

COLAB SAN LUIS OBISPO COUNTY

WEEK OF JUNE 24-30, 2012

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BOARD ADOPTS 2012-13 ANNUAL BUDGET
FEELS IT DID COMPLETE REVIEW

NO BOARD MEETING ON TUESDAY JUNE 26, 2012

PENSION BOARD TO DECIDE RATES
EASY PATH SEEMS COUNTERINTUITIVE

HUASNA VALLEY DILEMMA – PROPERTY RTS. V. PROPERTY RTS.

Board of Supervisors Meeting of June 19, 2012 (Completed)

Formal Budget Adoption. The actual legal adoption of the proposed FY 2012-13 Operating Budget and Capital Improvement Budget took place as scheduled. As expected, there was little further discussion. The Board was puzzled that COLAB had suggested a more thorough review and maintained that it had conducted sufficient study during the year leading up to adoption and that a detailed “line item” review was unnecessary. First of all, COLAB never suggested a line item review. COLAB did suggest that the key local revenues be discussed in detail because they are flat or declining. This flat performance is related to the local economy, which in turn raises questions about the Board’s strategic policy approach to the overall situation. How do the Board’s Strategic Growth plan and implementing tools impact the economy? Are there alternative policies that should be considered? Is the Board compartmentalizing its policymaking?

Secondly, COLAB pointed out that there was no discussion of the performance measures included in the budget and their relationship to the Departmental requests. In many cases, high performance in terms of the velocity, satisfaction, coverage, and other aspects of particular services are reported. Could this mean that various services could be performed adequately with less staff and funding?

Similarly, the Board unanimously approved the Budget for the Planning and Building Department, which is a key instrument of the current scheme of overregulation. Why wouldn’t budget review be used as an opportunity to engage this critical policy issue?

No Board of Supervisors Meeting for Tuesday June 26, 2012 is scheduled

The Board will not meet on Tuesday, June 26, 2012 or on Tuesday, July 3, 2012. Its next meeting will be on Tuesday July 11, 2012.

Planning Commission Meeting of Thursday, June 28, 2012 (Scheduled)

Cold Canyon Landfill Extension. The Commission will take up the issue of the expansion and extension of the life of the Cold Canyon Landfill, which was continued from its June 14, 2012 meeting.

Background: On June 14, 2012 the Commission conducted a lengthy hearing on the extension of the life and expansion of the Cold Canyon Landfill. The proposal includes increasing the amount of tonnage that can be disposed per day from 1620 to 2050.

Neighbors were very concerned and pointed out that the permit under which the landfill operates today contains a clause that would appear to condition prior approval on the guarantee that the landfill would be closed at the end of the existing permitting period. The Deputy County Counsel assigned to the case and Planning and Building staff disagreed with this view and stated that any applicant could propose anything and that the County is obligated to review the application on its current merits. Area residents are also concerned about traffic, noise, lighting, and odor. A number of speakers representing area merchants, people who supported the Recycling Center located at the landfill, and others who are simply interested in refuse (trashocrats) spoke in support of the new permit.

No matter what determination is made by the Commission, this item is likely to be appealed to the Board of Supervisors and perhaps Superior Court.

San Luis Obispo County Pension Trust Meeting of Monday, June 25, 2012

The Board of the Pension Trust will meet at 9:30 AM on Monday, June 25, 2012, to review the January 1, 2012 Actuarial Valuation of the County's retirement system. The Pension Trust is a quasi-independent entity that manages the County's retirement system. Its Board consists of citizens selected on the basis of their knowledge of pensions, investments, and finance; employee representatives; the County Auditor Controller; and a member of the Board of Supervisors. It is responsible for investing the assets of the system to insure that contractual promises made both to current employees (future retirees) and to current retirees will be fulfilled. This is essentially a fiduciary role.

The Actuarial Valuation is the key analysis of whether or not the system is sufficiently funded to honor those commitments that have been made by the County. The actuaries make recommendations to the Pension Trust Board with respect to interest rate assumptions (what the system expects to earn from its investments over the long haul) and whether the County is paying sufficiently into the system to meet its current and future obligations. The latter calculation is important because it impacts the County Budget. The unfunded accrued actuarial liability (UAAL) is a key number: the higher it is, the more the County has to pay. The UAAL increases from \$282 million in 2011 to \$321 million in 2012. Staff has speculated that this will not require a large rate increase to the County.

Another important number is called the interest assumption rate. This is the long-term rate (30-40 years) that the system expects to earn on average, primarily from investments in the stock market. This number is critical because the higher the predicted interest, the lower the UAAL and, conversely, the lower the interest assumption rate, the higher the UAAL and therefore the higher the County's necessary contribution from the budget. The actuaries recommend that the interest assumption rate be lowered from its current level of 7.75% per year to 7.25% per year, a fifty basis point drop. Surprisingly and counter intuitively, the staff does not think this will have a severe impact on the rates. COLAB will study the matter and report back.

Coming Attractions

Huasna Valley Oil Project Application: As our readers know, the application of Excelaron Oil was continued from the May hearing to August. In the meantime, it appears that a representative of the Huasna Valley Association is attending the Board of Supervisors Public Comment session each week. Two weeks ago the speaker requested the Board to establish a unit in the Planning Department with expertise in the regulation of oil and gas. Last week a speaker suggested that many of the owners of mineral rights, both within Huasna and the County in general, were outsiders who do not live here. The speaker strongly recommended that the mineral rights of those non-resident property owners, as a matter of policy, should be subordinated to the interests of the current County residents who oppose oil and gas production.

The Board's action on this is important and has implications not just for Huasna Valley, but for the County as a whole and for the future of its citizenry. In considering the Huasna application, the Board will be weighing the competing rights of property owners, both those who own mineral rights, and those who do not own mineral rights and who do not want drilling. Property rights are protected rights and should not be restricted except under exceptional conditions. In considering the Huasna application, a suggested solution has been made to weigh the merit of opposing property rights based on residence. Is this a slippery slope? The County has already enacted regulations that have resulted in eroding property rights. The Board should be cautious in making determinations that have blanket consequences.

Irrespective of ideology and the popular issue of the day, on either side, it is crucial to carefully deliberate before making decisions that will have long lasting impacts on citizens' rights. Right to property is one of the foremost among these. Our property, both personal and real estate, is an extension of ourselves. Any erosion of our right to use of our property is an erosion of our liberty. Emotions are high on both sides of this issue, and both sides should be heard and carefully considered. It may appear convenient and expeditious to assert that the property rights of current residents (voters) are superior. The problem is that those whose interests are satisfied today may find themselves the object of utilitarian attack at some point in the future.