

CALIFORNIA DECLARES WAR ON SUBURBIA

Recently, nationally renowned author and speaker Wendell Cox appeared on the Andy Caldwell Radio Show. Cox is an international demographic, urban policy, and transportation consultant. He is a visiting professor at the Conservatoire National des Arts et Métiers in Paris and served several terms on the Los Angeles County Transportation Commission and the Amtrak Reform Council. He is author of *"The War on the Dream: How Anti-Sprawl Policy Threatens the Quality of Life."* During his conversation with Andy, Cox skewered "smart growth" with comments such as "smart growth means dumb no growth," "people are overdosing on doctrine," and "you are dealing with people driven by ideology." He further characterized smart growth as a "false religion." He pointed out that "economic illiterates are leading the State" and that "California is one of the most misgoverned pieces of real estate on the planet." Cox concluded: "the California dream is on the way out." Quoted below is the web version of a recent article by Wendell Cox that has been widely circulated and reported on nationally. It perfectly describes the impacts of current policy. *Mike Brown*

It's no secret that California's regulatory and tax climate is driving business investment to other states. California's high cost of living also is driving people away. Since 2000 more than 1.6 million people have fled, and my own research as well as that of others points to high housing prices as the principal factor.

The exodus is likely to accelerate. California has declared war on the most popular housing choice, the single family, detached home—all in the name of saving the planet.

Metropolitan area governments are adopting plans that would require most new housing to be built at 20 or more to the acre, which is

at least five times the traditional quarter acre per house. State and regional planners also seek to radically restructure urban areas, forcing much of the new hyperdensity development into narrowly confined corridors. .

In San Francisco and San Jose, for example, the Association of Bay Area Governments has proposed that only 3% of new housing built by 2035 would be allowed on or beyond the "urban fringe"—where current housing ends and the countryside begins. Over two-thirds of the housing for the projected two million new residents in these metro areas would be multifamily—that is, apartments and condo complexes—and concentrated along major thoroughfares such as Telegraph Avenue in the East Bay and El Camino Real on the Peninsula.

For its part, the Southern California Association of Governments wants to require more than one-half of the new housing in Los Angeles County and five other Southern California counties to be concentrated in dense, so-called transit villages, with much of it at an even higher 30 or more units per acre.

To understand how dramatic a change this would be, consider that if the planners have their way, 68% of new housing in Southern California by 2035 would be condos and apartment complexes. This contrasts with Census Bureau data showing that single-family, detached homes represented more than 80% of the increase in the region's housing stock between 2000 and 2010.

The campaign against suburbia is the result of laws passed in 2006 (the Global Warming Solutions Act) to reduce greenhouse gas emissions and in 2008 (the Sustainable Communities and Climate Protection Act) on urban planning. The latter law, as the Los Angeles Times aptly characterized it, was intended to "control suburban sprawl, build homes closer

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More Fees, Nothing Accomplished

As consumers, we have all experienced making a purchase only to discover the price we were charged was not the same price listed or advertised. I have had two such experiences in just the last month.

First, I purchased a book that had a price on it, but when the clerk rang up the purchase, the price on the bar code was two dollars higher than the sticker. The clerk refunded the difference. My second experience was at a local fast food restaurant. I purchased a meal and when I ran my card through the scanner the price was about half of what it should have been. The manager didn't want to bother with it and just gave me the meal at a discount.

On neither of these occasions did I entertain the thought of calling these occasions to the attention of the County Board of Supervisors! Would you? Nonetheless, County Supervisor Janet Wolf believes it is the county's responsibility to protect consumers. Supervisor Farr and Carbajal agree. To some degree, I agree, but as always, the devil is in the details.

Years ago, the County had a consumer fraud division. Their job was to prosecute businesses in the county that were engaging in fraud, including issues involving the price of merchandise. But with precarious budget problems hanging over the county, the efforts to investigate and enforce such programs have fallen by the wayside for the most part. For crying out loud, we scarcely have enough cops on the streets and when they do arrest people for most all misdemeanor crimes, they don't even go to jail anymore (it is called catch and release!) because we can't afford to incarcerate them!

So, in spite of budget cuts to law enforcement, the Board of Sups has created a price scanner inspection program for the county. Ostensibly,

the county will hire three staff people and they will attempt to test nearly 20,000 scanners a year! Everyone knows, and staff admitted, they won't be able to get to every scanner each year despite the charge for an inspection that might not happen, but what the heck! This program is going to be paid for by fees charged to the merchants (read that consumers!), so who cares if anything is actually accomplished in the meantime? The Board will feel good about themselves that they are protecting consumers who of course could otherwise exercise some due diligence and check their bill themselves for accuracy at the register.

The bottom line here is that scanners read what they are programmed to read. They read the price that has been assigned the item. Clerks make mistakes. Most merchants would never intentionally rip off their customers because they don't want to lose business and get a bad reputation. Some merchants even go out of their way and promise to refund any disputed amount and then some!

If the Board of Sups want to catch the occasional merchant who does engage in fraudulent practices, then they could have simply required all merchants to post a notice to call the county when there are discrepancies involving price scanners. The random inspections the county will perform will not be anywhere near as effective as a complaint driven program. The county will at most check a scanner once a year. A better suggestion the Board rejected was to recruit consumers to report, on an as needed basis, everyday throughout the year.

So, the Board hired staff that they truly can't afford, to do a job that can't be done with the resources available, and in the end, consumers and merchants will have nothing to show for the effort. Andy Caldwell

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County Continues to Play Hide the Pension Debt Ball from Taxpayers, Retirees and Employees

The Board of Supervisors sent a request to the County Retirement Board to consider spreading some pension obligation costs out over a 25 year period without one shred of data as to how much it is going to cost in the long run. The only thing they were told is that it won't decrease costs. Talk about an understatement! This will affect current employees, retirees and taxpayers.

Government must get upwards of 85% of the money they owe pensioners from stock market returns and other types of investment. Historically, government relied upon the stock market to make 8.75% to keep current with their pension obligations. But when the stock market tanked in 2008, the county lost about \$1 billion dollars! It is going to take a long time to get that money back because the market is no longer stable. So, not long ago they reduced the expected rate of return down below 8%. Now they want to lower it even further. The lower the rate of return, the more money the county has to put in every year to pay the current obligations.

Stanford University believes the real rate of return that should be expected in the stock market is in the 5% range! If this is true, government in CA is simply playing hide the ball with their employees, retirees and taxpayers, as they are literally bankrupt! There is not enough money in the system to make up the difference between a 5% and 7% rate of return coupled with making up the losses from 2008, plus the added volatility of current market conditions.

When the stock market does not perform at the rate the Retirement Board expects, taxpayers have to make up the difference via the General Fund. The County was paying \$31 million into the system every year ten years ago. Now it costs \$105 million per year! The board was looking at having to increase their contribution an-

other \$18 million next year due in part to the continued losses of 2008, plus the reduced expected rate of return. So, what did they do? In essence, they have decided to pursue the equivalent of requesting the credit card company to reduce their minimum monthly payment! In other words, spread the cost of the obligations out for a longer period of time.

How big a debt burden are we talking about? They don't know and that is a big problem! The county doesn't have the in house expertise to do the math! And, they don't want to spend \$50,000 to find out! Even though they may have just initiated going millions more into debt. I kid you not, county officials simply stated they are hoping things work out!

The General Fund is the county's discretionary revenue source that pays for both unfunded pension debt and other programs including public safety. 90% of this money comes from property tax. Public safety has the biggest exposure here because they take up the biggest chunk of the general fund, they have the highest salaries of any bargaining unit, and they have the highest pension benefits.

The reality is, the money to pay for pensions and current expenses can only come from the stock market, property taxes, or possible new oil royalty sharing agreements that would have to be approved by the board and the state. The stock market is not a realistic hope. The Board of Supervisors we have now is against growth that would result in higher property tax revenues, and they are against oil drilling. The money has to come from somewhere!

Hope is not a plan.

WHAT YOU THOUGHT IS TRUE: UC AND CSU ARE INDOCTRINATION CENTERS

One of the more alarming aspects of the contemporary California scene is the accelerating left orientation of its voters and elected and appointed leaders. In recent years, one expression of this trend has been the adoption of the California Global Warming Solutions Act (AB 32) and the Sustainable Communities Strategy (SCS) Act (SB 375).

In places such as Santa Barbara County and San Luis Obispo County, some of the city governments and both County governments have enthusiastically embraced these laws and a series of derivative policies designed to limit suburban living and force most future development into existing urban centers. This has been done in the name of global warming and climate change in an effort to ostensibly reduce atmospheric carbon dioxide (CO₂). This vast scheme of physical and social engineering has been joined to the State's existing left governing majority predilection for heavy handed government regulation, plush public employee salaries and benefits, unsustainable public pension costs, and ever increasing taxes, fees, and debt. Further intensifying these unaffordable job killing encumbrances are \$100 billion high speed rail systems, State and county wildlife corridors, large government subsidized industrial scale solar energy plants (which are raising electric bills), suspension of vital water deliveries to farms, and the planned phase-out of fossil fuels and nuclear energy. This policy syndrome is characterized as environmental socialism.

An important question is why are Californians (and particularly those in the affluent coastal population centers and their even more affluent suburbs) so susceptible to the irrational and decadent policies of environmental socialism. Over the years, many theories have been posited. These have ranged from the salubrious mind relaxing effects of the State's year round benign weather, the legacy of late 19th and early 20th century progressivism, and a belief that several generations of citizens were spoiled by the vast gains in California's standard of living that

occurred during its "golden age" from the end of World War II to the early 1970's. Over the past several decades, one frequently expressed opinion (particularly with respect to State and local government staffers and elected officials) is that the State's politicized public higher education system has indoctrinated a cadre of leftist apparatchiks who believe in and carry out the enviro-socialist agenda. At the same time, it has nurtured a generation of citizens who are incapable of recognizing the danger and reacting.

It turns out that this is exactly what has happened. In April 2012 The California Association of Scholars (CAS, a division of the National Association of Scholars) published a devastating report confirming this very problem and sent it to the Board of Regents of the University of California demanding that they take corrective action. The CAS Board of Directors includes prominent scholars from The UCLA Medical School, UC Santa Cruz, Stanford University, Claremont McKenna College, UC San Diego, California State University East Bay and others. The 81 page report is ominously entitled: **A Crisis of Competence: The Corrupting Effect of Political Activism in the University of California.** The report is direct and pulls no punches:

"This report is concerned with the corruption of the University of California by activist politics, a condition which, as we shall show, sharply lowers the quality of academic teaching, analysis, and research, and results in exactly the troubling deficiencies that are being found in studies to which we have referred." (The authors cite a number of prominent recent studies about "the failure of higher education to provide measurable gains in general skills, analytical ability, writing, reasoning, and general knowledge.")

"When individual faculty members and sometimes even whole departments decide that their aim is to advance social justice as they understand it rather than to teach the subject that they were hired

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The Magnitude of the Threat is Enormous

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to teach with all the analytical skill that they can muster, the quality of teaching and research is compromised.”

The report states that, with respect to the political orientation of the faculty, “There are six major findings...that show something far more disturbing than the traditional preponderance of liberals among university faculty:

1. The extent of the tilt to the left has been growing and has now reached a magnitude not remotely matched in the past. In some areas, it is so extreme that it amounts to virtual exclusion of any but left- of-center faculty members.
2. The kind of leftism has also become considerably more extreme.
3. The more that politics is relevant to a field of study (the most obvious cases being those of political science and sociology) the greater the preponderance of left-of-center faculty members and the more complete the exclusion of any by left-of-center faculty members. The point is worth emphasis: exactly where programmatic concerns would most suggest a need for a wider range of voices, that range is most likely to be absent. This pattern is strongly suggestive of a conscious intent in the hiring process.
4. Younger faculty members are more solidly left-oriented than older faculty members, which means that the extent of the tilt continues to grow as retirements replaced by new appointments increase the imbalance.
5. College faculty members have become far more likely to admit that activism is a goal of their teaching.
6. The public is alarmed about the professoriate’s radical leftism to a degree that has not been true in the past.

There is a good chance that some of your county supervisors, city council members and planning commissioners are products of this corrupted system. It is almost certain that many local staff members have at least one degree from a University of California or California State University Campus. The planners, staff attorneys, administrators, fiscal specialists, and all the others have been indoctrinated with radical social, environmental, and anti-capitalist/anti-private property dogma. Is it any wonder that these “public servants” are generating climate action plans, “smart growth regulations,” impossible environmental requirements, and are adopting more fees and taxes?

This serious and debilitating condition is an important underlying cause of our current political, economic and cultural disintegration. It calls for citizens to awake and take action. As Boston University Sociology Professor Brigitte Berger predicted in 1994 when writing about the dangers of the politization of universities: “And the third danger relates to a fundamental relativization, if not rejection, of the unique civilizational achievements of the Western university itself. If these dangers are left unchallenged ...and become the new reality of academic life, (they) will lead to the final undermining of the modern university, the retribalization of American society, and thereby to a repeal of the principles on which this nation is founded; and finally as the first two combine and take on dynamics of their own, a massive delegitimization of Western civilization itself is sure to follow.”

It’s not just our housing choices and jobs which are at risk. It’s our country.

By Mike Brown, Former CEO of Santa Barbara County. Government Affairs Director of COLAB.

Smart Growth Won't Solve Any Problems

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to downtown and reduce commuter driving, thus decreasing climate-changing greenhouse gas emissions." In short, to discourage automobile use.

If the planners have their way, the state's famously unaffordable housing could become even more unaffordable.

Over the past 40 years, median house prices have doubled relative to household incomes in the Golden State. Why? In 1998, Dartmouth economist William Fischel found that California's housing had been nearly as affordable as the rest of the nation until the more restrictive regulations, such as development moratoria, urban growth boundaries, and overly expensive impact fees came into effect starting in the 1970s. Other economic studies, such as by Stephen Malpezzi at the University of Wisconsin, also have documented the strong relationship between more intense land-use regulations and exorbitant house prices.

The love affair urban planners have for a future ruled by mass transit will be obscenely expensive and would not reduce traffic congestion. In San Diego, for example, an expanded bus and rail transit system is planned to receive more than half of the \$48.4 billion in total highway and transit spending through 2050. Yet transit would increase its share of travel to a measly 4% from its current tiny 2%, according to data in the San Diego Association of Governments regional transportation plan. This slight increase in mass transit ridership would be swamped by higher traffic volumes.

Higher population densities in the future mean greater traffic congestion, because additional households in the future will continue to use their cars for most trips. In the San Diego metropolitan area, where the average one-way work trip travel time is 28 minutes, only 14% of work and higher education locations could be reached within 30 minutes by transit in 2050. But 70% or more of such locations will continue to be accessible in 30 minutes by car.

Rather than protest the extravagance, California Attorney General Kamala D. Harris instead has

sued San Diego because she thinks transit was not favored enough in the plan and thereby violates the legislative planning requirements enacted in 2006 and 2008. Her predecessor (Jerry Brown, who is now the governor) similarly sued San Bernardino County in 2007.

California's war on suburbia is unnecessary, even considering the state's lofty climate-change goals. For example, a 2007 report by McKinsey, co-sponsored by the Environmental Defense Fund and the Natural Resources Defense Council, concluded that substantial greenhouse gas emissions reductions could be achieved while "traveling the same mileage" and without denser urban housing. The report recommended cost-effective strategies such as improved vehicle economy, improving the carbon efficiency of residential and commercial buildings, upgrading coal-fired electricity plants, and converting more electricity production to natural gas.

Ali Modarres of the Edmund G. "Pat" Brown Institute of Public Affairs at California State University, Los Angeles has shown that a disproportionate share of migrating households are young. This is at least in part because it is better to raise children with backyards than on condominium balconies. A less affordable California, with less attractive housing, could disadvantage the state as much as its already destructive policies toward business.

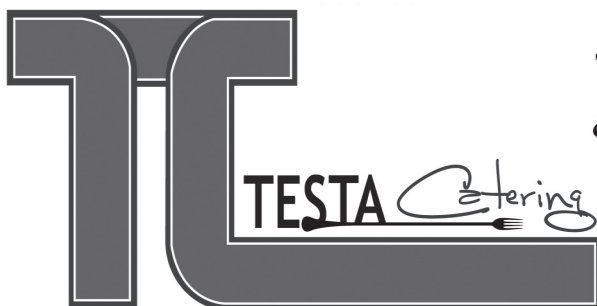
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