

May 2015

COLAB

San Luis Obispo
County Newsletter



COLAB
San Luis Obispo County

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As the current COLAB program year ends we can reflect on successes that our friends, our allies, and we contributed in program year 2014-15.

Some of the Successes:

- Election of Lynn Compton as 4th District Supervisor. (Note: COLAB can’t endorse candidates or make direct campaign contributions, but it can generate issues and policy recommendations which expose candidates’ views and positions).
- Prevention of 3rd District Supervisor Adam Hill from acceding to Vice Chairman of the Board, which would have almost surely guaranteed his becoming Chairman in 2016.
- Generating and amplifying issue and process questions which ultimately resulted in 5th District Supervisor Debbie Arnold being elected as Chair of the Board and 4th District Supervisor Lynn Compton being elected as Vice Chair.
- Education of wide segments of the community on alternative water management mechanisms and structures and thereby insuring a vigorous debate about the differences between quiet title adjudication, AB 2453 water management authority, County Water District management, and the use of existing water agencies.
- Providing early and pointed criticism of the State Department of Water Resource’s proposed Grazing Regulatory Action Plan. We then helped mobilize a huge and vigorous crowd to attend a State hearing, which shocked the bureaucrats and sent them running.
- Alerting and educating the Public about proposed new vehicle fees, mileage taxes, and increased gas taxes, and stopping SLOCOG from supporting these for now.
- Opposing fee increases at the Board of Supervisors and APCD. For the past 2 years and unlike before, these bodies have been very ginger in upping regulatory, process, license, and development exaction fees because we question them early and often. We point out which members vote for them.

COLAB
San Luis Obispo
County

“Your Property—Your Taxes
Our Future”

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COLAB PROGRAM YEAR *cont.*

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- We have appeared every week on the Andy Caldwell Radio show on AM 1440 KUHL. We have also appeared as needed on AM KPLR 1230 and the Dave Congalton Home Town Radio show on AM 920 KVEC. This has enabled us to inform large segments of the community of important issues and problems.
- We have appeared at scores of business, service club, fraternal, and political group meetings to make presentations on the key issues and opportunities.
- Our March 2015, the 6th Annual Dinner Fund-raiser filled the Madonna Expo Center with an energized and positive crowd of over 700, demonstrating COLAB's emergence as one of the larger and more significant public interest civic associations in San Luis Obispo County.

Some Current Coming Issues and Proceedings:

- The Fulks/Cuddy/Hill vituperative guest editorials in the New Times and San Luis Obispo Tribune which viciously attack their targets on a personal basis.
- The current attempt by Hill and Gibson to frighten Supervisors Compton and Arnold away from discussing weekly Board agenda items with COLAB. (The so-called "ex-parte" ploy).
- Drought management in general.
- Formation of a Paso Basin Water Management Authority. (Including Issues of financing and regulatory powers)
- Making the Paso Basin water and development moratorium permanent and expanding some provisions to other part of the County. (Including issues of offsets, crop regulation,
- Paso Basin Quiet Title/Adjudication Water Management Option.
- Unfunded highway maintenance in general.
- The SLOCOG staff recommendation for the County's Board of Supervisors, Mayors, and

City Councils to endorse new legislation to raise the gas tax, raise the vehicle license fee, raise annual vehicle registration costs, and ultimately charge a per mile driven fee to fund road maintenance.

- Future of ATV recreation at the Oceano dunes. (The Court of Appeals Decision and the beckoning of the EPA).
- Future of industrial type projects in the County (oil, gas, mining, rail, nuclear energy, and desalination).
- Need for more housing opportunities and the future of the single family free standing home with yards, garages, and privacy.
- 2016 Supervisorial Elections.
- Renewal of Proposition 30 Tax Increase.
- Congressional Election.

Resolve to:

- Support the right candidates in the 2016 Supervisorial Elections.
- Support other groups such as Cattlemen, Farm Bureau, Home Builders, Realtors, General Business, Contractors, Truckers, Oil, Mining, Fisherman, and others when their industry or project is attacked.
- Support COLAB, which works every day to expose the issues and unite the community.

Remember that resilience and staying the course are often the determinants of success.



Guest Commentary

Fun With Math – Residential Water Use In The Basin

By PUBLIUS

Well, the BOS is back and you can be sure the Paso Robles Groundwater Basin is still in their cross hairs. So what can the average household in the Paso Robles Groundwater Basin do to help solve the overdraft? First let's look at some figures and calculate how much of the overdraft they are causing.



Publius Valerius overthrew the monarchy in the 4th Century BC and established the Roman Republic.

From the latest study, the safe yield of the basin was estimated to 89,468 acre-feet per year. Overdraft was determined to be 2,473 acre-feet per year, about a 2.76% overdraft (hardly Biblical proportions!).

The California Department of Water Resources estimates that on the average, Central Coast residents use 109 gallon per water per capita per day. The US Census estimates there are 2.5 people per household in San Luis Obispo County.

So, the average daily use of water per household is $2.5 \text{ [people per household]} \times 109 \text{ [gals per capita per day]} = 272.5 \text{ [gals per household per day]}$

The average yearly water use per household = $272.5 \text{ [gals per day]} \times 365 \text{ [days per year]} = 99,462.5 \text{ [gals per year]}$

In acre-feet the use is $99,462.5 \text{ [gals per year]} / 325,583 \text{ [gals per acre-foot]} = 0.3 \text{ [acre-feet per year]}$

The County claims there are 4,393 properties in the

basin, so total residential use is:

$0.3 \text{ [acre-feet per year]} \times 4,393 \text{ [households]} = 1,318 \text{ [acre-feet per year per household]}$ (probably a bit high since not all properties are residences)

Percentage of residential water use to total use = $1,318 \text{ [acre-feet]} / (89,468 + 2,473) \text{ [acre-feet]} \times 100\% = 1.43\%$

So the "potential" water overdraft caused by the residents = $2,473 \text{ [acre-feet overdraft]} \times 1.43\% = 35.36 \text{ [acre-feet overdraft]}$ (a bit less than what a small 40 acre vineyard uses a year)

Per household that is $35.36 \text{ [acre-feet]} / 4,393 \text{ [households]} \times 325,583 \text{ [gals per acre-foot]} = 2,621 \text{ [gals per year]}$

Personal savings needed $2,621 \text{ [gals per household]} / 365 \text{ [days per year]} / 2.5 \text{ [persons per household]} = 2.9 \text{ [gals per day per person]}$

Now if the average shower uses 2.5 [gals per minute] and the average toilet flush is 1.6 [gals per flush] In times of severe drought if all the residents will cut their daily shower time by just 32 sec. and flush their toilets just one time less per day, their savings will be $2.5 \text{ [gals per minute]} / 60 \text{ [sec per minute]} \times 32 \text{ [sec]} + 1.6 \text{ [gals per flush]} = 2.93 \text{ gals saved!}$

And they will do their fair share in solving the overdraft!

Seriously, the real point of this simple math exercise is to illustrate how little impact the residential properties of the basin really have on the aquifer. They only use 1.43% of the water withdrawn per year. They are not causing an overdraft problem and taking away their water rights and taxing their wells will do nothing to solve an overdraft. If fact, if the County used just one third of that \$2.4 million employee give-away they just passed, and bought and fallowed a single 40 acre vineyard, for a mere \$800,000 (\$20k per acre), they could have mitigat-

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Fun With Math – Residential Water Use In The Basin *cont.*

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ed the entire overdraft problem for ALL the residents of the basin once and for all with 4 acre feet to spare!

So why is the County trying to drag all the basin residents into a risky AB 2453 water management scheme?

The answer is the proposed Water District has nothing to do with solving an overdraft, it is a naked power grab by the County and the financial interests they serve to grab water rights so they can tax and control property use and water resources in the basin. But, their problem is the private property owners of the basin -the majority of which are small par-

cel owners, legally have primary rights to the water of the basin's aquifer, not the County who as an appropriator only has secondary water rights. Legally the County cannot take the residents' water rights away; the residents have to willingly sign them over. So the Board of Supervisors and the proponents of the Water Management district are using this "alleged" crisis -and your tax dollars to propagandize and trick you into signing away your valuable water rights to them -with absolutely nothing in return.

Don't be fooled! The AB 2453 Water District is a scam. You have the power -use it. Say NO! to an AB 2453 Water Management District and join the Quiet Title and Adjudication movement to protect your water rights and the basin from exploitation.

Green Ham, Leeches And Lemmings By Andy Caldwell

The lesson lost on politicians, activists and consumers? There is no such thing as a free watt. All those offers and gimmicks being floated around having to do with discounted electric vehicles such as Teslas and Volts, rooftop solar and upgraded appliances indicate that Peter is being robbed to light up Paul's life. More precisely, government subsidies, loans and grants, coupled with tax breaks (worth tens of billions of dollars), and higher rate payer fees are the source of the discounts enjoyed by some at the expense of all.

The latest gimmick that has the lemmings headed off the cliff? It's called Community Choice Aggregation (CCA). The Community Environmental Council (CEC), like the proverbial green pig at the trough that it is, is literally trying to sell the CCA pork project to the city of Santa Barbara and the county. The idea is that, like leeches, we can use the power grid bought and paid for by Edison and PG&E to deliver

"greener" power that we ourselves purchase as a community from other providers. The CEC becomes the new middle man and we all supposedly reap the savings, which would otherwise accrue to these (warning: dirty word ahead) for-profit utility providers. What's not to love? Plenty, if you know how the real world works.

California utility providers are already mandated to get 33 percent of their power from alternative energy sources, despite the overwhelming cost of the same and that will only grow over time. However, some people believe that is not enough. They subsequently hatched this scheme, enabled by state statute, to utilize the infrastructure owned and maintained by the utilities to deliver energy directly contracted by the local community from other sources.

The real-world problems associated with this connivance? First of all, public utilities can only afford to

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Green Ham, Leeches And Lemmings *cont.*

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maintain the high cost of base load (energy generated from traditional energy sources such as natural gas, hydro and nuclear, available 24/7/365) by spreading these costs to as many consumers as possible. So what happens when the sun isn't shining and the wind isn't blowing? The CCA will then need to purchase base load energy funded by the utilities. But the utilities can't afford to have "extra" base load sitting around for these CCAs when they need it, nor can they just turn base load sources on and off at the whim of these elites who want to cherry-pick their electricity source.

CCA purports to lower the cost of electricity, but the true cost of renewables is never fully disclosed to consumers and rate payers. For instance, the Diablo Canyon nuclear power plant near San Luis Obispo — which, by the way, generates no greenhouse gas emissions — pays \$20 million a year in property taxes, whereas the massive solar farms in

the same county pay no property taxes at all. So, when somebody claims that we can save money and save the planet by purchasing even more solar, they are ignoring the cost of the subsidy-afforded solar. Plus, government is cutting its nose off to spite its face, since it relies on the very taxes generated by these utilities.

The brutal truth about the CEC? The only reason they can pretend to compete against the utilities has to do with the fact that, like government, they don't pay taxes either, and they readily admit the same. This begs the question: Why don't we have nonprofits and governments take over our entire economy so that we can take advantage of their tax-exempt status and incredible know-how? After all, we did that with our water supply; it ain't called "State" Water for nothing. How is that working out for you?

Andy Caldwell is the executive director of COLAB of Santa Barbara County and host of the Andy Caldwell Show, weekdays from 3-5 p.m., on News-Press Radio AM 1290. This article first appeared in the June 9, 2015 Santa Barbara News Press.

California's Green Drought How bad policies are compounding the state's water shortage

The liberals who run California have long purported that their green policies are a free (organic) lunch, but the bills are coming due. Lo, Governor Jerry Brown has mandated a 25% statewide reduction in water use. Consider this rationing a surcharge for decades of environmental excess.

Weather is of course the chief source of California's water woes. This is the fourth year of below-average precipitation, and January and March were the driest in over a century. The Sierra Nevada snowpack, which contains about a third of state water reserves, is 5% of the historical average compared to 25% last year. Reservoirs and aquifers are also low, and some could run dry this year.

While droughts occur intermittently across the

globe, other societies have learned better how to cope with water shortages. For instance, Israel (60% desert) has built massive desalination plants powered by cheap natural gas that helped the country weather the driest winter on record in 2014 and a seven-year drought between 2004 and 2010.

Then there's California, which has suffered four droughts in the last five decades with each seemingly more severe in its impact. Yet this is due more to resource misallocation than harsher conditions. During normal years, the state should replenish reservoirs. However, environmental regulations require that about 4.4 million acre-feet of water—enough to

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California's Green Drought *cont.*

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sustain 4.4 million families and irrigate one million acres of farmland—be diverted to ecological purposes. Even in dry years, hundreds of thousands of acre feet of runoff are flushed into San Francisco Bay to protect fish in the Sacramento-San Joaquin River Delta.

During the last two winters amid the drought, regulators let more than 2.6 million acre-feet out into the bay. The reason: California lacked storage capacity north of the delta, and environmental rules restrict water pumping to reservoirs south. After heavy rains doused northern California this February, the State Water Resources Control Board dissipated tens of thousands of more acre-feet. Every smelt matters.

Increased surface storage would give regulators more latitude to conserve water during heavy stormflows and would have allowed the state to stockpile larger reserves during the 15 years that preceded the last drought. Yet no major water infrastructure project has been completed in California since the 1960s.

Money is not the obstacle. Since 2000 voters have approved five bonds authorizing \$22 billion in spending for water improvements. Environmental projects have been the biggest winners. In 2008 the legislature established a “Strategic Growth Council” to steer some bond proceeds to affordable housing and “sustainable land use” (e.g., reduced carbon emissions and suburban sprawl).

Meantime, green groups won't allow new storage regardless—and perhaps because—of the benefits. California's Department of Water Resources calculates that the proposed Sites Reservoir, which has been in the planning stages since the 1980s, could provide enough additional water during droughts to sustain seven million Californians for a year. Given the regulatory climate, Gov. Brown's bullet train will probably be built first.

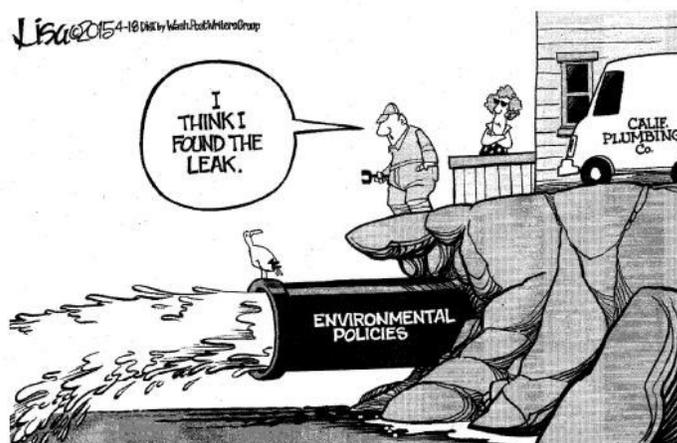
Once beloved by greens, desalination has likewise become unfashionable. After six years of permitting and litigation, the company Poseidon this year will finally complete a \$1 billion desalination facility that

will augment San Diego County's water supply by 7%. Most other desalination projects have been abandoned.

One problem is that California electricity rates are among the highest nationwide due to its renewable-energy mandate, and desalination consumes amploads of energy. Local and state regulators also impose expensive environmental requirements. Poseidon had to restore 66 acres of wetlands in return for its desalination permit.

The only remaining alternative to stretch scant water supplies is conservation. Yet studies show that mandates and subsidies for low-flow appliances like California's don't work because people respond by changing their behavior (e.g., taking longer showers). Despite the diminishing returns, Mr. Brown has ordered more spending on water efficiency.

The most proven strategy to reduce water consumption is market pricing with water rates increasing based on household use. Many water suppliers, and much of Southern California, adopted water metering and market pricing decades ago. But since state law doesn't mandate metering until 2025, some areas have been slow to shift from fixed rates.



Other suppliers haven't been as aggressive as they should be at charging for extra water use, which has contributed to large disparities in consumption. For instance, the per-capita daily water use in Cowan Heights is 281 gallons versus 170 in neighboring east Orange and 101 in Tustin.

California's Green Drought *cont.*

To his credit, the Governor has instructed the State Water Resources Control Board to develop pricing mechanisms to meet the state's 25% benchmark and to require larger reductions from suppliers whose residents use more water. His order exempts farmers yet their water has already been curtailed. Even in wet years, farmers have only received 45% of their contractual allocations due to wildlife diversions. Over 500,000 acres of land were left fallow last year. Many are now drilling deeper wells to

pump groundwater at increasing marginal costs.

Not even Gov. Brown can make it rain, but he and other politicians can stop compounding the damage by putting water storage, transportation and market pricing above environmental obsessions. Do not hold your breath—and prepare for French showers.

This editorial first appeared in the Wall Street Journal on April 5, 2105

As California Drought Drags On, Home Builders Vie For A Voice

By Kris Hudson

Water restrictions could spur a moratorium, but construction firms say they're not the problem

As California takes steps to conserve public water amid a historic drought, the state's home-building industry is trying to position itself as part of the solution.

Home builders, which are hoping to fend off calls for restrictions or moratoriums on new construction, are pushing the idea that newly built homes conserve far more water than older homes. They argue that any building moratoriums resulting from the state's heightened efforts to save water will do more harm than good.

"We feel that we've got a heck of a case to make that moratoriums, no matter where you are in the state, would be the wrong thing to do," said David Cogdill, president and chief executive of the California Building Industry Association. "You're not going to conserve the water that you'd hope to. And the downside that you'd bring for the economy outweighs any gains."

the state are girding for the implementation of Gov. Jerry Brown's April 1 mandate that, by June, users of state water cut their consumption by an average of 25% from 2013 levels. The State Water Resources Control Board is scheduled to review and adopt the water-conservation plan on May 5 or 6. Home builders are concerned that persistent drought conditions and the state's latest push for more water conservation could result in additional local water districts and municipalities opting on their own to enact moratoriums on new connections to their systems, severely curtailing new construction in those places. Meanwhile, California water-management officials say, the state's separate program for curtailing water use on severely depleted watersheds could result in the state asking more water districts to stop adding water taps until they find additional sources of water, as happened with 22 mostly rural districts last year.

California's drought, now in its fourth year, is one of the worst on record in the nation's most populous state, costing billions of dollars in losses in its giant agricultural sector and prompting mandatory urban

California's home builders and much of the rest of

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As California Drought Drags On, Home Builders Vie For A Voice *cont.*

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water-use cutbacks statewide for the first time ever.

The cutbacks come as the home-building industry, both nationally and in California, has started to regain momentum this year in its recovery from the housing crisis and last year's stall in home-buying activity. California is the second largest home-construction market in the U.S. after Texas, traditionally accounting for 9.7% of all residential building permits in the nation. That construction activity yields jobs and reverberates through the entire economy. The National Association of Home Builders estimates that constructing a single-family home generates three full-time jobs for a year.

Of economists surveyed this month by The Wall Street Journal, 51% said the drag from the 25% water-use cuts mandated by Gov. Brown will be too small to show up in economic data such as the state's income growth, employment and retail activity. Another 44% predicted the impact would be small, but measurable.

Even so, additional moratoriums on issuing new water taps in certain areas loom as a possibility. A water tap generally is a connection of a building, most often a home, to a water system. In October, the state's water board barred 22 mostly rural districts serving 5,063 water-rights holders from granting additional water taps until they find alternative, supplemental water sources.

Meanwhile, some municipalities and water districts with their own water sources have taken extreme measures. The Montecito Water District, serving nearly 4,400 customers in affluent neighborhoods near Santa Barbara, opted in February 2014 to stop connecting additional users to its water system until it finds new water sources. While the moratorium has resulted in dried up lawns, it hasn't hobbled the small district financially because it doesn't often grow much, adding just 10 new taps in 2013.

In Ventura, home to roughly 106,000 people, water managers say it is likely that a persistence of the drought will trigger stage 4 of the city's drought plan

within a year. That will result in a requirement for a 30% reduction in water use from 2013 levels and enactment of a de facto moratorium prohibiting approval of developments that use more city water than their site historically used.

Alex Martinez, a senior analyst at housing research and consulting firm John Burns Real Estate Consulting Inc., analyzed California's home-building activity in previous droughts of 1976 to 1977 and 1987 to 1988. He found "no attributable impact" of those droughts on the state's new-home output. However, the current drought has no precedent in recorded history.

"Since we are entering uncharted territory, I fear that we will see more moratoriums placed on new-home construction," Mr. Martinez said.

Some of California's big water districts have significant work to do to comply with the state's conservation mandate by June. Anaheim cut its water use by 2% from 2013 levels in recent months, but the state has directed it to get to 20% by June. The Cucamonga Valley Water District recently cut its use by 1%, but if the state wants a 32% cutback from it.

California's home builders point to data on the industry's water-conservation track record in arguing that new homes aren't water hogs. Due to building codes revised and upgraded in recent decades,

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As California Drought Drags On, Home Builders Vie For A Voice *cont.*

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three-bedroom homes built in California in 2013 used an average of 46,521 gallons of water a year. That’s down 21% from homes built in 2009 and down 37% from those built in 1990.

Much of that increased efficiency comes from installing low-flow fixtures such as toilets that average 1.28 gallons per flush in comparison to 1.6 gallons in 1992, and appliances such as clothes washers that use six gallons per cubic foot as compared with 15 gallons in 1992.

The greater strides that builders can make now are in new homes’ yards. Gov. Brown’s order seeks for new lawns to use underground irrigation systems and other methods that don’t lose water to evaporation by spraying it high in the air. Some builders, such as KB Home, **KBH -0.81 %** are installing minimal, if any, turf in front of their newly built homes, instead opting for rock, mulch and drought-tolerant vegetation.

“We want to improve and become more efficient” as an industry, said Lawrence Webb, chairman and CEO of The New Home Co., an Aliso Viejo, Calif.-based builder that controls roughly 6,000 home lots in the state. “But we’re the solution, not the problem. We really need to look at older homes and the agriculture industry if you want to...have a bigger impact on water conservation.”

The state has proposed programs to entice homeowners to replace their grass lawns with drought-tolerant materials and to upgrade their appliances to versions that better conserve water. However, funding for those programs isn’t yet determined.

Kris Hudson joined the Wall Street Journal in 2005. He covers hotels and retail property from a real estate perspective. Prior to joining the Journal, he worked for numerous newspapers in Colorado and Florida. This article first appeared in the April 26, 2015 Wall Street Journal.

Tapped Out

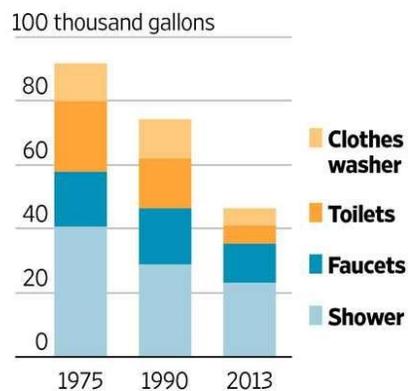
California has been slow to recover from the housing-market collapse. Now persistent drought conditions could lead to additional water-tap restrictions, further denting home construction there.

New single-family housing permits in California



Typical annual indoor water use

Three-bedroom California home built to code, by year of construction



Sources: U.S. Census Bureau via Federal Reserve Bank of St. Louis (permits); California Homebuilding Foundation (water use)

Coalition of Labor, Agriculture and Business

San Luis Obispo County

“Your Property – Your Taxes – Our Future”

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For those who choose not to join as a member but would like to support COLAB via a contribution/donation.

I would like to contribute \$ _____ to COLAB and my check or credit card information is enclosed/provided.

Donations/Contributions do not require membership though it is encouraged in order to provide updates and information. Memberships and donation will be kept confidential if that is your preference. **Confidential Donation/Contribution/Membership**

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Card Number: _____ Expiration Date: _____ Billing Zip Code: _____

TODAY'S DATE: _____

All applications are subject to review and approval by the COLAB Membership Committee and Board of Directors.

Applications that are not accepted will have the dues or donations promptly refunded.