COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
JANUARY 12 - 18, 2020

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GREAT FOOD, WINE, AND AUCTION ITEMS

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Bureaucracy In America Now Goes All The Way Down

Steven F. Hayward Read Steve's great 2014 national Forbes Magazine piece where he outs Supervisor Adam Hill and the SLO APCD. Come to the COLAB Dinner and hear from him in person.

There's a popular story, almost surely apocryphal, involving the philosopher Bertrand Russell (or William James, take your pick) and a skeptical woman who spoke up at one of his lectures. What you have told us is rubbish, she asserted; the universe exists on a giant plate balanced on the back of a turtle. Russell responded: Ah, but what is the turtle standing on? "You're very clever young man," the woman replied, "but it's turtles all the way down!"

This story comes to mind when pondering the relentless growth of bureaucratic government in America. While conservatives (and populists of many stripes) typically attack the growth of centralized bureaucracy in Washington DC, we are failing to perceive how fully bureaucratic rule nowadays permeates every level of government right down to many small town councils and county commissions. Consider, for example, the more than three dozen cases reported around the country of local bureaucrats flexing their power to stamp out the menace of . . . children's lemonade stands.

The Coralville, Iowa, police shut down 4-year-old Abigail Krstinger's sidewalk lemonade stand because she lacked a $400 city permit—a feat duplicated in Midway, Georgia; Appleton, Wisconsin; and McAllen, Texas. This kind of bureaucratic blunderbuss wasn't limited just to phantom fears of an obscure lemon juice-borne bacteria.

These mindless expressions of bureaucratic rule didn't stem from any mandate from Washington DC. These idiocies were self-generated at the local level. Ask a businessperson or entrepreneur where the most significant regulatory hurdles come from today: most will say local or state government rather than Washington DC. It's bureaucratic turtles all the way down.

Conservative orthodoxy, going back through Tocqueville to the American Founding, championed local administration over centralized administration, on the sensible ground that the government units close to the people, usually run by citizens governing in a part-time capacity on city councils and county commissions, would be the most responsive and sensible. A key principle of federalism is that state and local government would resist the centralization of power in Washington, and defend the principle of ruling with and by the consent of the governed.

It is time to recognize that this kind of government no longer exists; the culture of bureaucracy now permeates all levels of government in the U.S. Today local governments in the U.S. are just as careerist, self-seeking, and mindlessly bureaucratic as any remote bureau in Washington.

I've been making a case study of my local home county in California, San Luis Obispo. The County is a sleepy part of the state halfway between Los Angeles and San Francisco, known for agriculture, ranching, tourism, some high tech, and a state university. Compared to California as a whole, the county has grown only modestly over the last 30 years. Its politics ought to be fairly simple, but they are not.

The county government likes to boast that its budget has grown in line with inflation over the past decade while its workforce has not increased at all. But like much of government at all levels today, the real mischief is not to be apprehended on the "top line" figures of general spending and number of direct staff. More and more of local government is being conducted by special agencies, indirectly and tenuously accountable to voters at best, with opaque budgets and complex legal authority.

San Luis Obispo's Air Pollution Control District (APCD) is a case in point. Just about every county in California has one of these standalone bureaucracies. They make some sense in high air pollution areas like Los Angeles and Fresno. But air pollution is relatively low in San Luis Obispo County, and is steadily falling because of improving technology driven by national standards. If San Luis Obispo's APCD were abolished tomorrow, there would be little change in the improving trends of air quality in the county. In fact, if the APCD had been abolished a decade ago, air quality trends would likely have been little different. A close look shows that the APCD exists mainly to perpetuate itself, and provide comfortable employment for its staff.

Instead, as air pollution continues to fall, over the last decade the APCD's budget has doubled. Its director, Larry Allen, is paid close to $250,000 a year (plus a car allowance). By contrast, Gina McCarthy, the administrator of the federal Environmental Protection Agency, is paid $179,000 a year. Nearly all of the APCD's staff is paid a six-figure salary. Allen's chief accomplishment, according to his staff biography, is overseeing the "residential wood combustion rule," which is exactly what it sounds like: restrictions on the kind of fireplaces that can be installed or used in new residences. The APCD exists not by appropriations from the county or the state, but solely through permit and inspection fees and fines that it determines itself. The perverse incentives here are obvious. Right now the APCD is looking to fill $300,000 in lost revenues from permit fees on a power plant that is shutting down soon. Back in 2010, the APCD charged the state university $13,000 to re-inspect and permit a tractor.

This kind of government is corrupt at a profound level: largely autonomous entities like the APCD violate the basic principle of the separation of powers, as well as basic understandings of just about any conception of democratic accountability. And this kind of rule is spreading like weeds throughout American government at all levels.

If you pay attention and complain about this kind of rule, you tend to get the kind of response given last week by the incoming chairman of the board of the APCD, county Supervisor Adam Hill. In a letter to the editor of the *New Times*, the local "alternative" weekly, Hill makes clear that he views all critics of unaccountable bureaucratic rule as "conspiracy" mongers:

Not only the superficially educated and narrow-minded, not only bumpkins with bad breath and worse teeth, not only the gullible and aggrieved, not only those who are nostalgic for a past that never was, not only those who are afraid of losing control—the fire-breathers, the weapons-collectors, wearers of bespoke body armor, anonymous online trollers, lovers of Ayn Rand novels for whom the gift of literacy is truly wasted, not only the teacher's pets from cardio-prayer class, and the self-appointed scolds of free speech and the memorizers of parables about power …

And that's just the first paragraph. (You owe it to yourself to take in the whole screed at the link above. It gets worse.)

Keen observers of the American scene going back to Tocqueville, Lord James Bryce, and Henry Adams have noted how elected office often attracts fools, knaves, and power-hungry mediocrities. But in an age of increasingly autonomous rule, the phenomena of bureaucratic turtles all the way down portends the infinite regress to the abolition of meaningful self-government.

UPDATE: The APCD's director, Mr. Allen, has lodged a strong protest of my article (in the comment thread below), demanding an apology and correction. Here is my reply:

Mr. Allen is correct that I have misstated his base salary. He and other public servants like him might help their case, however, if they did not deliberately render their complete compensation in opaque terms that seem designed for obfuscation rather than transparency. The 2012 salary information for the APCD (p. 41 of the budget document) sets Mr. Allen's direct salary at

$153,202, but then adds two curious lines: "Fixed costs: $12,082; Variable costs: $70,919; Total: $236,021." (The 2011 total figure was $240,119. So while I have his direct compensation wrong, I am close to his actual cost to the taxpayers.

There is no explanation or breakdown of either of these categories: how much of these figures are standard benefits (health insurance, etc.), and how much are other items that deserve to be considered compensation, such as pension contributions or especially cashable accrued vacation and sick days or per diems (the favorite trick of the state legislature)? And why is this table omitted from the current year budget document entirely, with no total annual compensation figure listed anywhere? I think I know why. (The 2011 salary schedule puts Mr. Allen's "variable costs" of salary at $82,000.) The public ought at least to know what the commensurate figure for "variable costs" of Mr. Allen's salary is this year.

This opacity contrasts starkly with the way total compensation is reported for senior executives at public corporations, where direct salary, annual bonuses, stock options, and contingent buyout obligations are clearly stated and explained. If Mr. Allen wishes to be more transparent, he should restore that omitted table to the current budget, and offer more details about those mystery numbers. (I was, incidentally, the public interest representative on the California Citizens Compensation Commission in the early 1990s, so I've seen this circus before.)

But Mr. Allen's salary is entirely ancillary to the main points, about which he disputes two. Mr. Allen says "Contrary to your claims, local air quality would not be nearly as good as it is today without the efforts of our agency and our many partnerships with local business to help achieve and preserve clean air." Leaving aside how many businesses in the county truly regard the APCD as their "partners," I categorically dispute Mr. Allen's triumphalism about the role of his agency in the air trends in the county. A close consideration of the data will show an insignificant difference in air quality trends between San Luis Obispo and counties that do not have special purpose air districts like the APCD. I suspect that Mr. Allen and his staff are unaware of these data.

Second, Mr. Allen contests my criticism of the APCD deriving its revenue from self-determined fees and fines: "Contrary to your statements, only 50% of our budget comes from permit and inspection fees, which are set by our Board in a public hearing, not by staff." I wonder, then, why the budget page of the APCD website reads as follows: "Most of our funding comes from fees paid by businesses and industries that cause air pollution," and goes on to say that other funding sources are "minor." So Mr. Allen disagrees with his own website? Perhaps he will see to changing this soon. But again this misses the point: whether the amount of revenue from permit fees is 25 percent or 75 percent, the correct amount should be: zero. Or at the very least the revenue should flow to the county's general fund, where its use would be balanced alongside the full range of public interests.

This gets precisely to the heart of the problem. Mr. Allen repairs behind a convenient fiction that the board, not directly accountable to the people, is something more than a rubber stamp for these semi-autonomous, staff-run single purpose agencies, which have, please note, greater autonomy than the federal EPA. (Incidentally, proposals over the years in the state legislature to have local air boards directly elected have been stoutly opposed by air districts. Curious, that.) There is extensive academic literature, again likely unknown to Mr. Allen and his staff, about how single-purpose agencies like the APCD become increasingly zealous over time, and indifferent to wider balancing of public interests. This is why I conclude that the APCD as a standalone agency should be abolished, and its legitimate enforcement functions (enforcing conformity for equipment like diesel generators, for example) transferred to the county's general planning department, where both decisions and oversight are by their nature required to balance competing interests in a way that the APCD does not. This is just a sound principle of public administration, which has been endlessly trampled by modern trends in administrative governance.

At the back of all of this is the fact that our air quality statutes, both state and federal, are antiquated and badly in need of reform. We're not living in the 1970s anymore. To be sure, it isn't Mr. Allen's fault that his single-purpose agency is an obsolete model, prone to the usual mission-creep incentives of bureaucracies everywhere to metastasize. But neither does he have any incentive to be a reformer. Quite the opposite. (It's a separate issue for another time, but the infamous AB32 should be called the "Keep CARB and Local Air Districts in Business Forever Act.")

All of the forgoing propositions require considerable evidence and debate to substantiate, which is why I'm working on a book about the subject. But perhaps Mr. Allen will agree to a formal public debate with me about all of these issues after I return to the county later this summer? A public servant ought to be willing to offer a vigorous defense for matters of protracted controversy like this. I'm sure Cal Poly or some other civic organization would be willing to host such a public forum. Let me know.

Jan 20, 2014 Forbes Magazine

THIS WEEK

BIG LABOR CONTRACT COSTS TO BE APPROVED

ARE THEY SUSTAINABLE?

MORE LAND OFF TAX ROLL FOR OPEN SPACE

FORECLOSES SPECTACULAR OPPORTUNITY & COUNTY IS PAYING MORE THAN 10 TIMES ITS ASSESSED VALUE

VAPING BAN + EXPANDED NO SMOKING ZONES

CANNABIS CLASH OVER PERMITTING & VIOLATIONS

LAFCO TO CONSIDER ITS ROLE IN HOUSING

LAST WEEK

SLOCOG SHORT AND LIGHT

PLANNING COMMISSION SAYS LAND ACQUISITION CONFORMS WITH REGS

SLO COLAB IN DEPTH

SEE PAGE 19

MORE CALIFORNIANS PONDER LEAVING

BY JON COUPAL

NOT THE GOLDEN STATE ANYMORE: MIDDLE AND LOW-INCOME PEOPLE LEAVING CALIFORNIA

Many who have left say they simply couldn't afford to stay. One report found that the majority of people leaving earned less than $100,000.

BY KATE CIMINI

THIS WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, January 14, 2020 (Scheduled)

Wage Increases:

Items 21 and **22** below both pertain to wage increases for various components of the County's largest union, the San Luis Obispo County Employees Association (SLOCEA), as well as non-union employees who perform similar work (**Item 23**). The aggregate impact is to add $3,600,000 million in new and unbudgeted costs in the current fiscal year 2019-20; $9,800,536 in FY 2020-21; and $13,304,576 in FY 2021-22.

Note that for the current fiscal year the new $3.6 million is unbudgeted and will have to be made up in the 3rd quarter:

Departmental savings and/or unanticipated revenue will be the primary source of funding for unbudgeted expenditures associated with the compensation increases. To the extent departmental savings are not available to cover the amount, staff will recommend that your Board authorize a transfer of the deficit amount out of the General Fund Contingencies to the departments' operating budgets, as needed, as part of the third quarter report. Third quarter is when many such year-end adjustments are made.

The new $9.8 million and $13.3 million in years 2 and 3 will place stress on the budgets for those years and all others going forward. The staff report does not detail how much is local general fund and how much may be offset by State and Federal revenues. It is thus difficult for the Board and public to assess the true impacts of making the decision today.

The County's adopted budget policy is to seek to keep labor cost "sustainable," which this round certainly exceeds. The policy states in part:

Salaries and Benefits
The County takes a strategic approach to managing salary and benefit expense. County staff and negotiators work with employees and employee associations in order to manage salary and benefit expense to make sure that labor agreements are sustainable in the long-term. Employee prevailing wage adjustments are negotiated with the intent to strike a balance between what the County is able to afford, while still providing competitive salary and benefits for employees so that the recruitment and retention of employees is not compromised. (Page 47, 2019- -20 Budget)

Financial Planning Policies:

The funding of the contracts violates the County's Budgetary Policies.

13. Use of "One-Time" Funds: One-time revenues shall be dedicated for use for one-time expenditures. Annual budgets will not be increased to the point that ongoing operating costs become overly reliant upon cyclical or unreliable one-time revenues. In the face of economic downturns or significant State cuts in subventions for locally mandated services, the use of onetime funds may be permitted to ease the transition to downsized or reorganized operations. (Page 37, 2019-20.

The expenditures to be financed by transfers in the 3rd quarter are not one-time expenditures. The sources are not recurring revenues. In fact contingencies and potential but unplanned savings in the various programs can be "one time" or "no time."

30. Savings from Vacant Positions: Salary and benefit savings resulting from vacant positions shall first be used to offset salary increases before requesting re-allocation of the savings to other expenditures that achieve communitywide objectives and results.

Policy 30 allows the County to sweep the accounts to fund a portion of the raises. But if the vacancy rate is great enough to provide significant savings, what is happening to those programs which are understaffed in terms of the original budget. When they adopted the Budget, \\\+-did they actually need the funding or not? You can't have it both ways.

One Hand Doesn't Know What the Other is Doing:

Ironically, and on this very agenda at **Item 34** below, the Board is being requested to purchase 250 acres of land (some of which is ocean front) for $3.5 million and convert it to perpetual passive open space. What if a few acres were allowed to be a 5-star resort generating $5 million in new taxes per year, new jobs, more tourism, and other multipliers?

Did Staff Go Into Labor Negotiations with One Hand Tied Behind Their Backs?

Two years ago the County held firm with SLOCEA and limited the increase to around 1.5% per year. SLOCEA conducted a labor strike in protest, but nevertheless, the County imposed the contract. At that point Supervisor Gibson opined in front of Union Reps from the dais that he didn't like it and warned the staff to "do better" on the next round of negotiations with SLOCEA.

Item 21 - Submittal of a resolution approving the July 1, 2019 through June 30, 2022 Memorandum of Understanding between the County of San Luis Obispo and the San Luis Obispo County Employees' Association, Bargaining Unit 02 – Trades, Crafts, and Services Unit. This is a 3-year contract that will add costs detailed in the table below:

Item	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Annual Ongoing
Wages	$324,890	$854,740	$1,154,468	$1,154,468
Healthcare	$14,458	$52,612	$92,242	$110,182
Tool Allowance	$2,100	$4,200	$4,200	$4,200
Uniform and Boot Allowance	$1,380	$1,380	$1,380	$1,380
Consultation Standby	$375	$900	$900	$900
Call Back	$2,311	$5,653	$5,766	$5,766
Total Increases to Current Costs	$345,515	$919,485	$1,258,956	$1,276,896

Item 22 - Submittal of a resolution approving the July 1, 2019 through June 30, 2022 Memoranda of Understanding between the County of San Luis Obispo and the San Luis Obispo County Employees' Association, Bargaining Unit 01 – Public Services Unit, Bargaining Unit 05 – Supervisory Unit, and Bargaining Unit 13 – Clerical Unit. This is a 3-year contract as outlined in the table:

Item	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Annual Ongoing
Wages	$3,029,010	$8,211,055	$11,066,810	$11,066,810
Healthcare	$57,846	$208,080	$447,330	$590,220
Standby and Consultation Standby	$1,739	$4,171	$4,171	$4,171
Call Back/Call In	$14,682	$35,913	$36,631	$36,631
Bilingual Pay	$70,406	$168,840	$168,840	$168,840
Health Agency Special Allowances	$20,240	$48,697	$48,861	$48,861
Uniform and Boot Allowance	$690	$690	$690	$690
Cannabis Enforcement	$3,723	$9,106	$9,288	$9,288
Total Increases to Current Costs	$3,198,336	$8,686,551	$11,782,620	$11,925,510

Note the special bonus payoff for employees who inspect cannabis operations. Are they being paid for additional risk or what? These employees and the County must believe that the stuff has some negative or dangerous properties if it deserves hazard pay. What don't we know?

The County will provide Resource Protection Specialists who are required to conduct field compliance checks for Cannabis Activities with the appropriate equipment, training, and resources, and will develop appropriate safety protocols as determined necessary by the County Sheriff or Director of Planning and Building for the safe completion of compliance checks. Employees will also receive a 4% differential for all hours worked in the field conducting compliance checks effective the start of the pay period following Board of Supervisors' approval of the agreements.

Item 23 - Submittal of a resolution approving wage increases for certain classifications within the unrepresented Confidential employees' Bargaining Unit 11 to maintain salary parity with their non-confidential counterparts represented by the San Luis Obispo County Employees' Association. This is a small group consisting of largely clerical and fiscal employees who cannot be members of a union because they work on confidential information related to labor negotiations and policy formulation. The write-up states that the costs will increase by about $12,500 per year.

Item 34 - Conversion of More Private Land to Open Space - Submittal of a resolution to Purchase Real Property located in the unincorporated area of the County situated between Morro Bay and Cayucos, a resolution to authorize a grant agreement with the California Coastal Conservancy to provide acquisition funding. The County will acquire the 258 acres, including 12 ocean front acres for $3.75 million dollars from Chevron. The Board write-up indicates that it is needed for recreation due to population growth. However, the write-up states that most of the inland portion will be leased for cattle grazing.

Last week's Planning Commission Report (see the item below on page 18) indicates that public use will be limited to "passive recreation." Thus it is not clear that the County really has any solid justification for having included the parcel in its General Plan document as recreational in the first place.

The Parks and Recreation Element, County LCP policies, the Coastal Zone Land Use Ordinance (CZLUO) and Land Use Ordinance (LUO)discuss the potential and/or allow for the site to be used for passive recreational activities.

Property Description

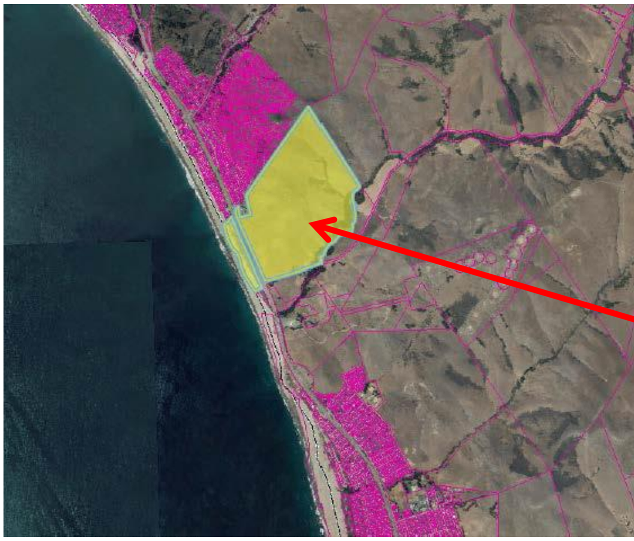
Approximately 258 acres
•
Located on both sides of Highway One
•
246 acres East of Highway One used for cattle grazing and a single-family residence
•
12 acres West of Highway One with beach access adjacent to the mean high tideland
•
Adjacent to 30 acres of conservation land owned by the Cayucos Land Conservancy

The parcel is currently assessed for $350,000 and is reportedly used for grazing. Since it is zoned for Agriculture and Recreation already, why is it worth $3.75 million? It's not as if Chevron could build a tank farm on it. It's not as if a successor could build homes or a resort. Are the County's appraisers and staff saying that it's worth $3.75 million as grazing land? What is the cow/calf ratio that could be grazed on the inland 246 acres? What is that worth per year? How does that translate into $3.75 million?

Even though State grants are paying for most of it, it's all our tax money!

Why couldn't a beautiful Hyatt Regency or Ritz -Carlton 5-Star destination resort go on the landward side of the highway? A pedestrian bridge could be built to the beach side. The public could still use it as well. Most of it could still be preserved as open space. Since no one wants vacation rentals, why not a hotel? With property tax, sales tax and TOT, it could generate $5million per year.

The property could also contain some homes of various types. There could still be hiking trails.



Costs	CNRA Grant	WCB Grant	SCC Grant	County of SLO	TPL/LCSLO	Total
Fair market value	$1,000,000	$1,750,000	$950,000	$50,000	-	$3,750,000
Title report/appraisal	-	-	-	-	$30,000	$30,000
State approval	-	-	-	-	$7,810	$7,810
Escrow, title, closing	-	-	-	-	$15,000	$15,000
Consultant reports	-	-	-	-	$10,000	$10,000
Funding sign	-	-	-	-	$1,500	$1,500
TOTAL	**$1,000,000**	**$1,750,000**	**$950,000**	**$50,000**	**$64,310**	**$3,814,310**

Ongoing Operations

- *Inland 246 acres left as open space with continuation of leases for residence and agricultural use*
- *12 acres west of Highway One used for public beach access and to facilitate the Morro Bay to Cayucos Connector Trail project*
- *Revenue from leases will offset minimal operational costs associated with open space use*

Future operational costs associated with the trail project will come to the Board when that project is considered for construction

Will the public even be allowed to walk in the dunes and Ice Plants?

As we noted last week, when the Planning Commission considered the matter, why is it a good idea for the County government to remove this land from private ownership and prohibit private development? There are already miles of beachfront parks in the area, campgrounds, not to mention other "passive open space places" in the area.

What are the alternative uses which could generate revenue for the County, which is always raising fees? What about the need for housing or paying for the raises outlined above?

MATTERS AFTER 1:00 PM:

Items 39 and 40 below are hearings on ordinances which expand the County's anti-smoking regulations and ban electronic vaping devices:

Item 39 - Public meeting to consider an Ordinance amending Chapter 8.22 of the County Code to expand prohibition of smoking to all public areas within the unincorporated areas of the County, with certain allowable exceptions. The amendment would generally ban smoking outdoors throughout the unincorporated County.

Proposed Amended Ordinance 8.22
The proposed changes to Chapter 8.22 of the County Code would update the current definition of smoking to include cannabis products and electronic smoking devices. The amended ordinance will also expand the current prohibition of no smoking on County property to include all public areas, including any public or privately-owned place that is open to the general public regardless of any fee or age requirement, within the unincorporated areas of the County. Such places include all recreational areas, outdoor dining areas, entryways, services areas, sidewalks, and common areas of multi-unit residential complexes (e.g. play and swimming areas). The ordinance would also remove exemptions made to the California smoke-free workplace law that allow smoking in some indoor areas. Certain designated areas may be exempted as authorized by the County Health Officer and the County Director of Parks and Recreation.

Item 40 - Public meeting to consider an Ordinance amending Chapter 8.23 of the County Code to prohibit the sale of electronic smoking devices in the unincorporated areas of the County. The ordinance would ban the sale of the devices for now. The write-up states in part:

Proposed Amended Ordinance 8.23
The proposed changes to Chapter 8.23 of the County Code would update the current definition of tobacco products to include electronic smoking devices. In addition, the amended ordinance will include a prohibition on the sale of these devices until approved by the federal Food & Drug Administration (FDA) as safe and effective smoking cessation aids.

Item 42 - Submittal of a resolution extending the limited abeyance of enforcement policy for existing cooperative or collective cannabis cultivation operations; exempt from CEQA. Abeyance refers to a provision of the County's cannabis ordinance which allows applicants for permits who signed up at the beginning of the process to continue to operate while they are working to obtain their permits. It appears that 23 of the 31 applications which are the subject of this session are out of compliance in one way or another and would not be granted abeyance. This is likely to result at considerable controversy at the meeting.

The County's slide presentation summarizes the issues:

Overview - Tax Collection

- Since the Cannabis Business Tax Took Effect July 1, 2018, County has received $236,058 in Cannabis Taxes
- Cannabis Business Taxes Have Been Paid by 14 of the Original 31 Abeyance Operators
- Taxes Needed to be Submitted on or Before December 31, 2019

History

- Original Temporary Abeyance Resolution was set to expire on July 1, 2018
- Has Since Been Extended Three Times:
  - October 1, 2018
  - December 31, 2018
  - December 31, 2019

Proposed Abeyance Requirements

Expansion and Clarification of Requirements Which Must Be Met Including:

- Provisional State License
- Previous Payment of Cannabis Business Tax
- Ongoing Compliance with Cannabis Business Tax
- Provide Site Plan for Existing Operation
- California Cannabis Track-and-Trace (CCTT) Metrc
- Background Check

- Application Submitted by Deadline
- Accepted for Processing
- Payment of Application Fees
- Report Data to California Cannabis Authority
- Prevent Nuisance Odor
- Pesticide Compliance
- Site Inspections

Abeyance Operators

Red = Must Cease Operations

- Land Use Permit Approval
- Do Not Meet Abeyance Resolution Criteria
- Do Not Hold an Active State License
- Have Not Paid County Cannabis Business Tax or Have Filed Attesting Zero Taxable Revenue

Green = May Continue to Operate Pending Land Use Permit Approval

- May Continue to Operate Under the Abeyance Resolution Until Permit Approval or June 30, 2020

Background:

During the Board meeting of December 17, 2019, a large crowd of cannabis cultivators, their employees, and consultants showed up to complain about the sunset of cultivation abeyance.

Fifty-one speakers, led by cannabis entrepreneurs Helios Dayspring and erstwhile SLO Progressives Co-Chairman, community organizer, and political consultant Nick Andre, packed the room and lashed the Board of Supervisors for not moving to extend the abeyance provision past its impending sunset date of December 31, 2019.

The 51 speakers, including many employees of Dayspring and other marijuana farms, were naturally very concerned about losing their jobs. The emotional appeal of losing a job at Christmastime was repeated ad nauseum.

The Sheriff and County Planning Director pointed out that there were a number of applicants who had code violations and should not be permitted to continue the process. In effect they are illegally growing, processing, and selling cannabis without a permit. Every time the abeyance ordinance is extended, they can keep operating, don’t have to pay the taxes, and exist essentially unregulated.

There is a 2nd group which has received approval of the permits subject to conditions, some of which require completion of heavy capital investment before their permit actually becomes live. Supervisors Arnold and Compton have pointed out that it’s not the County’s fault that they have not complied with their permit conditions.

Hill and Gibson moved to set a special Board meeting during which they would advocate for the extension of the abeyance provision. Even before the lengthy testimony, Arnold and Compton were opposed. After being beaten up for 3 hours, they were even more resolved to prevent it. In the end Supervisor Peschong reasoned that the applicants who have code violations or who have been approved but have not complied with their conditions should not benefit from the abeyance, but those who signed up, continue to follow the procedures, and are diligently attempting to get through, should be given some consideration.

For these reasons, the item has been scheduled here on this agenda for this week.

Local Agency Formation Commission (LAFCO) Meeting of Thursday, January 16, 2020 (Scheduled)

Item B-1 - Study Session: Affordable Housing in San Luis Obispo County. The item is a general review of the role of LAFCO with respect to housing in general. It appears that it is presented to see if the Commission has any interest in becoming more pro-active.

Item C-2: 2019 Annual Report and 2020 Work Plan. Some potential applications which could come up in 2020 include:

Fiero Lane Annexation, City of San Luis Obispo
Gateway Project (Furlotti), City of Paso Robles
Morro Bay/Cayucos Boundary changes
Froom Ranch, City of San Luis Obispo
Divestiture of Fire Service, Oceano CSD
Canada Ranch Annexation, Nipomo CSD
San Simeon CSD-Activate Solid Waste Power
County Service Area 16-Shandon: Detachment
County Service Area 18-Country Club: Jack Ranch Annexation

LAST WEEK'S HIGHLIGHTS

Santa Barbara County Council of Governments Meeting (SLOCOG) of Wednesday, January 8, 2019 (Completed)

In General: The meeting focused on housekeeping matters such as electing new officers (Chair and Vice-chair) and appointing members to various interagency committees. Two items of concern stand out as listed below:

Item III-a: Executive Directors Report. Sub-item 4 of this report noted that SLO County could pick up $20 million in SB-1 incentive money if it adopts a new transportation sales tax. The Board members ignored it and no one jumped up and said, "Let's start a feasibility study." The tax bullet remains locked and loaded in the gun.

1) the Local Partnership Program (LPP) includes a $20M incentive ("funding bump") for new "self-help" counties that pass a sales tax for transportation, 2. the Solutions for Congested Corridors Program (SCCP) allows our Pismo Beach Left Shoulder Managed Lane Project flexibility with the final environmental document.
The Board members ignored it and no one jumped up and said let's start a feasibility study.

Item B-2: Preliminary 2020-21 Work Plan. The item summarized the major tasks that will be undertaken by staff during the year. Again the part that is of major policy concern is the ongoing Sustainable Communities Strategy, which is the tool by which the State compels the localities to conform with its overall global effort to concentrate development, get people out of their cars, and otherwise impose a system of rationing rather than abundance. The tasks for this section are listed below:

e. 4302: Sustainable Communities Strategy (SCS) FY 2019/20 (Carryover)
* *Develop enhanced off model tools to capture GHG benefits*
* *Develop and distribute 2019 SCS and GIS results to support partner agencies*
* *Develop outreach materials to increase awareness and encourage sustainable transportation choices and TDM*
* *Develop report for improved fixed route and trolley transit passenger amenities*

f. 4303: Sustainable Communities Strategy (SCS) FY 2020/21
* *Support Regional Growth forecast efforts*
* *Update Public Participation Plan*
* *Develop initial SCS materials*
* *Develop Communities of Concern definition*
* *Develop and review SCS modeling methodology with ARB*

The key public engagement activities are highlighted in yellow. Here your tax dollars will be used to push the overall agenda.

Planning Commission Meeting of Thursday, January 9, 2020 (Completed)

In General: The agenda contained items which were not of significant policy interest, such as permit applications for wireless facilities, requests for time extensions of previously approved projects, and a minor subdivision.

Lost Opportunity: However, there was one major policy issue containing one lost opportunity sneaking through under **Item 5**. In this case, the County Parks Department was seeking a finding from the Commission that a 259.4-acre parcel just south of Cayucos qualifies as a park under the County Plan of Development. According to the agenda report, the County is currently seeking to acquire the parcel as open space/passive parkland. The land had previously been designated as recreational in the Estero Sub Plan of the County's overall Land Use Plan. The request is regarded as largely perfunctory to comply with a State statute which requires that Planning Commissions review County proposed land acquisitions and capital projects prior to approval. The Commission approved the request, which is under consideration by the Board of Supervisors this week (See page 10 above).

But is this smart? Even though the land was generally planned to be recreational in the past, the situation should have been reviewed in terms of today's current housing shortage, homelessness, location, existing abundance of open space, State parks, and campgrounds already within the area.

It is next to Cayucos, which is already an urban village. Why truncate its expansion, when it already has utilities, services, and other attractions. For example, the County just took over its fire and all hazard emergency protection last year. It is on a major state highway with 4 lanes. It could use desalination for water. The school population is dropping and could use a new infusion of students.

Moreover the County is desperate for revenue. The parcel is currently assessed for about $350,000. What would a mixed use residential, hospitality, and recreational project look like, and what could it generate in property taxes, sales taxes, and hotel taxes?

Cayucos in relation to the subject parcel.

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

MORE CALIFORNIANS PONDER LEAVING

BY JON COUPAL

In the ‘80s, a punk rock band, The Clash, had a catchy little hit entitled, “Should I Stay or Should I Go.” As Californians start a new decade, many are asking themselves the same thing.

For a few, the decision to leave is easy because of better job opportunities or the desire to escape California’s high cost of living. But for many, it is a difficult choice. Older Californians often stay because this is where their children and grandchildren are. But recent college graduates who would prefer to stay in California for the lifestyle and recreation are nonetheless compelled to move because of ridiculously high housing costs.

While California has the highest level of net domestic out-migration in the nation, totaling well over one million people in less than eight years, the decision to leave the Golden State remains personal and no one factor will be determinative for most people.

Hard decisions compel people to weigh the pros and cons of bailing out. But here are some of the considerations:

Employment: California has very low unemployment but still much higher than most other states. More troubling is the fact that we rank near the bottom in job creation as a percentage of population. Because few jobs are being created, workers must seek opportunities elsewhere.

Cost of living: It is a given that California’s cost of living is higher than virtually all other states in the union. But it’s even worse for retirees on a fixed income. According to Investopedia, California ranks 48th in retiree living costs.

Housing: Volumes have already been written about California’s housing crisis. Suffice it to say that the progressive policies being pursued to address the problem are only making it worse as housing demands continue to out-strip new housing stock.

Taxes: This is a major driver forcing Californians to flee. Our state has the highest-in-the-nation income tax rate, state sales tax rate, and gas taxes, plus higher-than-average property taxes despite being held in check by California's iconic Proposition 13.

Quality of life: This is no longer the California of the 60's, 70's or even 80's. The positives that attracted people here in the first place are now more than offset by rampant homelessness, traffic gridlock and increasing levels of crime. What's worse is that the political response to these problems has been one of disregard or counterproductive reactions. For example, the progressive response to our transportation crisis has been to commit billions to a failed high speed rail system rather than to expand our road and highway system, something that Californians actually use.

Those who have left California represent a cross-section of our population: High-wealth individuals including professional athletes seeking to escape a 13.3 percent marginal income tax rate, college educated youth pursuing affordable housing, skilled blue collar workers who can't afford rent in California moving to Texas where they can buy a home, and business owners large and small who are fed up with overregulation.

It's a stain on this state that so many productive Californians are calling it quits. Given our size, natural beauty, quality universities and great weather, people should be flocking here as this author did in 1982. But it appears that our elected representatives are doing everything possible to chase away even those who still cling to the California dream of the past.

The irony here is that this demographic trend will likely result in California losing a congressional seat while red states like Texas and Florida gain representatives. So will California lose political influence as well as citizens? That would be poetic justice.

Jon Coupal is president of the Howard Jarvis Taxpayers Association.

NOT THE GOLDEN STATE ANYMORE': MIDDLE- AND LOW-INCOME PEOPLE LEAVING CALIFORNIA

Many who have left say they simply couldn't afford to stay. One report found that the majority of people leaving earned less than $100,000.

BY KATE CIMINI

In 2017, Susanna Cardenas-Lopez left her home in Salinas to visit her brother in Idaho. Three days into her trip, she called her husband and told him they needed to move there.

Back in Salinas, Cardenas-Lopez and her husband were left out in the cold after their landlord decided to stop renting the home they lived in. They couldn't afford anything else, so they had to move in with a family member, which was stressful.

Now in Idaho, she and her husband have free time and money left over at the end of each month. There's a bonus — the area is significantly safer, she said.

"I feel like it's a dream with the quality of life we now have," Cardenas-Lopez said. "Yes, the pay is less, but that just doesn't even seem to matter to me. At least we have enough to pay our rent and bills."

Many of her family members face the same situation. Five months ago, her 35-year-old daughter, son-in-law and grandchildren left Salinas after their rent increased from $1,300 to $2,000 in just three years, she said.

"I love California, but it's just not the Golden State in my eyes anymore," she said.

Cardenas-Lopez isn't alone. U.S. Census Bureau numbers show that the middle- and lower-classes are leaving California at a higher rate than the wealthy. Many who have left in recent years say they simply couldn't afford to stay.

Susanna Cardenas-Lopez and her husband left their home in Salinas and moved to Idaho, citing California's high cost of living. Boise, the capital of Idaho, (pictured above) has about 229,000 residents, about 20,000 more than a decade ago. (Photo via iStock.)

Cost of living: the defining issue

In the second quarter of 2019, the San Francisco Bay Area topped Los Angeles, Washington and Chicago when it came to people leaving major U.S. cities. It was second only to New York City.

More than 28,190 people departed the Bay Area during those three months, close to double 2017's rate, according to a regular migration report from real estate brokerage Redfin.

In 2018, according to the U.S. Census, about 190,000 more people left the Golden State than moved there. It was the second year in a row of the negative trend. However, the population is still rising due to the birth rate. California added 141,300 residents between July 2018 and July 2019, bringing its population to an estimated 39.96 million people, according to the California Department of Finance.

A recent Edelman Trust Barometer survey found 53% of residents and 63% of millennials were considering leaving the country's most populated state because of its high cost of living.

The majority of people leaving reported an annual income of less than $100,000, while the state has seen an influx of those making $100,000 and more.

According to a 2018 United Way Cost of Living report, Latino and African-American households struggle at the highest rates in California; the cost of housing is their largest burden.

Still, state demographers said a mix of factors likely are playing into the flight of the impoverished, elderly and those on fixed incomes.

"Moves relate to relative employment situation and they do relate to costs and amenities," said Eddie Hunsinger, a demographer with the state Department of Finance. "They also, too, move at different stages of life. It's generally a mix of factors going into migration."

Hunsinger added that even when people are leaving the state in droves, there is still a steady flow of people moving into California.

Randa Moore, who used to live in Santa Rosa in Sonoma County, said the No. 1 reason she left for Florida was the cost of living.

"We were working 10-16 hours a day, seven days a week, every holiday, and were still struggling to buy groceries," she said.

Now, Moore rents a three-bedroom home with a pool for $1,400 a month and has money to spare.

"The difference is in the thousands of dollars and hours working," she said. "We don't make California money anymore, but we actually have more money at the end of the month.

"Do I miss it?" she asked. "I miss what it used to be. Before the industries were destroyed as well as the middle class. It seems it's become a two-class system, the haves and the have-nots. The poor have no chance to survive."

Housing crisis

California is attempting to address the housing issue. Gov. Gavin Newsom has committed $1.75 billion to fund new building projects to tackle California's housing crisis. In October, Newsom signed various housing bills, including one that capped rent increases and stifled evictions.

"We're living in the wealthiest as well as the poorest state in America," Newsom said when he signed the bills. "Cost of living. It is the issue that defines more issues than any other issue in this state."

Between 2010 and 2017, negative domestic migration to the state increased annually, according to the California Association of Realtors. In the same period, the median cost of a home in California doubled; in the Bay Area, it tripled.

"About 32% of households in California can afford to buy a median-priced home, which is around $600, 000," said Oscar Wei, the realtor association's senior economist and director of research. "Compared to 2012, we were at 52% (across the state). In San Francisco and San Mateo only 12 or 13% of residents can afford to buy a median-priced home there."

In San Francisco, a median-priced home costs around $1.5 million.

Wei said states with a low cost of living or no income tax can tempt people by offering wages that aren't quite middle class in California, but would put them above-average elsewhere.

"In California, to buy a median price home it requires an income of $100, 000," he said. "In Arizona, you can buy a median-priced home with an income of $50-$60,000."

While Wei does not expect housing prices to drop the way they did at the end of the last decade, when the housing bubble burst, he does anticipate price drops in the next five to ten years if the housing crisis isn't addressed.

"We have been seeing some companies leaving So Cal and the Bay Area," said Wei. "Toyota and Nissan left Southern California, and home prices might have slowed down but they haven't dropped really significantly.

"If the housing affordability issue isn't addressed in the next five to ten years we will see companies starting to move out," he said. However, he didn't think enough companies would move out over a short enough period to truly tumble housing prices.

"After all," he said, "California is a good place to live. It's the cost that is an issue."

‘The state pushed us out’

Pat Tollefson, who said her great-great-grandfather, Joseph Fredrick Snyder, was an early settler of Salinas in the 1860s, moved to Washington state with her husband three years ago, after spending her first 60 years in California.

“We love California, but the state pushed us out,” she wrote to The Salinas Californian on Facebook.

“The first year (we were in Washington), our Prius California renewal registration was due at a cost of $290, but we transferred the registration to Washington state at a cost of $63,” she said. “That was just one surprise benefit!”

Tollefson said they found the cost of purchasing a home, as well as utilities were lower than they had paid in California. The lower cost of living, combined with their access to nature has helped lower their stress.

Salinas realtor Chris Barrera has worked for Windermere Valley Properties for five years. In the last few years, he has seen more and more clients cite cost of living as a main reason they are leaving California.

He estimated about a quarter of the 20 clients he works with a month felt they could no longer afford California. Most are in the service industry or live on a fixed income, and many are leaving for Texas and Idaho, states with a low or no income tax, and a low cost of living.

“People are being priced out,” Barrera said. “I have a lot of clients who are selling and they’re just tired of California politics.

“Monterey County is one of the most expensive places to live in the U.S., and the only other option is to have numerous families living at one property,” he said.

That creates its own problems, and can push people out.

“When does this stop?” Barrera asked. “When does this start evening out? All of us are going to be in that situation one day when we retire. To have to leave where our family is and where we were brought up just because we can’t afford it is pretty sad.”

‘A lot of anger’

Those who leave California don’t always leave it behind, though. Communities that sometimes double as support groups have sprung up online for former Californians. Here, they can complain about their former state, or even their new one, while still maintaining that they’re glad they left.

Some also say politics, not just taxes, play a role in their decision to leave.

In “CA Exodus and Ex-CAers,” a Facebook group for ex-Californians and those planning to leave, the banner photo is an altered “Now leaving California” sign. It reads: “Was it something we taxed?”

Here, a couple hundred members share California laws and regulations they find ridiculous or costly, affirming their and other members’ decision to leave. Mostly, though, they share stories of other Californians leaving California.

“I joined this group so I would at least have others to commiserate with,” said group member Melinda Temblador, who said she left “Commiefornia” because of “the high cost of everything, extreme moral decay and (being) pretty sick of bearing the cost of freeloaders for their free medical, free college, free stuff while I slave away staying awake at night wondering how I’m going to pay for my daughter’s college but the illegal next door gets it for free.

“If you sense a lot of anger on my part,” she wrote, “You would be correct. We absolutely made the best decision to flee. Have no regrets and are actively helping several family members to leave ASAP as well.”

Other group members echoed Temblador’s sentiments, adding that the state’s liberal bent left them feeling frustrated and isolated.

“I guess maybe it helps to solidify the fact we are not alone,” said Jonathan English Olmstead, who plans to leave California. “In this state, being a devoted Christian and Republican you feel as though you are the only one with these views.”

Not everyone is taking off for cheaper or greener pastures. Some have instead resorted to subletting or moving in with family to meet increased rental prices.

Marina native Raycheal Jarvis said she and her family, including four children, are living with her in-laws. Jarvis wanted to stay in Marina where “where neighbors still look out for one another,” but, she said, commuters to San Jose are snapping up properties at sky-high prices. Jarvis is looking at other options, but so far, it seems the only place she and her family can afford housing is outside of the area.

“We don’t make enough to afford a home big enough to raise our family,” she said.

Kate Cimini is a multimedia journalist for The Californian. This article is part of the California Divide project, a collaboration among newsrooms examining income inequality and economic survival in California. This article first appeared in California Globe on January 10, 2020.

The County would fire you if you did this at work 3 times.

ANNOUNCEMENTS

FOR THE RICH, SINCE 2012, THE REAL CA STATE INCOME TAX RATE HAS RISEN 138% — MORE THAN DOUBLE

BY RICHARD RIDER

Californians don't realize that since 2012, our state's NET highest state income tax rate has more than DOUBLED. WAY more.

First in 2012 the top THREE CA income tax rates went from 10.9% to as high as 13.3%. Retroactively, I might add. This "gouge the wealthy" tax was passed by California voters in November 2012, and was retroactive to the first of the year. I don't know why that was legal, but it withstood a court challenge.

Then with the SALT 2017 tax reform clause, top earners cannot write off their state income taxes on their federal returns. This is a BIG deal for the wealthy.

The combination of this double-barreled tax blast raised the **NET** marginal income tax rate for top California earners from about 5.6% to 13.3%. That's a 138% increase in the CA net income tax!

If liberals don't get SALT repealed after the next election (a difficult position for the "soak the rich" Democrats to run for office on), I expect that there will be another surge of rich people and their companies fleeing the Golden State.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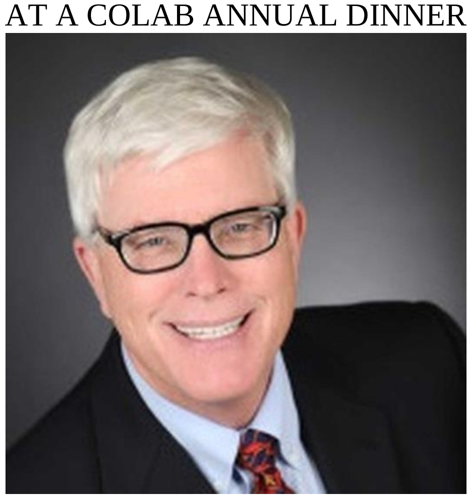

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(Revised 2/2017)