The purpose of the "Energy Wise Plan" is to reduce the generation of greenhouse gases by 15% by 2020. However, if the "Plan" provisions are not requirements, then of what value is it in the first place? After considerable acrimonious discussion, this issue was never really resolved.

Cost to County of Implementing the "Plan" Unknown: Commissioners expressed concern that the staff has not developed real costs (such as the County's administrative costs) for implementing the “Plan.” Again, staff begged off, saying that the costs would have to be developed on a piecemeal basis as specific components are selected for implementation.

Costs of Complying with the “Plan” Ignored: At this point, there are no real estimates of the financial costs to citizens and business complying with the Plan (39 specific measures to reduce green-house gases).

Cost Benefit of the “Plan” not Calculated: Neither the staff nor the Commission have any idea of the cost/benefit of the 39 specific “Plan” components.

Commission Chair Carlyn Christianson on regulation and economics:

- On voluntary incentives verses mandatory rules: “We need to get more didactic, not less”.
- On financial incentives verses mandated costs: “You can only incentivize people so far.”
- On the costs of enforcing requirements at the point of real estate closings: “You may have to lose a few real estate sales”
- On moving the “Plan” forward and not spending so much time on the detail: “We can’t be wishy-washy” “We need to make tough decisions”
- On studying the financial impacts of the “Plan”: "No, this is not a purview of the Commission” “ It’s the Board's reasonability”

Does her appointer, Supervisor Adam Hill, agree with and support her philosophy?

The hearing will resume on October 27, 2011.

Resource Management System (RMS). After a short discussion, the Planning Commission adopted a recommendation, per the Board of Supervisors request, that the RMS be conducted on a biennial cadence rather than every year. The recommendation will be forwarded to the Board of Supervisors. Ominously, the Planning staff indicated that they are working on changes and upgrades to the criteria and other features of the RMS and will return to present them.

Background: The RMS is an annual process in which the Planning Department collects data from a variety of sources to determine if there are adequate resources to allow development in various areas of the County. Water availability and quality, traffic congestion, school overcrowding, and air pollution are key metrics. An elaborate report is prepared and can be used to generate further analysis to determine if further restrictions on development should be promulgated for specific areas of the County. Back in April, COLAB commented and pointed out that undertaking the process every year seemed wasteful because the metrics do not change that rapidly. COLAB suggested that the county abandon the program or a least conduct it every three to five years instead of annually. The Board directed that staff prepare an amendment to the ordinance to require that it be done every two years.