



SANTA CRUZ ASSOCIATION OF REALTORS® LEGISLATIVE WATCH

LGR Guest Speaker: John Ricker, Santa Cruz County Land Use & Water Resources Coordinator

John Ricker, Land Use & Water Resources Coordinator for the County of Santa Cruz, was a guest speaker at the Local Governmental Relations committee meeting in April. Ricker's informative talk covered a number of subjects relative to the real estate industry, including the Area 7A new construction fee, septic and sewer systems, water testing and supplies, well metering and the recent amendment to the Santa Cruz city ordinance that created an exemption to the water retrofit requirement.

The Area 7A New Construction Fee

This new fee is designed to fund the maintenance and construction of drainage services to counteract the runoff created by the construction of impervious surfaces. "Zone 7A" refers to an area of the Pajaro River watershed within the unincorporated county exclusive of areas within the City of Watsonville, contiguous with the existing boundaries of the Pajaro Storm Drain Maintenance District (PSDMD). This plan is similar to those already in place in Zones 5, 6 and 8 (Capitola, Live Oak, Aptos and Scotts Valley), and is expected to carry the same per-square-foot cost (\$0.85). A 50% credit will be allowed for base rock. Installation of runoff preventers may be required. A Proposition 218 exemption may be possible if the fee is structured as a development fee rather than a property fee.

Septic Systems

Ricker said that California is one of the few states without statewide regulation of their septic systems. (Regional Water Quality Control Board creates our regulations) The California Council of Environmental Health is dissatisfied with the staff of the Board, and wanted to meet with them; however, the Board stated that they were aware of the issue and were already working on it, and declined to meet with the Council. There have been concerns about creating great consistency in the stringency among the regional boards, however, our local board is already rather conservative.

The Water Board wanted to require septic systems to be set back 600 feet from impaired waterways (locally, Soquel Lagoon, San Lorenzo River, and the Valencia Creek), and annual testing of all wells; According to Ricker, the County feels that the local board is pretty stringent, and well balanced between being effective and being reasonable. Their position is that since most of our wells are deeper and further away than 600 feet, this suggested requirement is unnecessary, and requires an undue burden with limited effectiveness. In addition, it would be difficult to prove the source of contamination. Nearly every septic system is in one zone. Owners pay \$6.90/year. San Lorenzo watershed has an additional \$18 fee and increased effort by County. Every property is evaluated about every six years.

Requests to sewer San Lorenzo Valley come up every ten years or so, but the last time was in 1984. The failure rate of septic systems in '86 was 13%, but now, it is 1-2%, which is a similar rate to that of sewer overflow occurrences. Pasatiempo has had a lot of trouble with its septic system, but it adjacent to Santa Cruz, which is sewer; these circumstances have led to discussion of possibly sewer Pasatiempo, as well.

The handling of septic systems in real estate transactions was also

discussed, as general septic system reports are often used in home sales, but Ricker advised that because pumper's reports are done for a variety of reasons, not directed specifically towards real estate sales, that they don't always show the whole picture. Standardized assessment of wells at the time of sale, as well as septic system inspection for the purpose of the transaction would be good things to disclose to buyers at the time of purchase.

Water Quality Testing

San Lorenzo River is tested weekly at a variety of locations – the worst being the river mouth, the best being the Felton entrance to Henry Cowell State Park. Additional spots are tested monthly. The Soquel Creek is tested mainly in Capitola, but also upstream. This is standardly cleaner than the San Lorenzo, but Bates Creek does get high contamination levels. Birds are the biggest source of pollution (over 60%); human pollution counts for 1-10% of contamination. Contamination is worse in urban areas because storm drains accumulate mud, leaves, sewer leaks, pet waste, and the like, whereas in more rural areas, rivers clean themselves up.

Water Supply

According to Ricker, all agencies recognize a water supply problem. Some agencies may get worse before they get better. There's no moratorium, but hard work is required to increase supply. Soquel has demanded an offset program and will have to install a water conservation system to keep their usage consistent. Soquel is leaning towards partnering with Santa Cruz in desalination (a supply they could alternate using) or with Watsonville on the Pajaro Valley Water Agency. A desalination project would increase supply and offset rationing during droughts. Santa Cruz, a surface water district, wouldn't need to access it during normal years, so Soquel, a ground water district, could use it; during drought years, Santa Cruz could take advantage of the resource, while Soquel would be able to run off its own supply.

The county is consolidating its own efforts in house to create an Integrated Regional Water Management Plan, required to apply for Proposition 50 monies. The County is applying for \$20-30million to affect the County (minus Pajaro Valley, but including the Watsonville sloughs).

Ricker said there would be a vote in April to call for an election on whether voters want to incur debt to get a \$6-7million water system for the Felton Water Service area. The election would take place in 3-6 months. The projected cost would be a maximum of \$11million, costing \$2000-3000 per parcel. If the voters approve, the San Lorenzo Water Agency will attempt to purchase from California American; if Cal Am will not sell, then they will go to an imminent domain fight.

Well Metering

Ricker says there are not any plans to bring back well metering at this point, but that we need to do more to manage ground water. There are three main groundwater basins in the county – Soquel/Aptos, Watsonville, and Scotts Valley (these last two each have their own management). Metering would be a part of an overall management plan. Increased monitoring of wells for research purposes would be another thing he would like to see happen, says Ricker.



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NATIONAL ASSOCIATION OF REALTORS®
PRIORITY ISSUES UPDATE
APRIL 2005





The following is a scorecard of NAR's policy priorities before the 109th Congress:

ISSUE	NAR OBJECTIVE	ACTIONS	STATUS
Banks in Real Estate	Enact legislation permanently barring nationally chartered banks from engaging in real estate brokerage and property management.	NAR-backed legislation has been introduced in the House and Senate. H.R. 111 has 160 House cosponsors and S. 98 has 14 cosponsors in the Senate.	Pending in committee. NAR is urging Members of Congress to cosponsor the bills.
Small Business Health Plans	Enact legislation creating federally-certified small business health plans allowing state REALTOR® associations to extend health insurance coverage to members.	NAR-backed legislation has been introduced in the House and Senate. H.R. 525 has 122 House cosponsors and S. 406 has 13 cosponsors in the Senate.	Pending in committee. H.R.525 approved 3/16/05 by House Education and the Workforce Committee. Floor action expected in April. S.406 remains pending. NAR urging House and Senate members to cosponsor the bills.
Tax Reform	Defend the Mortgage Interest Deduction and homeownership/investment tax benefits from any efforts reforming the tax system	President Bush's Commission on Tax Reform has begun meeting. NAR is closely monitoring all developments. NAR's Tax Reform Working Group met 4/4/05 to flesh out proposals.	Ongoing. The Commission has scheduled a series of hearings to gather input and information.
Tort Reform	Enact legislation to protect REALTORS® and responsible companies from abusive class action lawsuits.	NAR-backed legislation S. 5 (Class Action Fairness Act) has been approved. The bill would establish standards for the assignment of certain class action lawsuits to federal court.	Signed into Public Law by President Bush on 2/18/05. Public Law No: 109-2
Government Sponsored Enterprises (GSEs)	Protect the mission that Fannie Mae, Freddie Mac and the Federal Home Loan Banks play in making housing more affordable for families.	NAR has joined with the National Association of Home Builders and developed a statement of principles to ensure the GSEs (Fannie Mae, Freddie Mac, Federal Home Loan Banks) continue to help millions of American families achieve their dreams of homeownership. NAR has also spearheaded a joint industry letter to the Senate Banking Committee opposing a provision giving regulators a new test for approving the business activities of the GSEs.	Pending. Hearings have begun in the House and Senate. We anticipate introduction of several bills.



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 NATIONAL ASSOCIATION OF REALTORS® PRIORITY ISSUES UPDATE APRIL 2005 			
ISSUE	NAR OBJECTIVE	ACTIONS	STATUS
Bankruptcy Reform	Enact legislation that will safeguard property owners and real estate from abuses associated with the Bankruptcy Code.	NAR is backing four provisions under H.R. 685 and S. 256 that would protect property owners and real estate assets.	Pending. S. 256 approved 3/10/05 by the Senate. Bill referred to House Judiciary Committee which approved 3/16/05. House floor vote expected in April.
Federal Preemption of State Laws	Urge Congress to maintain vigilance and not abdicate its responsibilities allowing policy-making by regulation to proceed unchecked.	NAR is closely monitoring federal regulations and policies.	Ongoing. NAR is urging Realtors® to be vigilant and help safeguard state laws that protect Realtor® businesses and consumers.
Do-Not-Call/Fax/Spam	Enact legislation protecting REALTORS® from unfair and costly changes to their marketing practices.	NAR was instrumental in getting the Federal Communications Commission to extend until July 2005 its stay of effective date of the Do-Not-Fax rules. We are working with Congress to reintroduce legislation that fell short of enactment in the 106 th Congress.	Ongoing. NAR is meeting with last year's bill sponsors to urge reintroduction. Senate bill drop expected in April followed by hearings.
Endangered Species	Enact legislation to improve and update the federal Endangered Species Act.	NAR is urging the introduction of House and Senate legislation improving the ESA.	Ongoing. Senators Mike Crapo (R-ID) and Lincoln Chafee (R-RI) and Representatives Richard Pombo (R-CA) and Greg Walden (R-OR) held a joint press conference on February 10 to announce a bi-partisan, bi-cameral legislative effort to improve the federal Endangered Species Act. The House and Senate will work together over the next few months to draft and advance the same or similar ESA bill in both chambers of Congress.
RESPA Reform	Protect the interests of REALTORS® and consumers in reform efforts designed to simplify and improve the process of obtaining mortgages to reduce consumer settlement costs.	NAR is working with HUD to communicate the interests of REALTORS® and consumers in the RESPA rulemaking process.	Ongoing. Housing and Urban Development (HUD) Secretary Alphonso Jackson has indicated plans to submit a reform package to Congress for input by mid-May 2005. Industry and public comment will be solicited afterward.

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State of California

C.A.R. is sponsoring SB 435 (Hollingsworth) to further encourage homebuilders to use density bonuses. SB 435 will provide the direct economic incentives that builders' need to take advantage of density bonuses, such as adjusting parking and/or the height requirements of developments to accommodate the additional housing. SB 435 will also seek to delete requirements in existing law that allows cities and counties to determine economic viability of housing developments that are built. (Copyright® 2005 California Association of REALTORS®) This bill is going to vote as the Legislative Watch is going to print – read next month's Legislative Watch for results.

County of Santa Cruz

Area 7A New Construction Fee – see Legislative Watch cover story on Local Governmental Relations Committee guest speaker John Ricker for details.

City of Capitola

Regular meetings of the City Council are held on the second and fourth Thursdays of each month at 7:00 pm at City Hall. They are broadcast live on Community Television Channel 8.

At the April 14 City Council meeting, the City Council moved to pass the proposed Ordinance Adding Subsection F. to Section 17.81.040 of the Capitola Municipal Code and amending the local coastal implementation program to prohibit new development, decks, fencing, landscaping or other improvements from encroaching on the Soquel Creek Riverview Pathway to a second reading with the following modifications:

- 1) Eliminate the word "path" from the ordinance and replace it with the word "pathway;"
- 2) Eliminate the following language in the last sentence of paragraph F: "...however, property owners shall maintain their pathway surfaces in a condition safe for public access. Vehicular parking shall not occur within the pedestrian path, and..."
- 3) Change the last sentence of paragraph F to read as follows: "Surface variations (i.e., brick, decomposed granite and other surfaces) are acceptable. Property owners shall trim and maintain landscaping so that it does not encroach upon or narrow the width of the Pathway to less than four feet."

The motion was carried unanimously. For more information, go to <http://ci.capitola.ca.us/capcity.nsf/CityCnclMinutes.html>

City of Santa Cruz

Upcoming City Council meetings are May 10 and 24, 2005 in Council Chambers at 7:00pm. A special joint annual UCSC/City Council meeting will be on May 5, 2005 at 3:00pm at UCSC.

City of Scotts Valley

City Council Meetings are the first & third Wednesday of each month at 6:00pm at City Hall. Upcoming meeting dates are May 4, May 18, and June 1. Planning Commission meetings are the second & fourth Thursdays following City Council meetings at 6:00pm at City Hall; upcoming meeting dates are May 12, May 26, and June 9.

Skypark Town Center

Councilmember Johnson spoke at the April 6, 2005 Joint City Council and Redevelopment Agency Board of Directors meeting about the City's desire to move forward with a viable Town Center project as well as its concern for the safety of the residents. He feels this is a true chance to have a Town Center and a viable retail center to help our tax base. Councilmember Bustichi remarked that they would like to work into a preliminary agreement with this developer to start the process. Discussion was opened to the public for comments.

Main concerns were about the proposal of moving the propane tanks to Lockhart Gulch Road in terms of safety, access, and traffic. Vice Mayor Aguilar stated concern that the project does not have a competitive bid process, to which Councilmember Johnson responded that the developer has a vested interest and is willing to make the necessary financial investments; exclusivity makes it more viable for the City to work with this developer because the City does not have the money to invest in this project. Mayor Marigonda spoke in favor of the Town Center and entering into the Exclusive Right to Negotiate Agreement with the Pratt/Rile/Norton team. He does not feel the propane tank relocation will affect property values. Staff was directed to negotiate on the Redevelopment Agency's behalf to develop an Exclusive Right to Negotiate Agreement with the Pratt/Riley/Norton team.

Septic/Sewer Ordinance

Councilmember Bustichi requested at the April 6 meeting that a 2002 septic and sewer ordinance that relates to the construction of secondary dwelling units be reviewed at a future City Council meeting. As the Watch is going to press, the agenda date of this discussion was not available.

City of Watsonville

Upcoming City Council and Redevelopment meetings are on May 10 and 24. A Planning Commission Meeting will be May 3.

Airport Landing Strip Designation

At their meeting on April 12, the City Council approved a designation change of the secondary landing strip at the Watsonville Airport to low-activity, removing a historic safety zone. This change will not affect operations at the airport, but will enable opportunity to develop a 400 acre segment of flat land.

Undergrounding Utilities

A final ordinance requiring all new construction projects to install utilities underground was approved at the City Council meeting March 22, 2005. An in-lieu fee will be an option on those projects whose new construction falls within square footage or street frontage maximums and projects where undergrounding would exceed 5 percent of total cost. Further details were to be discussed at meetings in late April, but were not available as of press date.

Please Note: The Legislative Watch is prepared by the Santa Cruz Association of REALTORS®. The Legislative Watch is only a summary not intended to provide legal advice and should always be verified for accuracy. For more information on a local agency, please call SCAOR at (831) 464-2000 to contact the Local Governmental Relations Liaison assigned to that agency or municipality.

