COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE MAY 19 - 25, 2019

THIS WEEK

ABUSED OWNER CHANGES MIND – REQUESTS THAT LOTS BE RESCINDED AGAIN – WILL BOARD DEFEND THEM ANYHOW?

NEW ENERGY SCAM FOR COUNTY FACILITIES

CLOSED SESSION TO DEAL WITH APPOINTMENT OF "INTERIM" PUBLIC WORKS DIRECTOR

JOHN DIODATI SLATED FOR THE SLOT BUT MANY IN NORTH COUNTY FEEL HE UNFAIRLY PUSHED THE HUGE AB 2453 WATER DISTRICT

BOS TO RENEW COUNTY HOUSING GROWTH LIMITS – BUT THERE IS LITTLE HOUSING GROWTH TO LIMIT

LAST WEEK

FY 2018-19 3RD QUARTER FINANCIAL REPORT

GIBSON COMPLAINED ABOUT SHERIFF'S OVERRUN BUT "FORGOT" THE BOARD APPROVED SALARY INCREASES WHICH WERE NOT BUDGETED

PROPOSED FY 2019-20 RECOMMENDED BUDGET FILED FOR STUDY – ACTUAL HEARINGS WILL TAKE PLACE STARTING ON MONDAY JUNE 10TH

THE BUDGET IS CAUTOUS WITH MINIMIMAL INCREASES

SLO COLAB IN DEPTH

SEE PAGE 17

A MINE IS A TERRIBLE THING TO WASTE

BY ANDY CALDWELL

HOW GOVERNMENT EXTORTION IS DRIVING CALIFORNIA HOUSING COSTS HIGHER

BY LEE E. OHANIAN

THIS WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, May 21, 2019 (Scheduled)

Item 9 - Renewed request of the Fessler Family Trust to Rescind the Board's Prior Confirmation (approval) of 12 Residential Lots Created in 1901. The Trust had previously requested that the Board rescind its approval of the 12 lots after the Sierra Club sued the County to block the approval. The County had required that the Trust indemnify the County for any legal costs resulting from its approval.

Subsequently and on May 7, 2019 Mr. Fessler appeared at the Board meeting to ask that his requested rescission be ignored. Now, sadly, the Trust is requesting that it be reinstated. It is not known if cost or other factors impacted this decision.

Background: As COLAB reported on back on May 7, 2019, in a truly sickening turn of events, the owner was being forced to request that the Board rescind approval of 12 historic residential lots. COLAB pointed out that instead, the Board majority should rescind its decision to require the property owner to fund the costs of any legal challenges to County's original approval. In the name of private property, fairness, and justice, the Board should defend its approval all the way to the US Supreme Court if necessary. The Board should hire expert outside land use counsel to defend its original decision. If the Board of Supervisors requires that applicants indemnify the County against legal costs for defending land use decisions, the Sierra Club can attack almost anything anytime. If the County Board is not willing to defend its decisions, and can arbitrarily and selectively pick which applicants must contract to pay legal costs, is it not surrendering a huge portion of its authority to outside interveners?

If the Board does not wish to undertake the expense of hiring outside counsel, it is already paying a large group of lawyers to be at work every day whether they are tasked or not. They might as well use one of them on this issue.

See the link below for a more detailed report from the May 7, 2019 Board meeting and control click to open:

http://www.colabslo.org/prior_actions/2019/Weekly%20Update_May-5_May-11_2019.pdf

Item 12 - Request to approve a solar photovoltaic energy services agreement and general terms and conditions with ForeFront Power for the County Operations Center in San Luis Obispo; and adopt a resolution making findings on energy savings. The staff report recommends that the County enter into a 20-year lease with ForeFront, a San Francisco based subsidiary of Mitsui & Co., Ltd., which will install and operate solar panels at the County Service Center off Highway 1. The electricity would be sold to the County for 10 cents per kilowatt hour vs. the current 23 cents charged by PG&E. PG&E is still required to provide the base load energy at night and during cloudy days. The County expects to save $5 million dollars over the 20 year lease period per the table below:

Table : Estimated Cashflows for Ground Mount System

	FFP
ESA rate	$0.0990
Current Blended Rate	$0.2312
kWh Generated	2,487,559
Annual Historic Electricity Bill Without Solar	$ 616,238
Esa Payment	$246,268
New Utility Bill	$204,689
Total Electricity Costs (ESA + Utility Payment)	$450,957
Year 1 Electricity Savings	**$165,281**
Installation Costs for Mitigation Measures	$70,258
Year 1 Mitigation Costs	$14,970
Year 1 Savings Less Installation and Year 1 Mitigation Costs	**$80,053**
Years 2-4 Mitigation Costs	$27,870
Years 5-10 Mitigation Costs	$32,628
20 Year Electricity ESA Savings	**$5,143,044**
20 Year ESA Savings Less Mitigation	**$5,002,493**

The project would serve the facilities listed below:

- Maintenance Building 1200
- Main, West, and Women's Jails
- Juvenile Hall
- Jail Trailer
- Honor Farm
- Sheriffs' Detective and Storage Buildings
- Fleet Garage
- Information Services
- Emergency Operations Center (County portion)
- Animal Services

Some questions:

1. What if the County simply installed the solar arrays, inverters, and transformers itself (using a local electrical contractor) and negotiated the base load provisions with PG&E directly? The actual upfront costs could be funded by a revenue bond or COP at tax-exempt rates. ForeFront is a private business. Presumably its project debt is funded at commercial rates unless there are some government subsidies in here that we don't know about. Does the County need a set of intermediary companies to do this?

The project cash flow projections are illustrated in the table below:

Year	PPA Rate ($/KWH)	KWH Generated	Historic Utility Bill (without solar)	PPA Payment	New Utility Bill (with solar)	Total Electricity Costs (PPA + Utility)	Net Savings	Cumulative Savings
1	0.0990	2,487,559	616,238	246,268	204,689	450,957	165,281	165,281
2	0.0990	2,475,121	634,511	245,037	214,049	459,066	175,425	340,706
3	0.0990	2,462,746	653,360	243,812	223,786	467,598	185,762	526,467
4	0.0990	2,450,432	672,803	242,593	233,915	476,508	196,295	722,762
5	0.0990	2,438,160	692,861	241,380	244,452	485,831	207,029	929,791
6	0.0990	2,425,989	713,555	240,173	255,411	495,584	217,971	1,147,762
7	0.0990	2,413,859	734,908	238,972	266,812	505,784	229,124	1,376,886
8	0.0990	2,401,790	756,941	237,777	278,670	516,447	240,494	1,617,380
9	0.0990	2,389,781	779,679	236,588	291,004	527,592	252,086	1,869,466
10	0.0990	2,377,832	803,145	235,405	328,547	563,952	239,193	2,108,659
11	0.0990	2,365,943	827,366	234,228	342,908	577,136	250,230	2,358,889
12	0.0990	2,354,113	852,368	233,057	357,839	590,896	261,472	2,620,361
13	0.0990	2,342,342	878,178	231,892	373,363	605,255	272,923	2,893,285
14	0.0990	2,330,631	904,825	230,732	389,504	620,236	284,588	3,177,873
15	0.0990	2,318,977	932,338	229,579	406,286	635,865	296,473	3,474,346
16	0.0990	2,307,383	960,748	228,431	423,734	652,165	308,583	3,782,929
17	0.0990	2,295,846	990,086	227,269	441,875	669,164	320,922	4,103,851
18	0.0990	2,284,366	1,020,387	226,152	460,737	686,889	333,498	4,437,349
19	0.0990	2,272,945	1,051,665	225,022	480,348	705,369	346,315	4,783,664
20	0.0990	2,261,580	1,084,014	223,896	500,738	724,634	359,380	5,143,044
Total		47,457,412	$16,559,994	$4,698,284	$6,718,666	$11,416,950	$5,143,044	$5,143,044

2. The analysis escalates the impact of increasing PG&E base load costs (for nights and cloudy days). Do these include increased rates which are going to result from the bankruptcy, Diablo closure costs, escalated electric line maintenance, and loss of market share due to community choice aggregation, projects such as this one, and the need to purchase huge chunks of alternative energy to replace the lost Diablo energy? Or does this assume a level 23 cents per kilowatt-hour charge by PG&E for its portion of the base energy over 20 years? If it does escalate the 23 cents over the 20 years, how much per year?

3. The analysis also seems to assume a slightly declining total energy use over the 20 years. What is this based on?

4. Does the deal include the cost of the proper environmental disposal of the solar panels when they reach the end of their effective life? Prior to 20 years from now this is going to be a huge worldwide issue given the cadmium and other dangerous materials contained on solar panels? Who will be responsible for these costs?

5. It appears that the payments to ForeFront are about $4.7 million over the life of the project. This then yields a projected $5.14 million net savings. It looks like ForeFront and the County are splitting the $9,840, 000 savings 48% ForeFront and 52% County. Is this a good deal? How does anyone know? Did the County get proposals from any other vendors? It may argue that it didn't need to since it is going through SPURR.

The County is providing the tax fee land and a guaranteed customer (itself) for at least 20 years. Additionally, if the project generates more electricity than the County uses, ForeFront can sell it back though PG&E to others. It is not clear what percentage of that benefit might accrue to the County.

Government Mandate: As an investor owned private sector utility the State has required PG&E to participate in this program throughout its service area. The project arises as a result of State Senate Bill 43, which enacted the Green Tariff Shared Renewables (GTSR) Program. In part, SB 43 requires that a utility's GTSR Program "provide support for enhanced community renewables to facilitate development of renewable energy resource projects located close to the source of demand." The County is accessing the program through a joint powers authority (a governmental entity) set up for this purpose called the School Project for Utility Rate Reduction (SPURR). According to the write up, SPURR is very large and can therefore generate lower rates when it negotiates with companies such as ForeFront.

Thus PG&E is required to allow new companies such as Forefront to siphon off some of its business. Think of the County's green deals. Its largest private sector employer and property taxpayer, PG&E, is shutting down the last nuclear power plant in California with disastrous negative economic multilayers on its economy. The two large solar plants in the eastern county would pay a combined $9 million in property taxes if they were treated like everyone else, except the state has made them essentially property tax exempt except for the land. The county, as a community, generates an infinitesimal amount of CO_2 compared to the California total.

Can Community Choice Aggregation be far behind?

FOREFRONT
POWER

According to Dunn and Bradstreet, ForeFront is listed as:

*Ffp Btm Solar, LLC filed as a **Foreign** in the **State of California** on Monday, November 13, 2017 and is approximately two years old, as recorded in documents filed with **California Secretary of State**. A corporate filing is called a foreign filing when an existing corporate entity files in a state other than the state they originally filed in.*

According to Bloomberg Investment Services:

Company Overview of Forefront Power, LLC

Company Overview

Forefront Power, LLC offers development and operation of distributed solar generation. The company was incorporated in 2016 and is based in San Francisco, California. As per the transaction announced on January 5, 2017, Forefront Power, LLC operates as a subsidiary of MyPower Corp.

100 Montgomery Street

Suite 1400

San Francisco, CA 94104

United States

*Founded in **2016***

Bloomberg Investment Services lists MyPower Corp as:

Company Overview of MyPower Corp.

MyPower Corp. engages in investment, management, and operation of power projects in the United States. The company founded in 2008 and is headquartered in New York, New York. MyPower Corp. operates as a subsidiary of Mitsui & Co., Ltd.

200 Park Avenue

36Th Floor

New York, NY 10166

United States

Founded in **2008**

ForeFront's Website:

ForeFront Power has more than a decade of renewable industry experience, serving business, public sector, and residential power customers around the world. Our team has developed over 800 MW of capacity across more than 1,000 projects, targeted on assisting public sector agencies and C&I firms to deliver the most impactful behind-the-meter, virtual, and wholesale solutions.

ForeFront Power is a wholly owned subsidiary of Mitsui & Co., Ltd., a global energy infrastructure and investment leader. Mitsui brings a strong balance sheet and global presence to its partnership with ForeFront Power. The company offers substantial financial liquidity due to its strong profitability and is proud to have a credit rating of A from Standard & Poor's and A3 from Moody's.

Mitsui & Company, Ltd.: *This large Japanese conglomerate owns ForeFront. According to the Wikipedia:*

The company was established in 1876 with 16 members including the founder, Takashi Masuda. As Japan's international trading was dominated by foreigners since the end of the Edo period, it aimed to *expanding business owned by Japanese citizens. By the end of World War II, it became a dominant trading giant, but was dissolved by the order of GHQ.*[1]

The current Mitsui & Co. was established in 1947 as ***Daiichi Bussan Kaisha, Ltd.*** *In 1959, it merged with several other trading companies and changed its name to* ***Mitsui & Co., Ltd.***[2]

During Japan's period of rapid postwar economic growth, the firm was a key player in several major natural resources projects. In 1971, it took a stake in an offshore gas field near Das Island in Abu Dhabi, which supplies liquefied natural gas to Japan on an exclusive basis; it invested in a major Western Australian LNG project in 1985 and in the Sakhalin II project in 1994.[2]

Its subsidiary Mitsui Oil Exploration's MOEX Offshore had a 10% stake in the Deepwater Horizon well in the Gulf of Mexico through a subsidiary, and in May, 2011, MOEX agreed to pay US$1.07 billion to settle British Petroleum claims against it over the explosion and oil spill at the well. Some analysts had thought BP would realize a larger settlement from MOEX but there was also relief to have a first step toward resolving the multiple claims.[3]

Perfect: The County can generate profits which help pay off claims resulting from the Deepwater Horizon disaster while pretending that lowering an infinitesimal amount of greenhouse gases is real public policy.

Of course the County never did anything to retain the Diablo Nuclear Power Plant, which offsets 7 million metric tonnes per year of CO_2. Even today the Board refuses to take up the issue of advocating for retention of the plant.

Item 20 - CLOSED SESSION – PERSONNEL (Government Code section 54957). It is the intention of the Board to meet in closed session to: (18) Consider Public Employee Appointment for the Position of Director of Public Works. The matter results from the reported forced resignation of Public Works Director Colt Esenwien for allegedly violating County sexual harassment policies. It is expected that the Board will appoint John Diodati, a Deputy Director as interim. This will not be without controversy in the north county, as Diodati was the lead project manager on the controversial AB 2453 water district proposal, which was overwhelmingly rejected by the voters. Diodati is regarded as being too much of an advocate rather than a neutral public administrator.

It is also alleged that he is social friends with Supervisor Bruce Gibson and may be susceptible to the Supervisor's co-optation. Such allegations may be hard to avoid in the County's quasi-political organizational structure and culture where Board members interact with department heads and lower staffers randomly and frequently rather than going through their CEO. The latter approach is more common in the advanced council-manager cities, which fully embraced the reform movement and adopted charters that define the roles of the elected and the professional administrators.

In the classic days of reform public administration, a staffer could be fired for simply engaging a city council member in conversation in the elevator. Department heads did not speak at city council meetings or answer questions unless directed to do so by the city manager. Today the whole business has degraded to run like some busybody homeowner association.

General Motors does not have board directors emailing the manager of the Buick Plant in Flint and telling her what color to paint the Enclaves on this week's run, let alone receiving contributions from the United Auto Workers Union. This is not the case in most California counties, which is one reason things are such a mess. LA is the worst with over 60 staffers in each Supervisor's office meddling throughout the bureaucracy.

Some years ago the County adopted an Anti-Sexual Harassment Policy with great fanfare. It covered all the modes of sexual harassment, such as comments, circulating pictures, touching, asking for unwanted dates, etc. This seems to have disappeared from the County website. We could not find a link in the web details of Human Resources, County Counsel, or County Administrator's office. The SLOCEA Union website has a link to it, but when the link is opened, it says the item is not available.

In any case all officials and employees are required to take an on line interactive class on sexual harassment behavior and its prevention every 2 years. The class is really complete and posits all sorts of potential situations involving race, religion, sexual harassment, discrimination, gender issues, etc.

MATTERS AFTER 1:30 PM

Items 23 and 24 - Resetting the County's Housing Growth Limits. Since 1992 the County has maintained an overall growth limit (cap) of 2.3 percent (1.8% in Nipomo and 0% in Los Osos) of the number of homes existing in the previous year.

The first table demonstrates that so far this year (3 quarters) only 208 homes have been permitted countywide. It also shows an average of only 543 per year for the whole 26 years covered by the chart were built. Note that most of these were built in the 1990's.

Per the 2nd table below, the number of permits has been well below that average for the period 2006-2019. Most of the permits have been for master planned developments in Nipomo and Templeton.

New Dwelling Units* by Planning Area/Sub Area, 1992-2019

Planning Area/ Sub Area	1992 through June 30, 2018	July 1, 2018 – March 31, 2019	1992 through March 31, 2019
Adelaide	411	7	418
El Pomar-Estrella	1,909	18	1,927
Estero	957	9	966
Huasna-Lopez	226	1	227
Los Padres	13	0	13
Las Pilitas	139	1	140
Nacimiento	1,050	14	1,064
North Coast	1,348	1	1,349
Salinas River	2,221	63	2,284
South County	3,329	60	3,389
Shandon-Carrizo	421	6	427
San Luis Bay	1,429	26	1,455
San Luis Obispo	472	2	474
Total	13,925	208	14,133

*Based on the number of building permits issued for dwelling units subject to the Growth Management Ordinance.

New Dwelling Units* by Planning Area/Sub Area, 2005-2019

Planning Area/Sub Area	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19**
Adelaide	24	12	21	11	3	5	3	2	5	5	4	8	5	7
El Pomar-Estrella	90	53	33	14	9	11	10	20	38	16	28	19	22	18
Estero	19	15	13	6	10	8	3	6	13	8	7	18	6	9
Huasna-Lopez	8	2	6	6	12	10	3	3	11	9	2	8	4	1
Los Padres	2	0	0	0	1	2	1	0	0	0	0	0	0	0
Las Pilitas	0	6	5	2	5	1	3	1	2	1	0	1	1	1
Nacimiento	43	32	18	11	7	9	10	33	50	21	20	25	27	14
North Coast	14	7	9	1	5	0	3	7	2	3	2	0	0	1
Salinas River	99	41	33	36	25	16	15	21	45	60	65	207	74	63
South County	71	34	77	19	17	40	35	114	157	116	113	161	131	60
Shandon-Carrizo	28	28	11	5	2	4	6	2	4	0	4	4	3	6
San Luis Bay	52	22	70	7	15	13	17	34	41	25	30	39	41	26
San Luis Obispo	11	9	11	2	4	4	5	6	9	2	4	10	5	2
Total	461	261	307	120	115	123	114	249	377	266	279	500	319	208

* Based on the number of building permits issued for dwelling units subject to the Growth Management Ordinance.
**As of March 31, 2019

Given the backlogged housing shortage within the county and statewide, why not junk this ordinance and tell the County staff (everyone), SLOCOG staff, APCD Staff, and LAFCO staff that there will be no more raises except in years where there are 546 or more? Everyone would be astonished about how fast things would change – pay for performance.

Planning Commission Meeting of Thursday, May 23, 2019 (Scheduled)

Item 6 - Phase II Amendments – Hearing to consider a request by the County of San Luis Obispo to consider amendments to the Land Use Ordinance, Title 22 of the County Code (LRP2018-00006), and the Coastal Zone Land Use Ordinance, Title 23 of the County Code (LRP2018-00007) as applicable to Cannabis Activities. The proposed amendments will include new definitions, minor text amendments to clarify standards and terminology, modify standards for certain cannabis activities including but not limited to cultivation and nursery, fencing and screening, and expand cannabis manufacturing activities within the Agriculture land use category. This one should bring out the industry for sure. It will be interesting to see if the general public, which is concerned about specific projects in their "neighborhoods," will also show up.

Phase II revisions and additions are summarized in the table below:

SUMMARY TABLE – PHASE II ORDINANCE AMENDMENTS

		Attachment 1: Page No.	Attachment 2: Page No.
DEFINITIONS	Add "Cannabis Cultivation Area" as a means to distinguish Cannabis Canopy from additional worker access and canopy spacing.	Page 1 of 34	Page 1 of 42
	Clarify and modify definitions for "Cannabis Hoop Structures", "Cannabis Nursery Canopy", "Cannabis Processing"	Pages 1 thru 2 of 34	Pages 2 thru 3 of 42
	Add "Cannabis Manufacturing" to support proposed expansion of manufacturing on Agriculture land	Page 2 of 34	Page 2 of 42
	Add "Extraction" and "Infusion" to support proposed expansion of manufacturing on Agriculture land	Page 2 of 34	Pages 3 of 42
CANNABIS CULTIVATION	Add clarifying language to Indoor and Outdoor cultivation limitations to define designated and approved cannabis cultivation area.	Page 9 of 34	Page 11 of 42
	Modify "Cannabis transport" standards (ancillary use) for clarification purposes and to mirror State law	Page 10 of 34	Page 12 of 42
	Modify "Screening and Fencing" standards and include additional language to modify standards	Pages 13 thru 14 and Page 16 of 34	Page 16 thru 17 and Page 19 of 42
CANNABIS NURSERIES	Add "Cannabis transport" as an ancillary activity consistent with cultivation	Page 16 of 34	Page 19 of 42
	Modify "Screening and Fencing" standards and include additional language to modify standards	Pages 18 thru 19 and Page 21 of 34	Pages 21 thru 22 and Page 24 of 42
CANNABIS MANUFACTURING	Amend 22.40.070 to allow expanded manufacturing activities within the Agriculture land use category	Pages 23 thru 26 of 34	Pages 28 thru 30 of 42
CANNABIS TRANSPORT FACILITIES	Add cannabis nursery and manufacturing to limitations on use	Page 32 of 34	Pages 36 of 42
COMMUNITY STANDARDS	Amendments to planning area and community standards (regulations specific to certain geographical areas)	N/A	Pages 40 of 42

The actual text changes referenced in the table can be seen at the link below for both the Inland Zoning Ordinance and the Coastal Zoning Ordinance. Control click and when it opens, scroll down, and then click on the ordinance text icons.

http://agenda.slocounty.ca.gov/iip/sanluisobispo/agendaitem/details/10223

LAST WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, May 14, 2019 (Completed)

Item 27 - Fiscal Year 2018-19 3rd Quarter Financial Report. The report was received without much comment other than praise for the County staff.

There was a little friction between the Sheriff and Supervisor Gibson over the Sheriff's Department $3.5 million overrun. The Sheriff correctly pointed out that the overage is primarily due to unfunded salary increases which had been approved by the Board of Supervisors. We have been pointing out this problem for years.
As we explained last week:

Apparently and in contrast to recent years, most of the departments are able to absorb the costs of unbudgeted salary increases by maintaining vacancies. The Sheriff's office will need a transfer as described in the table below.

Accordingly the Sheriff was singled out. But when we reported this same problem at this time last year it was much more severe. The table below displayed the situation in May 2018.

Table 2

Additional Expense – All Funds	
Negotiated Wage and Benefit Increases	$9,819,414
Other Expense Increases	$5,122,637
Total	***$14,942,051***
Financing Sources – All Funds	
Expenditure savings	$9,570,505
Unanticipated Revenue	$2,082,621
Contingencies	$3,288,925
Total	***$14,942,051***

The FY 2017-18 overrun due to unfunded raises was almost $10 million. Gibson never said a word. Why is he carping this year when the apparent problem is much less? We actually don't know how much the departments had to absorb inside, because it was not reported in this year's 3rd Quarter Report. At that time we asked questions which were never answered other than a by an oblique statement that "we don't budget salary increases." Our write -up stated last May:

> Back in March when the 2nd Quarter report was presented, the overrun amount was reported at $8.7 million. It has now grown by a whopping $6.9 million to $14.9 million. Is that due to labor contract payments that were not budgeted and are retroactive? As noted at the beginning of this report, $9.8 million of the $14.9 million is due to unbudgeted salary and benefit increases.
>
> The 2nd Quarter Report, in explaining the unbudgeted salary increases, indicates the causes were as follows:
>
> **Service Impacts.** Finally the question arises as to why the staff ostensibly needed $22 million over the previous budget to run the County programs, and yet if these budget increases were critical, how is it now possible to make up $9.8 million with ostensibly no problems?
>
> a. What isn't running that was planned?
>
> b. What isn't being built?
>
> c. What vital equipment isn't being purchased?
>
> d. If you can run the County and your programs successfully with $9.8 million less, can we reduce next year's proposed Budget by that amount? Or does it double down? If $9.8 million in recurring salary and related benefits, which is added this year and which was not included in this year's adopted budget, doesn't that mean that next year's adopted budget needs $19.6 million more just to absorb these now ongoing costs (Adopted to Proposed)?
>
> As we have pointed out repeatedly, most of this "savings" is coming from position vacancies that the County is running.
>
> Are services being allowed to lag to pay to pay for raises? What if lack of nursing coverage in the PHF contributed to part of the savings being used to pay the raises? What if lack of inspectors, which contributes to the inability of Code Enforcement to monitor and shut down illegal marijuana grows in California Valley, is paying for these raises?

Background: This agenda item contained a potpourri of useful information, which includes the actual 3rd Quarter Report, a report on County debt status, updates on various maintenance projects, and an overview of staffing level and vacancies. Additionally the write-up seemed to suggest that the County had received its share of $37.5 million of the $85 million Diablo closure mitigation money. Apparently this is not the case, so some risk remains due to the PG&E bankruptcy. The Board letter did contain the following notations:

30. Approve a budget adjustment in the amount of $12,311,798 using SB 1090 proceeds in FC 101 Non-departmental Revenue to 1) appropriate $192,000 in FC 102-Non-departmental Other Financing Uses to distribute SB1090 funds to the City of Grover Beach, and 2) appropriate $12,119,798 in FC 102-Non-departmental Other Financing Uses for operating transfers to the Tax Reduction Reserve Fund in the current and future fiscal years as SB 1090 proceeds are received by 4/5 vote;
31. Approve a budget adjustment in the amount of $300,000 to FC 104 – Administrative Office using the new designation titled Designation FB-SB1090 Economic Development to provide funding for the development of a Central Coast Jobs Roadmap and Action Plan approved by the Board on April 23, 2019, by 4/5 vote;
32. Approve a budget adjustment in the amount of $12,119,798 to FC 268-Tax Reduction Reserve Fund (TRRF) using operating transfers from FC 102 Non-departmental Other Financing Uses in the current and future fiscal years to fund a new designation titled Designation FB-SB1090 TRRF, by 4/5 vote;

Governments usually do not make appropriations for revenues which are not routine and which are at risk such as the Diablo mitigation payments until the cash comes through the door. If these are actual appropriations, they are full of air.

In any case and if and when the cash is received, $10 million is reserved for economic development related activities countywide and among all the cities and the County. The overall economic development effort to attempt to replace the economic impact of Diablo is only in its early stages.

The table below displays the County government's negotiated share and its planned disposition.

This was pre-allocated by the Board during its October 9, 2018 meeting per the table below:

Essential Services and Stabilization Fund

- $27.9M - Proposed Uses
  - $12.1M – General Fund Mitigation
  - $5.4M – Housing
  - $4.5M – Safety
  - $4.1M – Infrastructure
  - $1.9M – Economic Development

One of the recommended actions (of many) contained in this agenda item is for the Board to make the actual legal appropriations of this revenue to the purposes shown in the table.

The genesis of the mitigation funds is based on the fact that the property taxes paid by PG&E on Diablo will severely decline between now and when the plant closes. In assessing the impact and innate content of the actual policy, it would be helpful to have a projection of the decline over time of the property tax between now and 2025.

FY 2018-19 Projection: The staff indicates that the County will end the fiscal year well in the black. In fact tax revenue (which is not detailed as to type – property, sales, TOT, redevelopment phase out) is expected to be $5.5 million higher than budgeted.

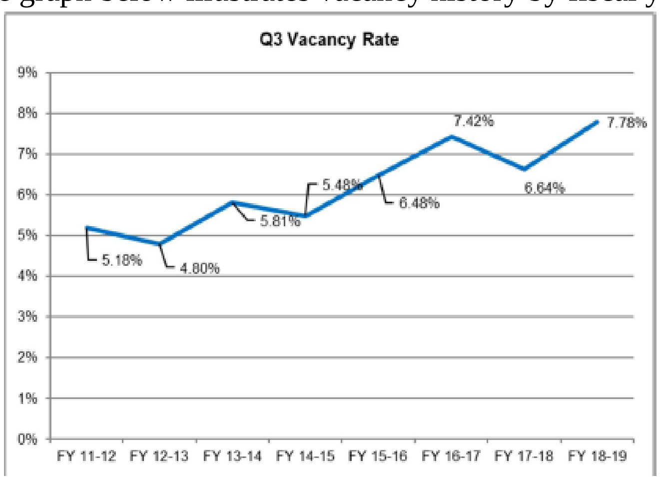
The problem areas are detailed in the table below but are more than offset by other departments under running their budgets, largely due to vacancies. The largest overrun is in the Sheriff's office and is caused by a combination of unbudgeted salary increases, the addition of correctional deputies, and other miscellaneous needs.

Apparently and in contrast to recent years, most of the departments are able to absorb the costs of unbudgeted salary increases by maintaining vacancies. The Sheriff's office will need a transfer as described in the table below.

Approved, Requested and Potential Usage of General Fund Contingencies

Date	Department	Detail	Amount
Q1	County Counsel	Unbudgeted expenditures for legal services	$395,023
	Public Works	Sheriff-Women's Jail Expansion	$300,000
Q2	Parks and Recreation	Parks Operational Shortfall – Parks New Cost Recovery Policy	$560,738
Q3	Sheriff-Coroner	Unbudgeted overtime expenses and salary and benefit increases	$3,550,352
	Parks and Recreation – Golf Courses	Debt service payment for Dairy Creek Golf Course	$479,799
	Central Services	Unbudgeted expenditures	$14,636
	Court Operations	Additional payment required for MOE	$132,471
Total projected change to budgeted level of General Fund contingencies			$5,433,019

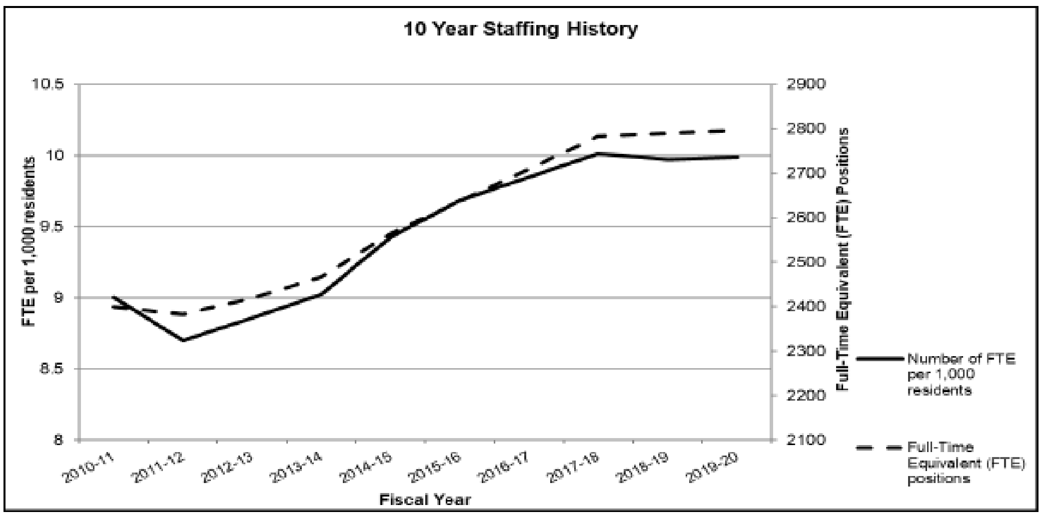
Position Vacancies: The graph below illustrates vacancy history by fiscal year.



The total number of budgeted positions drops very slightly per the table below:

FY 2018-2019	Q1	Q2	Q3	Q4
Quarter Start	2,790.75	2,794.00	2,790.25	
FTE Additions	20.00	37.75	25.50	
FTE Deletions	16.75	41.50	27.25	
Quarter End	2,794.00	2,790.25	2,788.50	
Change from Prior Quarter	+3.25	-3.75	-1.75	
% Change from Prior Quarter	+.12%	-.13%	.06%	

The number of positions rose more quickly in the period from 2013-2018 and has leveled off. A main contributor was the hiring of Social Services Eligibility Workers to deal with the influx of applicants for the Affordable Care Act – Obama Care.



Item 25 - Introduction of the County of San Luis Obispo FY 2019-20 Recommended Budget, including Special Districts. Per State Law the Recommended Budget was introduced on the public record. The Board will hold hearings on Monday, June 10, 2019, and Wednesday, June 12, 2019. Adoption will occur the following week. We will review and report findings here as that time approaches.

Very preliminarily, it appears that the budget increase is small. There also appear to be some improvements in presentation and format.

The Budget document can be accessed at the website below:
https://www.slocounty.ca.gov/Departments/Administrative-Office/Forms-Documents/Budget/Current-Year-County-Special-District-Budgets/FY-2019-20-Recommended-Budget-Book.aspx

Local Agency Formation Commission (LAFCO) Meeting of Thursday, May 16, 2019 (Completed)

There were no issues of substantial policy on the agenda. The Executive Director received a 3% raise, which took his salary to about $152,000 per year. Board members took time to praise his job performance and professionalism.

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES AND FORCES

A MINE IS A TERRIBLE THING TO WASTE

BY ANDY CALDWELL

Desperate times call for desperate measures, right? Well, not exactly. The same environmental activists who say we only have 10 to 12 years to save the planet from climate change don't seem to be in desperation mode at all. Examples abound.

The single biggest perennial problem lying between our society and a relatively carbon-free existence has to do with battery technology. These challenges include ample base mineral supplies to make the battery, the ability to invent a battery that holds a significant charge, the time and infrastructure required to recharge the battery, and the ability to safely dispose of the battery once its useful life is over.

Unfortunately, environmentalists want to live in denial of the fact that it is impossible to supply the base material for these batteries apart from mining the rare earth materials. That is, as is typical, they don't want to support mining operations due to the impact of the same on "sensitive" resources. Meanwhile, they live in denial that children as young as 4 years old are working in mines in Africa in lieu of disturbing our nearby habitat.

Here in California, in the middle of Death Valley, the usual suspects, including the Center for Biological Diversity and the Sierra Club, are having a hissy fit about a proposal to search for lithium beneath some salt flats in the desert of Death Valley. They would prefer we mine the minerals elsewhere. News flash to these perennial naysayers: You can only mine for minerals where the minerals are actually located.

In similar fashion, the same people who say we are on the verge of an extinction event are not willing to compromise on measures that will buy us significant additional time. This has to do with the use of natural gas as a bridge fuel to the future in lieu of the use of coal as an energy source. A shift to natural gas has already reduced carbon emissions in our country, making the United States the only major industrialized country in the world to actually reduce our carbon footprint. This was only made possible by the same fracking revolution that these activists oppose tooth and nail.

If people truly believed the end was near, they would be living life in a much different manner, including being willing to compromise in practical ways that make sense. Moreover, they would be placing much more emphasis on China, India and Pakistan than they do the United States. These countries, with huge populations and emerging economies, are rapidly gearing up to give their citizens the benefits of modern-day living, including cars, refrigerators and air conditioners, things we take for granted. That is, there is no getting around the fact that quality of life is a function of energy consumption. And, for that, you need energy production.

Finally, what the world needs now, in reality, is nuclear power — the only completely greenhouse gas-free energy source that produces enormous energy supplies with no emissions of any kind. Why won't the radical activists support this technological miracle? After all, upwards of 80 percent of "spent" fuel is recyclable.

Andy Caldwell is the executive director of COLAB and host of The Andy Caldwell Radio Show, weekdays from 3-5 p.m., on News-Press AM 1290. This editorial appeared in the May 17, 2019 Santa Barbara News Press.

HOW GOVERNMENT EXTORTION IS DRIVING CALIFORNIA HOUSING COSTS HIGHER

BY LEE E. OHANIAN

Nearly $50,000. About $60 per square foot. That is the city fee that a San Jose developer was asked to pay to obtain a permit to convert a recreation room in an existing apartment building into two small studio apartments. These "pay to build" schemes are now commonplace in California as municipalities face increasingly severe budget pressures and look to developers for the deep pockets that can fill in the gaps between municipal spending and tax revenue.

Developer Jeff Zell had planned to spend about $75,000 on this project, which he estimated would take a few months to complete. There is a housing shortage in California, particularly Silicon Valley, where rents are sky high. The average rental price for a one-bedroom apartment in San Jose is now about $2,700 per month.

High housing costs incentivize new housing supply, which is where Zell and his apartment expansion plan come in. New housing supply means new tenants have a home and the developer is compensated for supplying the new housing. Everybody gains, right? But wait. Markets don't work nearly this seamlessly in California.

After two years of delays and expenditures of nearly $200,000, he has yet to start construction. Welcome to the world of California development, where your construction budget requires a major line item titled "Extortions," with sub-items that would include "Local Governments," "Community Action Groups," Environmental Groups," and "Miscellaneous."

The city of San Jose chose to assess Zell's conversion a mandatory recreation park fee of $48,800, or $24,400 per studio unit. In principle, fees should cover the costs associated with city staff to review and approve plans, which should have been minimal in this case, as the footprint of the building will be unchanged. Fees could also reasonably cover the costs associated with the effect of increased population on city services, though that ostensibly would be covered under higher property taxes triggered by the conversion, and by local tax revenue generated directly by new residents.

But the city was specifying an enormous fee that would go well beyond these costs; and moreover, it was specifically purposed for a recreation park. It is hard to know what to call this other than an expensive shake-down.

Zell's plight is a perfect example of why it costs so much to build in California. Furthermore, developers pass costs directly on to tenants and buyers. One Bay Area builder budgeted $150,000 for fees on a 36-unit development, only to see actual costs reach $500,000. Another developer paid $500,000 in fees for a seven-home project and $264,000 for a three-home project. "We have to pass these costs along," he said. If not, he added, "we'd all be broke."

And the dearth of new development is due not just to extremely high permit costs but also to the uncertainty of these costs, as well as to other potential groups out to grab a piece of the action.

The California Environmental Quality Act (CEQA), which was originally intended to mitigate environmental damage resulting from development, is now the go-to weapon for opponents of any development to challenge it in any jurisdiction across the state. It is used by environmental groups, community action groups, and labor unions, among other organizations that are looking for payola or trying to block development.

CEQA challenges can keep lenders from financing a project. Unions use CEQA to pressure a developer to hire more union workers. Community action groups use CEQA to block or significantly change development plans. Plaintiffs are not required to pay for defendants' attorney fees if they lose the case, but if a petitioner wins, which occurs roughly 50 percent of the time, the defendant is required to pay attorney fees.

Attorney Blake Carr stated, "It's creating an extortion racket. CEQA has been completely weaponized." CEQA has been used to challenge a range of projects, from cellular towers throughout the Bay Area—resulting in a reduction in the quality of cell service—to the expansion of commuter shuttles used by tech companies in the Bay Area.

The imposition of capricious fees by municipalities is inefficient, because it can be a sufficiently negative incentive that some developers may not even try. Ironically, San Jose is becoming just such a city in which development is coming to a halt, and such fees are a significant reason.

The average building cost in the United States is about $86 per square foot. Note that San Jose's city's permit fee in Zell's case was equal to about 2/3 of the country's average building cost. The average building cost in California's Bay Area is now $417 per square foot, nearly five times as high as the national average.

San Jose and other California cities, desperate for revenue, are now driving away the goose that lays the golden tax-revenue egg. Cities argue they have funding crises because of 1978's Proposition 13, which caps the annual increase in state property taxes unless a property is sold. But Proposition 13 is not the only culprit. Even with it in place, California still has the 11th highest property taxes in the nation and is ranked sixth highest for its overall tax burden.

Rather, local government budgets are being strained by growing pension costs that reflect the fact that pensions are chronically underfunded. San Jose, as well as Los Angeles, is now paying out ten percent of its general funds to pensions, and smaller cities are paying out as much as fifteen percent. Given these numbers, is it any wonder that California cities are tacking egregious fees onto development?

If you wonder why pensions are chronically underfunded, it is all politics. State and local governments made extremely expensive pension promises that would have taken substantial revenue away from pet projects if they were fully funded. Why would politicians fully fund pensions if they were not required to?

As for the developer Jeff Zell, he refused to pay $48,800 for funding a recreation park. Recently, Zell and the city reached an agreement in which he paid $19,000 in fees rather than $48,800, provided that he built some barbeque pits in the building's backyard, and also added picnic tables and trash cans.

Welcome to the irrational nightmare of California housing and development.

Lee E. Ohanian is a senior fellow at the Hoover Institution and a professor of economics and director of the Ettinger Family Program in Macroeconomic Research at the University of California, Los Angeles (UCLA). His research focuses on economic crises, economic growth, and the impact of public policy on the economy. Ohanian is coeditor of [Government Policies and Delayed Economic Recovery]() (Hoover Institution Press, 2012). He is an adviser to the Federal Reserve Banks of Minneapolis and St. Louis, has previously advised other Federal Reserve banks, foreign central banks, and the National Science Foundation, and has testified to national and state legislative committees on economic policy. He is on the editorial boards of Econometrica and Macroeconomic Dynamics. He is a frequent media commentator and writes for the Wall Street Journal, Forbes, and Investor's Business Daily. He has won numerous teaching awards at UCLA and the University of Rochester. This article first appeared on the Hoover Institution Daily Report of May 14, 2019.

ANNOUNCEMENTS

10th ANNIVERSARY

COLAB

San Luis Obispo County

Disastrous anti-oil bill!!!

Assembly Bill 345, which is working its way through the CA State legislature, proposes to shut down the oil and gas industry in this state based upon the junk science supposition that oil and gas operations pose a health risk to neighboring properties. The bill is part of the effort to “keep oil in the ground” at all costs to our society, and believe me, the cost to keep oil in the ground is tremendous.

Oil and gas operations are an essential component of our energy supply, a mainstay of our economy, a cornerstone of the tax base, and the value of the same is protected by our constitution. That is, oil and gas deposits are privately owned minerals, which can’t be taken away, without just compensation.

I have never quite understood the religious fervor with which extreme environmentalists have attacked the use of natural products including oil, gas, and coal. These products enabled the onset of the industrial revolution which lifted mankind out of millennia of poverty and misery. That is, these fuels vastly improved everyone’s quality of life, extended our life span and saved countless lives in a number of ways, including by way of revolutionizing our ability to grow and store food, and protect us from the elements!

Moreover, the push to replace these lifesaving fuels any time soon with renewables is a pipe dream. This is due to the fact that, despite decades of research and tens of billion dollars invested, we still don’t have the technology available to realistically store wind and solar power for use throughout the day and night, as these sources can only produce energy for a few hours a day, in limited locales, if that!

Nevertheless, the California State Legislature continues to try and find a way to shut down our oil and gas industry. This is simply reckless. Oil and gas resources in this state are privately owned and the state can’t take away the value of this property, known as mineral rights, without compensating the owners of the same.

In addition to being a valuable property right, it goes without saying that oil and gas are an essential energy source for our state. What will we do without locally produced oil and gas? Are we going to import 100% of what we need to fuel our vehicles, planes, trains, factories, and homes? We don’t have the infrastructure to do so. How much higher do you want your auto and home fuel bills to go?

The oil and gas industry also represents one of the best paying job sectors in our state. Many of the people employed in this sector of our economy make six figure salaries with only a high school education! Where are they going to find equivalent work?
Finally, the oil and gas sector pays inordinately high taxes. Venoco and Exxon Mobil were the top two tax payers in our county before they were shut down by virtue of the pipeline break three years ago. The county and our local schools are losing millions of dollars in revenue as a result. It is not too early to contact the Governor’s office and ask him to be waiting for AB345 with his veto pen!

Andy Caldwell
COLAB

SUPPORT COLAB!
PLEASE COMPLETE THE MEMBERSHIP/DONATION FORM ON THE LAST PAGE BELOW

MIKE BROWN ADVOCATES BEFORE THE BOS

VICTOR DAVIS HANSON ADDRESSES A COLAB FORUM

DAN WALTERS EXPLAINS SACTO MACHINATIONS AT A COLAB FORUM

See the presentation at the link: https://youtu.be/eEdP4cvf-zA

AUTHOR & NATIONALLY SYNDICATED COMMENTATOR BEN SHAPIRO APPEARED AT A COLAB ANNUAL DINNER

NATIONAL RADIO AND TV COMMENTATOR HIGH HEWITT AT COLAB DINNER

Coalition of Labor, Agriculture and Business
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Email: colabslo@gmail.com / Website: colabslo.org

MEMBERSHIP APPLICATION

MEMBERSHIP OPTIONS:

General Member: $100 – $249 ❑ $ _______ **Voting Member: $250 - $5,000 ❑ $ _______**

Sustaining Member: $5,000 +❑ $ _______
(Sustaining Membership includes a table of 10 at the Annual Fundraiser Dinner)

General members will receive all COLAB updates and newsletters. Voting privileges are limited to Voting Members and Sustainable Members with one vote per membership.

MEMBER INFORMATION:

Name: ____

Company: ____

Address: ____

City: ______________________ State: ____________ Zip: __________

Phone: ____________ Fax: ____________ Email: ______________

How Did You Hear About COLAB?

Radio ❑ Internet ❑ Public Hearing ❑ Friend ❑

COLAB Member(s) /Sponsor(s): ____________________________________

NON MEMBER DONATION/CONTRIBUTION OPTION:

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 ❑

PAYMENT METHOD:

Check ❑ Visa ❑ MasterCard ❑ Discover ❑ Amex NOT accepted.

Cardholder Name: ____________________ Signature: ______________________

Card Number:____________________ Exp Date: ___/___ Billing Zip Code: ______ CVV:____

TODAY'S DATE: ____________________

(Revised 2/2017)