COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
JUNE 14 - 20, 2020

MAJOR POLICY TESTS FOR BOS THIS WEEK

HEAVY DUTY AGENDA
MONTEREY BAY POWER DECISION & AND PUBLIC DEFENDER CONTRACT LAY IT RIGHT ON THE LINE

THIS WEEK

ALERT
SLO CITY TO PUSH GAS BAN AT TUESDAY JUNE 16th MEETING 6:00 PM

THE PLAN TO IMPOSE A NATURAL GAS BAN WITHOUT CALLING IT A BAN IS BACK & IS DISHONEST
THE CITY IS ESTABLISHING INCENTIVES, DISINCENTIVES, AND FEES WHICH ARE ULTIMATELY A BAN – PLUS THIS IS SCHEDULED WHEN THE PUBLIC CANNOT ATTEND IN PERSON DURING THE COVID-19 STAY AT HOME ORDER

BOARD TO ADOPT INTERIM BUDGET – REDUCES GENERAL FUND BY $17 MILLION IN FIRST CUTS
$36-$52 MILLION DEFICIT FORECAST

MUCH MORE TO COME AS THE BUDGET LACKS THE SUPPORTING REVENUE

MONTEREY BAY POWER DECISION: DOES THE BOS VALUE SYMBOLISM OVER REALITY?

CONSTITUTIONAL PRIVATE PROPERTY ISSUE AT STAKE TOO

DEFENDER $30 MILLION LACK OF BID ISSUE BACK

POSITIVE STEPS ON AG WORKER HOUSING AND ADDITIONAL DWELLING UNITS

IWMA TO BAN PLASTIC UTENSILS

LAST WEEK

BOARD REDUCES CUTS TO SHERIFF

$36-$52 BUDGET MILLION DEFICIT FORECAST

PUBLIC OPPOSED CUTS TO PUBLIC SAFETY

PASO BASIN LOCKDOWN REGS EXTENDED

COULD HAVE POSTPONED UNTIL AFTER THE COVID LOCKDOWN ENDS

ONLY COMMISSIONER CAMPBELL TRIED TO HONOR THE REQUEST

MUDDLED RECOMMENDATIONS DUMPED IN BOS LAP

BASIN SEVERE WATER DECLINE AREAS RADICALLY CHANGED

SLO COLAB IN DEPTH

SEE PAGE 31

WOKE CHAOS AND NAKED POWER

THE TOOLS THAT PREVENT UNITY

BY BEN SHAPIRO

CALIFORNIA'S OUTBOUND MIGRATION CONTINUES, WITH SOME IN-STATE DIVERSIONS

BY KATY GRIMES

THIS WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, June 16, 2020 (Scheduled)

Item 1- Update and possible action on COVID-19 in San Luis Obispo County. Again the report will be verbal. The infection rate is rising in some counties but not in SLO County so far. The County has been going forward with its reopening plans. However, the staff is watching the statistics and hoping that SLO County's rate does not start increasing.

Item 38 - Adoption of FY 2020-21 Recommended Budget. The purpose of this addendum is to update the FY 2020-21 budget per actions taken during the budget hearing held on June 8-10, 2020 which includes: 1) a resolution adopting FY 2020-21 budgets for the County and Board governed Special Districts; and 2) a resolution adopting the FY 2020-21 Position Allocation List. The Board is slated to legally adopt the Budget, which is hollowed out by the need for future reductions after the State adopts its own budget because it faces a $54 billion deficit. Please see the details under last week's **Item 3** detailed on page 20 below.

Item 39 - Request to 1) receive and file the study prepared by MRW & Associates analyzing Monterey Bay Community Power and 2) provide staff direction on the next steps for Community Choice Aggregation. The theme here is:

If at first you don't receive the answer you want, hire more consultants until you do.

This is the 4th study commissioned by the Board of Supervisors on the feasibility of establishing or joining a community choice energy (CCE) program. Prior studies included 1) forming a joint CCE with SLO County, Santa Barbara County, and Ventura County, 2) forming a CCE with the City of San Luis Obispo, 3) SLO County joining Monterey Bay Community Power - consultant 1, and 4) SLO County joining Monterey Bay Power - consultant 2. The first 3 studies were negative. The first study was separately peer reviewed and was confirmed as negative. The 3rd study was particularly negative, prompting Supervisor Gibson, who was eventually followed by

the rest of the Board, to commission a 4th study based on a list of Board and staff provided questions.

The fourth study was undertaken by the Oakland firm of MRW& Associates, which has an active practice involving CCEs, electric and gas studies, rate studies, work on PUC regulatory matters including regulation of PG&E, providing expert testimony for rate cases and lawsuits, and developing long range utility plans.

The study generally finds that joining Monterey Bay Community Power is feasible and financially safe. Although the MRW study never actually recommends that the County join MBCP, it does so indirectly. Its summary slide from its PowerPoint presentation states:

CONCLUSIONS

- MBCP in a good financial position
- MBCP's power procurement will meet all State mandated goals
- MBCP's programs emphasize electrification and GHG reduction
- MBCP's customers can still be able to participate in PG&E programs
- If it joins, County will have seats on Both MBCP Boards
- MBCP operations will not be impacted by PG&E's reorganization
- No financial liabilities or obligations under the MBCP JPA
- MBPC is making a presence in SLO County (office in SLO City)

In response to one of the Board questions used as a basis for the report (sounds like a Supervisor Gibson question) the report states:

> ***What are the opportunity costs for maintaining the current relationship with PG&E for our residents and businesses?***
>
> Choosing to remain with PG&E service is a reasonable option. In doing so, the County would forgo for its residents and businesses the potential programmatic and rate benefits that MBCP offers—more rate options for the County residents and businesses, access to lower rates, and MBCP's EV, building, and agricultural electrification programs. It would also reduce the County's voice in energy-related policies in the Central Coast region, including potential economic development opportunities. Additionally, the County would lose a potential partner in helping it meet its GHG reduction and environmental goals. In exchange, the County would be shielded from any potential financial obligations that might, however remote, fall on the MBCP JPA members. It would also keep the generation portion of its residents and businesses rates under State regulatory oversight and control. If the MBCP makes poor power procurement decisions, then it has no choice but to pass the costs onto its customers. In theory, if PG&E makes poor choices its ratepayers can be shielded by the regulators from the consequences of PG&E's choices.

But let's look into the facts a little more closely:

1. Rates: MBCP's rates for the regular program (MB Choice) are only slightly lower than the rates for PG&E's comparable base program. MBCP's all-renewable program (MB Prime) is about $1 more per month than the base PG&E program.

However it should be noted that PG&E's base program has more renewables than MBCP's base program. Moreover, the PG&E data does not count the energy produced by Diablo as carbon free because the State prohibits counting it. If the nuclear energy were counted, PG& E would be 79% carbon free.

Table 7. Residential Average Bill Cost Comparison

	MB Choice	MB Prime	PG&E
Energy Mix	66% Carbon Free 34% Renewable	100% Renewable	47% Carbon Free 39% Renewable
PG&E Deliver Fee	$74.49	$74.49	$74.49
Electric Generation	$41.85	$45.85	$58.89
PG&E Added Fees	$13.89	$13.89	$0.00
Average Total Monthly Cost	$130.23	$134.23	$133.38

The parallel data for commercial customers is presented in the table below:

Table 8. Small Commercial Average Bill Cost Comparison

	MB Choice	MB Prime	PG&E
Energy Mix	66% Carbon Free 34% Renewable	100% Renewable	47% Carbon Free 39% Renewable
PG&E Deliver Fee	$120.88	$120.88	$120.88
Electric Generation	$71.78	$79.78	104.83
PG&E Added Fees	$27.65	$27.65	$0.00
Average Total Monthly Cost	$220.31	$228.31	$225.71

Accordingly, it can be seen that MBCP's base program (which is used by 97 % of its customers) is both less renewable and less carbon free than PG&E.

The financial margins are very tight

In discussing nuclear credits (see 2 below) the MBCP actually admits that the whole system is based on paper credits and the real power consumed in San Luis Obispo County or any of its service area actually contains whatever mixes of power are allocated through the grid.

MBCP's commitment to 100% carbon free establishes a clear preference for carbon free eligible renewables and enables our member agencies to claim the reduction of greenhouse gas emissions ("GHGs") associated with electric utility generation within their jurisdictions.

> Acquiring CFAs, whether from nuclear or large hydro, does not reduce GHGs, nor does it change how the grid operates or alter, in any way, the operation of the power plants from which CFAs may be purchased. Similarly, the acceptance of the nuclear CFA from PG&E will not impact either the delivery of nuclear energy or the operation of DCNPP.
>
> MBCP achieves GHG reduction through the acquisition of long term, utility scale eligible renewable resources. MBCP further drives demand for clean sustainable energy through our energy program options by promoting the electrification of the building and transportation sectors.

In other words, for the time being, MBCP customers will get the same electricity as PG&E customers. MBCP's ultimate success in achieving total renewable energy will take years (if ever) and will be based on political decisions to require that everyone to use all electric energy.

2. Diablo Power Nuclear Plant Carbon Free Attributes (CFAs): In regard to the nuclear power issue, MBCP attempted to pull a fast one last March when its staff recommended, and its Board approved, purchase of what are called Diablo Nuclear Plant Carbon Free Attributes (CFA's) to maintain its promise to customers to be both nuclear and carbon free. CFAs are certificates accumulated by PG&E from generating its nuclear free energy. These can be obtained from PG&E by utilities, including the CCEs, "for free" because the customers have already paid through a device called the Power Charge Indifference Allocation (PCIA). There is a full discussion of PCIA later in this paper.

Mothers for Nuclear Peace and other anti-nuclear groups went to SLO Mayor Heidi Harmon who is on the MBCP Board and bitterly complained about nuclear betrayal. When other MBCP Board members realized what was going on, they became angry and demanded rescission of the decision to use SFAs as carbon free credits.

The MBCP General Manager resisted because he knows that the price of the Diablo CFAs are less costly and may be in effect free (through the PCIA) versus other types of renewable and carbon free energy certificates (RECS) on the market. He reasoned that if MBCP could use the Diablo CFAs, MBCP could maintain its claim to be nuclear fee (because they were not actually buying power from Diablo) and at the same time maintain its slightly lower customer rates for the near future. One problem for the CCEs is that other costs are eating at their financial model and their overall viability. Again this issue is dealt with below in the section on the Power Charge Indifference Adjustment (PCIA).

The MBCP Board, which is made up of a bunch of green progressive city councilmembers, got madder and madder.

Finally the General Manager was forced to call a special Board meeting (with Mayor Harmon leading the pack so to speak) on, Tuesday, June 9, 2020. It was hot and heavy, and in the end, by a vote 12/3, the Board rescinded its March action and forbade the use of Diablo CFAs.

Ironically the only members to vote to keep the CFA's necessary for the economic model to work were Santa Barbara County Supervisor Das Williams, Santa Maria Mayor Alice Patino, and a Hispanic Mayor from one of the Santa Cruz County cities. They were all concerned about their poor residents' rates. The SLO County Board should profit from this history

The table below compares the financial savings or costs involved in the decision to use or not use CFAs and/or suspending the carbon free policy.

	2020	2021	2022	2023	2024	2025	Total Estimated Savings(-) or Costs(+)
ACCEPT CFA, avoided cost selling excess	($1,526,600)	($3,136,600)	($3,249,980)	($3,244,470)	($3,249,190)	($1,626,560)	($16,033,400)
ACCEPT CFA , avoided cost retaining excess	($784,870)	($2,602,900)	($3,249,980)	($3,244,470)	($3,249,190)	($1,626,560)	($14,757,970)
REJECT CFA , suspend 100% carbon free policy	($784,870)	($2,602,900)	($7,431,560)	($8,528,020)	($8,078,380)	($7,639,310)	($35,065,040)
REJECT NCF credits, maintain 100% carbon free	$672,750	$2,231,060	$6,369,910	$7,309,730	$6,924,330	$6,547,980	$30,055,760

In the end the Board adopted line 4, which creates a new $30 million cost over five years under the best of circumstances. As the price of carbon free sources escalates, as more communities climb on the carbon free bandwagon, the $30 million dollars could rise inexorably. MBCP will have real trouble maintaining its average monthly customer-billing rate slightly lower than PG&E.

We suppose that in the minds of the State officials who have banned counting nuclear energy as carbon free but who allow the use of SFAs, the nuclear energy is analogous to the actual stool and the SFAs are like the toilet paper.

Issue Background

The Board of Supervisors should not expose SLO County residents and businesses to this type of policy making in regard to their electric power. All one need do is examine the SLO Integrated Waste Management Authority for a faint taste.

3. Renewable Energy Certificates (REC's): The Diablo Nuclear SFAs are actually a subspecies of Renewable Energy Certificates known as RECS. As we have repeatedly pointed out, MBCP and other CCEs obtain their power from the Western Grid, which covers all states west of the Rockies as well as British Colombia and Alberta. Sub-regions of the grid such as the California Independent System operator (ISO) monitor the energy needs in California hour by hour in real time 24 hours per day and balance the need with energy availability. All sources can be tapped. The actual utilities like PG&E and private energy brokers that serve the CCE's such as Monterey Bay Power also monitor the loads and sources by price 24/7.

The actual energy (the electrons) attributed to MBCP is energy which is being supplied by PG&E though this process. When MBCP says it is 65% carbon free because it is obtaining power from Pacific Northwest Hydro sources, it is actually buying carbon free energy credits on

the open market. The public believes it is getting non-nuclear, non-coal, and non-gas power when it actually getting all of these.

One of the questions related to this issue invokes the variability of renewables due to weather and time of day:

> ***How has MBCP planned for or contracted for sufficient renewable power during the afternoon ramp period when solar power declines and wind power may not be available?***

> MBCP, like all the CCAs and utilities in the state, contribute to grid reliability by collectively ensuring that there is enough resource to meet the afternoon ramps period caused by declining solar output plus increased residential load. Meeting this reliability criterion is independent of the type of resource used to do it. Thus, MBCP does not explicitly plan to meet the declining output of its solar resources with wind power or any other specific resource. Instead, the grid managers choose which resources are available to meet the needs at the lowest costs. This reliability function is independent of the CCA's requirements (or goals) to have a certain amount of renewable content in its power portfolio.

This is because MBCP is using the existing real power and basing its renewable claims on a portfolio or RECS. The paragraph below further confirms this fact.

> How a CCA can rely on large amounts of renewable power in its portfolio is not transparent. When a CCA is sourced fully by renewable power, it does not mean that for each hour of the day, 100% of the power provided by the CCA will be renewable. There will be hours of the day where the CCA's solar resources will be generating more electricity than the CCA's customers are consuming. This power is sold into the CAISO's wholesale market. There will also be hours of the day when the CCA's load is greater than their renewable resources' output, at which point they purchase power from the CAISO wholesale market. Currently, to be 100% renewable, the CCA's renewable resources generate as much power as the CCA's customers consume, albeit not necessarily at the same time. This is analogous to the "net-zero" energy home, where, over the course of a year, the solar panels on the house generate in total as much (or more) power than the house uses, but with some hours having the solar panels inject power into the grid while in others the house takes power from the grid.

And by the way, they are going to need massive battery technology, which does not yet exist.

The entire system is a huge REC Ponzi scheme. As the problem with the CFA's described above demonstrates, the structure is financially highly fragile and subject to volatility over time.

4. Power Charge Indifference Adjustment (PCIA): The PCIA is a charge to the all CCEs including Monterey Bay Power, which allows the utilities to recover a portion of their accumulated costs and value from the CCEs.

The large existing stockholder utilities such as PG&E, Southern California Edison, and San Diego Gas and Electric (Investor Owned Utilities – IOU's) have invested billions of dollars over the decades in generating plants, vast transmission systems, hydro-dams, maintenance facilities, and all the infrastructure of a complex industrial system.

Although the CCEs have nothing (no power plants, transmission lines, repair trucks, or anything real), the investor owned utilities (IOUs) are forced by law to supply electricity for the CCEs. In effect the State government, by forcing the IOUs to do this, is seizing private property in violation of the State and Federal Constitution. It would be as if the State or County came to your house and said, "We are having a riot this week, and you are required to house 3 National Guard soldiers. We will pay you for the food they eat, but you will have to recover the value of your home attributed to this service by using an indifference charge based on past costs."

To attempt to partially get around this taking problem, the State allows the IOUs to bill the CCE customers for their share of the current transmission costs and maintaining the system. This cost is built into the CCE rates to their customers.

But there is a separate problem. The IOUs are allowed to include in their rates the costs for amortization of the billions of dollars of plant and equipment and their replacement. Note that for PG&E these costs are being severely aggravated by Sate requirements to upgrade much of the transmission system to forestall wildfires.

The PCIA is the mechanism for the State and the CCEs to get around the Constitutional problem of otherwise effectively seizing (socializing) the privately owned assets. As with everything else involved, the cost is inexorably rising. The California Public Utilities Commission (CPUC) understands the problem (of which it is one of the main causes) and is allowing PCIA to rise.

This threatens the viability of the CCE model and the very survival of CCEs, including Monterey Bay Power. As a result, the CCEs have banded together in a representative organization called the California Community Choice Association, (CCCA). The CCCA has challenged the PCIA before the CPUC in a vast multi-year legal case:

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA
Order Instituting Rulemaking to Review, Revise,
and Consider Alternatives to the Power Charge
Indifference Adjustment

The CPUC made the utilities and the CCCA go through a 3-year facilitated settlement process, which resulted in a proposed settlement brief.

It appears that the proposal to calculate the PCIA in its most simple form (it is vastly complex in reality) is:

A cap of $0.005/kWh was established for the maximum PCIA rate rise permissible year over-

year, with a 10 percent under-collection trigger threshold established. If an IOU were to reach a 7 percent under-collection as the result of capped PCIA rates, the IOU would be required to file an application with the CPUC proposing a revised PCIA rate to bring the projected under collection balance below 7 percent for the remainder of the calendar year.

Thus the CPUC can determine the fate of the CCEs. If the CPUC adopts this formula, how will it impact Monterey Bay Power? What if the CPUC adopts a higher set of rates? What if PG&E prevails in a subsequent filing for under collection of PCIA?

There are also numerous non-consensus items in the brief where the IOUs and the CCCA could not agree. The cost implications of these are unknown to the County or its consultant at this time.

The case briefing, including highly technical exhibits, legal analysis, and arcane graphics was filed with the CPUC on February 21, 2020. The brief is relatively short, but with its exhibits (briefs filed by ratepayer groups, utilities, cities, etc.) is 433 pages long? There are many disagreements which the CPUC will have to adjudicate. It is highly doubtful that any of the Board members of Monterey Bay Power, let alone the SLO County staff or the Board of Supervisors, have examined this brief and its gravamen. They have no idea what is happening here. The outcome will have severe bearing on the future viability of CCEs in general and Monterey Bay Power in particular.

The CPUC agenda does not show any agenda date for this case. It could be a long time before it is resolved.

To commit the County to joining MBCP at this juncture would be the height of recklessness under this circumstance

While the County's consultant devotes a few paragraphs on the PCIA, it merely skims the pond and does not even mention the current litigation before the CPUC, the result of which could be devastating. As noted below even MBCP is more honest about this problem in its writings than the County's consultant, MRW& Associates.

Currently, MBCP is concerned with legislative proceedings that affect the Power Charge Indifference Adjustment (PCIA), which is a fee ($/kWh) charged by IOUs to cover the generation costs incurred before a customer changed to a new service provider, such as a CCA. The fee fluctuates per year based on the difference between an IOU's actual generation cost and the current market value of its generation portfolio. The PCIA charge also varies per customer based on the date or "vintage" they enrolled with an alternative provider. Like all CCAs, MBCP is concerned with changes in the PCIA since significant increases in the PCIA can affect the rate competitiveness of CCAs with IOUs.

This is a much more serious problem than reported by MRW. The MBCP Board letter describing the need for the Diablo Nuclear Power plant CFAs warns of the dangers presented by the growing PCIA charges much more strongly than the County consultant:

In the two years since the Commission's (CPUC) *2018 decision rejecting the CCAs' arguments that the PCIA continued to be a serious threat to CCA operations. In 2020 alone, the capped PCIA has increased twice: 6.9% in February, and another 19.8% in May. The alarming rise in the PCIA is so significant that in March 2020, for particular rate classes, and at particular times of the day, the applicable PCIA is higher than the actual generation charge that PG&E charges its bundled customers.*

The problem with the PCIA is equally visible on the macro scale. In 2020, PG&E's approved ERRA filing reflected that of its $5.2 billion in approved generation rates, over $3 billion were charged to CCA and direct access customers through the PCIA, even though PG&E continues to be the generation supplier for over 50% of the customers on their distribution grid – meaning that PG&E collected more from generation customers they do not serve than from those they do.5

MBCP anticipates that a trigger mechanism in the PCIA calculation will allow PG&E to collect above the established cap in 2021. Based on current projections, PG&E's revenue projection for PCIA will be approximately $299,138,000 in 2021. By comparison, MBCP's revenue requirement will be approximately $304,000,000. Meaning that just to break even with PG&E, MBCP would need to pull roughly $5,000,000 from the Rate Stabilization Fund – and more to continue providing lower rates than PG&E. While this illustrates the value of the MBCP's effort to establish its Rate Stabilization Fund, it also demonstrates the seriousness of the threat posed by the PCIA and need for continued fiscal prudence.

Of Special Note: This discussion highlights the fundamental objection to the CCE model and Monterey Bay Power. The government in the form of the State of California determined to effectively seize private property of the privately owned utility systems by requiring them to use their property to serve the CCEs. This is the most odious and outrageous aspect of the entire program. Even if the CCEs can deliver a lower cost and more carbon reduction (which is questionable, how could the Board of Supervisors support such a scheme which undermines fundamental American Constitutional rights?)

If they approve joining Monterey Bay Power under these circumstances, they are figuratively down on their knees genuflecting to the progressive green energy deities.

5. Resource Adequacy (RA): The consultant points out here that MBCP has an obligation to purchase specific amounts of energy so that the CAISO (the California Independent System Operator) can fulfill all the state's energy requirement all the time.

MBCP is also concerned with legislation that affects RA since all CCAs, like IOUs and Energy Service Providers (ESPs), have RA obligations. These obligations require LSEs to procure a specific amount of capacity so that this capacity is available to the California Independent System Operator (CAISO) in order to ensure electric service reliability. Drastic changes in RA requirements, particularly increases in obligation, would concern any LSE, especially since

recently there was a decrease in available resource adequacy capacity in 2019.

What happens when the Diablo Nuclear Power Plant shuts down and 10% of all the State's energy disappears? Won't the mix of actual gas generated electricity go up? How will MBCP pay for its portion of the difference (in RECS) without raising rates?

The five-year budget below does not to show any rate increase in FY 24/25.

Table 3. MBCP Financial Plan for Fiscal Year 2019/20 through 2024/25[6]

($ in thousands)	Budget	Projected, Fiscal Year				
	FY2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
REVENUE						
Net Revenue - Electricity	273,944	322,584	386,601	354,728	357,920	361,501
Misc. Income	1,285	1,285	1,285	1,285	1,285	1,285
Total	275,229	323,869	387,886	356,013	359,205	362,786
CURRENT EXPENDITURES						
Cost of Energy	176,488	285,513	330,052	327,157	324,667	325,683
Other Costs[7]	13,558	16,123	17,075	17,088	17,569	18,125
Total Expenditures	190,046	301,636	347,127	344,245	342,236	343,808
OTHER USES						
Capital Outlay	4,092	2,451	2,390	82	4	4
Total Other Uses	4,092	2,451	2,390	82	4	4
DEBT SERVICE						
Principal and interest	0					
TOTAL EXPENSES	194,138	304,087	349,517	344,327	342,240	343,812
Fund balance surplus BEFORE Rebate, Program, and Reserve	81,091	19,782	38,369	11,686	16,965	18,974
Rebate Expenditures	19,176	0	0	0	0	0
Transfer to Rate Stabilization Reserve	50,958	6,799	22,816	(2,592)	(1,401)	789
Transfer to Program Funds	10,958	12,983	15,552	14,277	18,007	18,186
Fund balance surplus AFTER Rebate, Program, and Reserve	0	0	0	0	0	0

Promised program funds could evaporate, and the rate stabilization reserve could be drawn upon years before it would normally be needed.

Item 40 - Request to receive and file an update and take action on matters associated with the Primary Public Defender contract with San Luis Obispo Defenders, a Professional Law Corporation. Last week the Board determined to ask the Law Corporation if it would voluntarily extend the existing contract, which is about to terminate, to allow the County to conduct a proper request for proposals and bid. An ad hoc committee of Supervisors Compton and Gibson was assigned to ask the Law Corporation to do this. As of this writing there is no answer to the question. It is expected that it will take about 7 months to prepare a proper request for proposal, circulate it for response, analyze the responses, and negotiate a new contract.

Background: Here again was another controversy in which the staff was asserting its power to control a matter which should ultimately be Board Policy. In this case it involves the award of a contract that will ultimately cost somewhere north of $20 million over 4 years and could actually cost $30 million if a 2-year contractual extension is exercised.

The contract is with a law group called the San Luis Obispo Defenders (SLOD), which provides the County's primary public defender services, which are mandated by law. Some counties provide the service using in house staff and some contract the service out. The SLOD has held the contract for at least 20 years or more. For all of that time the contract has contained a clause which requires the County to negotiate with SLOD for a new contract prior to going out with a bid. Due to this circumstance, the County has no idea what other law firms or consortia might propose.

It is very bad public policy and irresponsible to keep rolling contracts repeatedly without coming up for air to see what the market would provide. The County could be wasting millions of dollars and providing a huge financial windfall to SLOD.

We found out this week that the contract has been running for 40 years.

MATTERS AFTER 1:30 PM

Item 42 - Hearing to consider adoption of a resolution amending Title 22 and Title 23 of the County Code and the Coastal Framework for Planning Table "O" (LRP2017-00002) to amend and replace the Farm Support Quarters Ordinance with a new ordinance on Agricultural Worker Housing that reduces regulatory barriers and streamlines the permitting of agricultural worker housing. This is an important matter, which should be supported as it makes it easier and more cost effective to produce on site agricultural worker housing.

The proposed ordinance amendments would remove barriers for developing agricultural worker housing. Agricultural worker housing is generally defined as residential dwellings, including mobile homes, or group quarters, such as dormitories or bunk houses and mess halls, occupied by employees of agricultural or ranching operations and the spouses and children of those employees. The County has an existing ordinance that governs agricultural worker housing (currently called "farm support quarters") for both inland and coastal areas. These ordinances generally regulate allowance of agricultural worker housing based on the land use category, size of parcel, and amount of agricultural operation that exists on the subject property or within a five-mile

TABLE 1: COMPARISON OF THE CURRENT ORDINANCE, STATE LAW, AND PROPOSED AMENDMENTS			
Note: The following is a summary of the proposed amendments and does not reflect the entirety of the ordinance. For more detail, please refer to the respective documents.			
	Current Ordinance	**Employee Housing Act (State Law)**	**Proposed Amendments**
Land Use Categories Where Agricultural Worker Dwellings are Allowed	Agriculture (AG) Rural Lands (RL)	Discretion of local government	Agriculture (AG) Rural Lands (RL)
Minimum Site Area for Group Quarters	20 Acres	Discretion of local government	5 Acres
Maximum Distance from Group Quarters to Supported Agricultural Operation	5 Miles	Discretion of local government	Eliminate distance requirement
Ministerial Review for Single-Family Dwellings as Agricultural Worker Dwellings	4 dwellings allowed before a Minor Use Permit is required	12 dwellings allowed before a Minor Use Permit is required	12 dwellings allowed before a Minor Use Permit is required
Ministerial Review for Group Quarters as Agricultural Worker Dwellings	20 beds allowed before a Minor Use Permit is required	36 beds allowed before a Minor Use Permit is required	36 beds allowed before a Minor Use Permit is required
Status of Residents	Agricultural Workers of Supported Agricultural Operation, including their Spouse and Children	Any Agricultural Worker, including their Spouse and Children	Any Agricultural Worker, including their Spouse and Children

Item 43 - Hearing to consider adoption of a resolution amending Coastal Framework for Planning Table "O" to add Accessory Dwelling Units as an allowed use; exempt from CEQA. This is another positive step toward making it easier to develop second units and increase the affordable housing stock.

The proposed revisions to Coastal Framework for Planning Table "O" replace the term "Secondary Dwelling" with "Accessory Dwelling Unit", and allows ADUs to be constructed in all land use categories that allow single-family and multi-family dwellings.

Apparently the Coastal Commission, per usual, is meddling with the County by trying to make permit applications for additional units in the Coastal Zone appealable to the Commission. This item is an effort by the County to reclassify them in the zoning ordinance to forestall the Commission's blocking efforts.

City of San Luis Obispo City Council Meeting of Tuesday, June 16, 2020, 6:00 PM, City Hall (Scheduled)

Item 11 - Consideration Of A Resolution Establishing A Policy For Clean Energy Choice For New Buildings And Implementation Measures Including An Ordinance Approving Local Amendments To The Energy Code And An Ordinance Establishing Regulatory Flexibility For A Limited Term To Support All-Electric New Buildings. The program is packaged in 3 Resolutions and 2 Ordinances. In aggregate they require that new residential and commercial buildings be all electric for heating, hot water, cooling, dish and clothes washing, cooking, and accessory appliances such as pool heaters. Commercial restaurants are exempted. Apparently the industry revolt was sufficient to convince the City to lay off.

Tellingly, a builder or owner seeking an exception will have to install electric service capacity with specified sufficient amperage connections, wiring, and space for future required all-electric system connections. These must be capable of replacing all the gas appliances in the future.

As the agenda letter states:

Overall, the Clean Energy Choice Program for New Buildings is an incremental approach to avoid the generation of new greenhouse gas emissions as the result of new development. At build-out of the City's General Plan (2035), the Clean Energy Choice Program is anticipated to avoid 6,250 Metric Tons of CO2 equivalence (MTCO2e) per year. The annual amount of avoided emissions would be equivalent to taking 1,320 passenger vehicles off the road or planting nearly 160,000 trees to sequester carbon.

New buildings that use gas will have to meet higher energy standards with respect to insulation (or other energy saving construction), windows, and roofing. All of this is specific in building code ordinances.

Thus while not an outright ban today, it's an effective ban for new construction and it lays the groundwork for required conversions in the future. There are also financial incentives and regulatory bonuses for those who do opt to construct all electric buildings. For example, new commercial buildings will be let off the hook for required solar facilities if they go all electric now.

Monterey Bay Community Power will also be providing cash incentives, utilizing revenue derived from the electric rates levied in its service communities, which include the City of San Luis Obispo. This means, just as we had forecast, that MBCP is not only in the electric business (really the wheeling of renewable energy certificates) but will use its money and power to help

achieve progressive goals, such as wiping out the natural gas industry and ultimately the fossil fuel industry. The Council Item states in part:

• Financial Incentives: Monterey Bay Community Power (MBCP) is currently developing a multi-year direct incentive program with an initial funding amount of $1.2 million through the end of September 2020. MBCP staff has communicated that the program will be available for new all-electric multi-family and affordable housing units in its service territory and is expected to begin taking applications in May of 2020. More information is available at https://www.mbcommunitypower.org/building-programs/.

MBCP is also giving grants to communities that adopt gas bans.

Reach Code Incentive Program

- MBCP is offering a onetime incentive payment of $15,000 to MBCP member jurisdictions to offset staff costs associated with the adoption of a reach code ordinance
- Program launches May 29, 2020

When this matter was before the City Council last year, it was discovered that Vice-Mayor Andy Pease has an interest in an energy consulting firm with an active practice in the City. Apparently, the firm could benefit from work generated by adoption of this program and the related ordinances. Nevertheless, Pease participated and voted at that time. Later, when threatened with a lawsuit from the natural gas workers union, the City requested an opinion from the State Fair Political Practices Commission (FOP) on whether Pease could participate in future votes on the matter. To date the Commission has not responded despite considerable city pestering.

As a result, the City Attorney has recommended that Pease neither participate in the related portion of the meeting or nor vote.

Background: The City of San Luis Obispo staff and City Council are about to launch yet another regulatory overreach. This time an ordinance is proposed requiring that all new homes be built to accommodate all electric heating and appliances. Even if the homeowner or builder should prefer gas and include gas, the home would have to be designed and built as if it were all-electric.

Not Quite a Ban Yet: The City states that gas is not banned; however, all new homes must be "prewired and retrofit ready." The draft ordinance, which we reviewed, also requires that new commercial and industrial buildings would be subject to the restrictions.

The New Homes That Elect Gas Will Have to Convert in the Future in Any Case: Since the requirement is "retrofit ready," it is likely that the homes would be required to go all electric at some future time. For example, in a few years the City could amend the ordinance to require all the "retrofit ready" homes to be converted when they sell. The seller and buyer would have to figure out how they would pay for the replacement of all the appliances and the furnace to get out of escrow. It is not clear where gas barbeques fit into the scheme. Perhaps the City will ban red meat and smoke at some point soon, thereby rendering the question irrelevant.

What about existing homes? There are many more existing homes with gas furnaces and appliances in the City than there will be new homes over the decades. Staff indicates, "There have been comments suggesting that the applicability increases over time, which we may present to Council as an alternative." Accordingly, it is probable that everyone with a single-family home will be subject to the requirement sooner or later.

Homes that opt for gas furnaces and appliances will be penalized. Staff indicates:
"If a mixed-fuel option is selected, then the project would be required to meet stronger energy performance standards to reduce the emissions impact. In addition, Council will be considering an in-lieu fee proposal wherein natural gas use in new buildings would be offset in an existing building so that there is no net increase in greenhouse gas emissions as a result of the project."

Staff will be developing a long-term retrofit program for Council consideration as part of its 2020/21 work plan. Initially, the City would work to support other agencies/organizations that are already implementing energy efficiency retrofit programs.

In Lieu Tax: In this case higher levels of insulation, window thickness, and other measures would be required of those homes that include gas. Worse yet, there would be an in-lieu fee (an illegal tax) which would have to be paid on the homes that would use gas. Does this mean the funds extracted from the homeowners would be used to assist other building owners to convert to all electric service? This will probably become a wealth transfer program under which politically favored building owners will receive grants passed out by the City Council to switch to all electrical service.

The State has passed a statute that allows cities and counties to establish an in lieu tax for affordable housing. It is not known if a city (even a Charter City like SLO) can impose an in lieu tax for the converting homes to all electric absent a specific State enabling statute.
It is also not clear if there are financial cost benefits or simply more costs.

Staff obliquely reports in this regard:

For our climate zone (Climate Zone 5), The City is referring to the statewide cost effectiveness studies as the primary source of analysis. The studies were written by California Investor-Owned Utilities with support from the California Energy Commission, include analysis and use as a prototype, a 2,700 sq.ft single family home and an 8 unit multi-family building totaling 6,960 sq.ft. of conditioned floor area.

At this point we have no idea. Whether or not the City does is unknown at this point in time.

New Window Requirements: The ordnance also adds requirements for the window insulating capabilities. The proposed ordinance itself contains mathematical standards for engineers and builders.

The staff translates these as:

The fenestration measures are included as part of the "prescriptive path". The prescriptive path is a list of measures, including the fenestration items, that were collectively modeled to achieve the same energy consumption as identified in the performance path while remaining cost effective per California Energy Commission requirements. The vast majority of applicants will use the "performance path", meaning they will illustrate code compliance based on modelled building performance (this approach gives designers more flexibility).We are discussing with California Energy Commission staff to see if a prescriptive path is required or if we can remove. Again it would be helpful to understand what the cost issues are and what this means in terms of the price of homes of varying sizes.

Crippling costs and government interference with no real benefit: From a public policy standpoint there is no legitimate reason to impose this new regulation. Moreover, the entire issue should be taken off the agenda due to the COVID 19 lockdown. The issue is too important to be considered when citizens cannot be in the room.

In 2016 the City updated its 2005 Greenhouse Gas Inventory prefatory to updating its 2012 Climate Action Plan, which is currently under preparation. The table below displays the current status:

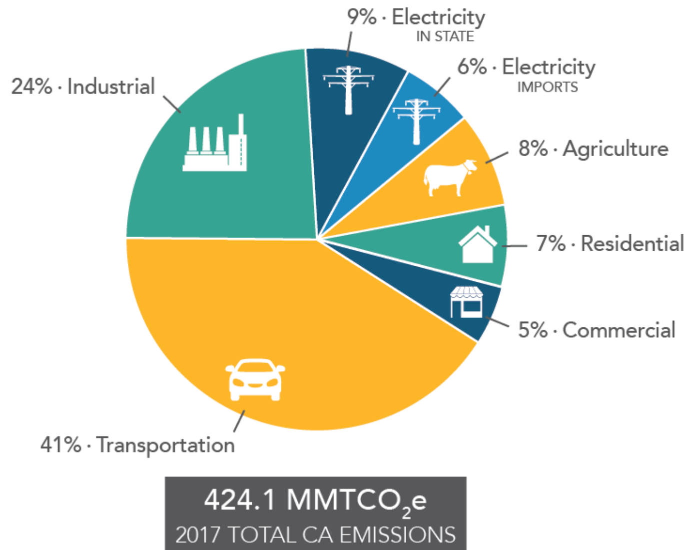
Table 1.3. 2016 GHG emissions.

Sector	Subsector	Subsector $MTCO_2e$	Sector $MTCO_2e$	Sector Percent of Total
Transportation	On-Road Transportation	221,750	221,750	65%
Nonresidential Energy	Commercial/Industrial electricity	31,310		
	Commercial/Industrial natural gas	22,100	53,410	16%
Residential Energy	Residential electricity	14,650		
	Residential natural gas	28,930	43,580	13%
Solid Waste	Community-wide municipal solid waste disposal tons	13,880	13,880	4%
Off-Road	Lawn and Garden Equipment	1,270		
	Construction Equipment	6,960	8,230	2%
Total			**340,850**	**100%**

Note that residential gas produces 28,930 metric tonnes per year of CO2 (MTCO2e) and related greenhouse gases out of 340,000. Staff indicated that the ultimate goal of the gas ban is to reduce the 28,930 (MTCO2e) by 7,800 (MTCO2e). To reach the goal will take years, as the new homes which will be subject to the ordinance will be built gradually, depending on the market absorption rate, the economy, and costs. In the beginning this could be a few hundred (MTCO2e) and growing to a few thousand over the years.

Meanwhile and per the table above, most of the CO_2 is generated by cars and trucks, and much of that in SLO is on State highways, over which the City has no control. Thus the limited reduction claimed for this program has no real benefit of scale, yet is highly intrusive and ultimately costly to homeowners.

Worse Yet: The statewide CO2 generation totals 424.1 MTCO2e per the pie chart below:



Source: California Air Resources Board, August 2019.

The Whole Issue Is a Symbolic Red Herring: San Luis Obispo's total 340,000 MMTCO2e is only .001% of the State total. If San Luis Obispo City eliminated all of its CO_2 totally, it would have no meaningful impact. In turn the amount of natural gas to be reduced (7,800 MMTCO2) is only .00002 %. Why would the City subject its homeowners, builders, and everyone else to the costly, intrusive, and wasteful ordinance? It cannot be justified as public policy on the numbers. Is it simply symbolic virtue signaling of the worst kind. Oh and by the way, the Diablo Power Plant forestalls the production of 8 million Metric tonnes of CO_2 every year. This will largely be replaced by natural gas to provide the base loads at night. Remember, most of the Monterey Bay Power Authority electricity is not flowing from British Columbia hydro or some other CO_2 free source, but is simply a trading scheme of clean energy certificates.

The actual electrons will come from PG&E and other gas sources, especially after the Diablo plant closes.
What did the SLO City Council ever do to help keep Diablo open?

Local Agency Formation Commission Meeting of Thursday, June18, 2020 (Cancelled)

NOTICE

Please be advised that the June 18, 2020, meeting of the LOCAL AGENCY FORMATION COMMISSION (LAFCO) has been canceled. The next LAFCO meeting will be held on Thursday, July 16, 2020.

Integrated Waste Management Authority (IWMA) Meeting of Thursday, July 18, 2020 (Scheduled)

16. Discussion Regarding Single-Use Take-Out Utensils and Accessories in San Luis Obispo County.
Page 163
Recommendation: Based on public requests the Executive Committee asked Staff to add to the Board agenda a line item to discuss the increased use of single-use take out utensils and accessories and provide direction to staff.

There is no write-up or staff proposal. During the previous meeting several of the Directors complained about plastic utensils that are included with take-out food. The thrust will be to ban them.

LAST WEEK'S HIGHLIGHTS

San Luis Obispo County Board of Supervisors Meetings of Monday, June 8, 2020 and Wednesday, June 10, 2020 (Completed)

Item 1 - Update and possible action on COVID-19 in San Luis Obispo County. Again there is no write-up or attached material. The report was verbal.

Item 3 - Proposed FY 2020-21 Budget Review. The Board gave cursory review to the nearly three-quarter billion-dollar budget (when all governmental and other funds are included). The review day was consumed on a proposed $2 million reduction in the Sheriffs budget, which was mainly attributable to a reduction in the Proposition 172 sales tax revenue due to the government imposed recession attributed to the COVID-19 lockdown. Over 50 people telephoned or Zoomed in opposing the reduction. In the end the Board restored most of it on a split 4/1vote, with Arnold dissenting. Arnold did not support the cut to the Sheriff's office but (a) wanted to restore the entire cut and (b) wanted to make up the restoration with reductions to other accounts such as travel, car purchases, organizational development training (OD – overtime and donuts), etc. For whatever reason, the rest of the Board was not interested in this very responsible approach.

In the end the General budget of $670 million was reduced by about $17 million as a first step in what is estimated to be a $36 to $52 million problem.

After the staff has time to absorb the impact of the State Budget, which has not yet been adopted, more reductions will be proposed. Also the full impact of the Government imposed financial recession will be evaluated and built into recommended reductions.

Background:

1. The lockdown means that sales taxes, hotel taxes, state grants, and a number of fees are down. At this point and per the slide below, the problem in the General Fund is believed to be somewhere between $32 and $56 million in FY 2020-2021. There are also problems in special revenue funds, which are not projected here.

General Fund Revenue Budget Gap

Revenue Category	FY 2020-21 Budget	Est. Decrease due to COVID-19	Driven By
Departmental Revenue	315,439,082	$12-20M	State budget State economy
Non-Departmental Revenue	228,765,429	$8-12M	Local economy
Fund Balance Available	32,768,135	$12-24M	Decisions we make in the current year
TOTAL	**576,972,646**	**$32-56M**	

2. The Budget was prepared prior to the COVID lockdown and now must be reduced. As a first step the staff recommends a reduction of $19.3 million, which is summarized in the table below.

Following are the recommendations for the Board's consideration during the Budget Hearing:

Long-Term Reductions (addresses gaps over multiple years)	
Recommendation	**Expected Savings**
4% reduction to non-public safety departments FY 2020-21 recommended General Fund support	$5.5M
1% reduction to public safety departments FY 2020-21 recommended General Fund support	$966K
Prop 172 reductions for Sheriff-Coroner, Probation, District Attorney, County Fire	$2.4M
Subtotal	**$8.8M**
Short-Term Reductions (addresses gap in a single year)	
Recommendation	**Expected Savings**
Use of Prop 172 Trust funds	$1.0M
Decrease General Reserve	$3.0M
Eliminate Property Tax Litigation Designation	$798K
Decrease General Government Building Replacement designation	$2.0M
Eliminate FY 2020-21 depreciation provided to General Government Building Replacement designation	$3.7M
Subtotal	**$10.5M**
TOTAL	**$19.3M**

The $8.8 million of initially recommended reductions is displayed in the table above. The $10.5 million of reductions in the bottom half the table come from use of reserves or deferring contributions to reserves for building maintenance and replacement. About $2 million of the proposed reduction attributable to the Sheriff's office was rejected.

3. After the reduction of the first $19.3 million, there will still exist an estimated gap of $12.7 million to $36.7 million. The Budget indicates that as originally presented, it contained funding for 2,810 full time equivalent positions (FTEs). The 3rd quarter financial report showed that the vacancy rate was about 5.7%. The total salary and benefits included in the budget are about $327 million. A 5.7% vacancy rate would yield about $18.6 million, which could be saved across all funds; however some of the non-general fund portions may not help, as they are based on categorical revenues earmarked marked for specific purposes. It is also not known if the vacancy savings has already been applied to the calculations prior to the analysis that developed the $19.3 million figure above. In any case leaving the vacant positions open could save a substantial amount. The County has imposed a hiring freeze, but how it impacts the calculation here is not explicated.

4. By the end of the 2009-2011 recession the County was operating with about 2,400 FTEs. At that point the County seemed to be operating fine. The current average value of fully loaded FTE (salary and benefits) is about $116,370. If the County reduced the FTE count beyond the vacancies by, say 200 in the general fund, it could save $23,374,000 million. This would entail layoffs and/or furloughs.

The graph does not include FTEs in contracted services such as Cal Fire, The Public Defender Law Group, or the Public Safety Medical Group. If those FTE's were counted the total would be well over 3,000.

5. As an alternative the County might be able to negotiate tradeoffs with its unions to forestall layoffs. This has the benefit of preserving services and protecting the employees' jobs, health care, and pensions. The Budget Book shows that the salaries and benefits should increase from $311,766,145 to $326,977,944 million from FY 2020 to FY 2021, up $15.2 million. If the unions were to agree to defer or not take these, the County could save the $15.2 million. This would also require that the unions agree to not receive the 5% steps within the existing salary ranges.
By adding steps 3, 4, and 5, above, the County can theoretically generate $57.2 million in savings. One caveat is that some of this amount is contained within restricted categorical funds where reductions have less benefit unless the related revenues are being reduced. Another is that as a matter of policy, the County does not wish to reduce public safety, as in Sheriff, Jail, District Attorney, Public Defender, and Probation. Thus it would not be possible to achieve the entire $57 million. On the other hand, we know that the County was operating with about 400 fewer employees 10 years ago. There may be a sweet spot in the calculation range.

6. At this point the State of California is reporting a $54 billion impending deficit. A significant portion of County revenue is derived from grants, reimbursements, and direct revenues from the State. The staff and Board can only speculate on how these may be impacted once the State actually adopts a budget. For this reason, once the first round of reductions takes place in the County budget, a 2nd round or even 3rd will have to occur, perhaps in early autumn. Governor Newsome is banking on his Aunt Nancy's $3 trillion dollar pork debt financed proposal to bail out the blue states, which are all facing huge deficits. Whether such a bill will pass and in what form is hard to predict at this point. The County will stall a little to see what happens.

7. It is unlikely that the Board of Supervisors will raise fees to offset some of the reductions. Raising fees in the teeth of business lockdowns and tens of thousands of unemployed would be murder. Tax increases require the vote of the people and again would be generally opposed. Relatedly, there is not time to go through the required ballot measure process.

8. Another possibility is that the revenue loss estimates are too high and based on data from March, April, and May. Recent data show that the economy seems to be resurging, even with the country and state still in partial lockdown. Time may show that fewer reductions are needed. Again the budget reductions will be a moving target over time. Of course, an alternative is to bite the bullet now, and make broad reductions. The City of Santa Monica realized that it had fattened up over the prior decade and used the crisis as an opportunity to retire, lay off, and privatize its staff by hundreds. It was rough going in that the City Manager was fired or quit and Deputy City Manager Katy Lichtig (of former SLO City fame) retired.

Financing Sources and Uses Summary

Description	2017-18 Actual	2018-19 Actual	2019-20 Final	2020-21 Recommended
Financing Sources				
Taxes	204,280,821	209,372,811	215,322,816	228,124,595
Licenses and Permits	11,154,935	12,156,793	12,370,090	12,127,391
Fines, Forfeitures and Penalties	5,008,443	4,480,593	5,174,734	5,262,189
Revenue from Use of Money & Property	5,846,742	7,420,990	3,443,565	4,282,169
Intergovernmental Revenues	258,580,140	265,470,304	283,064,642	288,667,460
Charges for Services	35,048,698	34,571,017	31,333,821	31,854,315
Other Revenues	41,501,459	29,979,373	28,378,532	34,047,773
Fund Balance	0*	0*	36,489,298	34,377,121
Use of Reserves & Designations	0*	0*	5,277,570	5,964,933
Other Financing Sources	41,081,357	31,438,362	27,176,666	26,034,277
Decreases to Fund Balance	0	0	0	0
Total Financing Sources	**602,502,595**	**594,890,243**	**648,031,734**	**670,742,223**

*cancellation of reserves and designations and use of fund balance included in Other Financial Sources

The balance of this table is continued on the next page:

Total Financing Sources	602,502,595	594,890,243	648,031,734	670,742,223
Uses of Financing by Function				
Land Based	69,884,349	61,463,537	60,031,985	63,846,361
Public Protection	155,085,214	163,725,205	172,858,222	182,107,642
Health and Human Services	218,717,311	227,934,832	253,032,322	257,422,439
Community Services	21,226,799	21,886,634	22,012,218	22,925,769
Fiscal and Administrative	27,462,857	26,190,133	30,065,408	28,774,984
Support to County Departments	30,861,985	31,891,586	33,933,663	36,352,565
Financing	98,843,386	31,011,020	21,317,082	22,467,890
Capital and Maintenance	17,541,723	12,954,994	8,590,345	10,598,000
Contingencies	0	0	26,932,259	27,667,444
Reserves & Designations	0	0	19,258,230	18,579,129
Increases (Decreases) to Fund Balance	(37,121,028)	17,832,302	0	0

Uses of Financing by Type				
Salary & Benefits	288,035,642	291,782,613	311,766,145	326,977,944
Services & Supplies	171,273,424	186,045,716	199,118,761	212,019,490
Other Charges	172,123,973	101,469,538	103,186,033	102,189,369
Fixed Assets	34,276,971	24,689,409	17,390,163	18,661,125
Transfers	(26,086,387)	(26,929,335)	(29,619,857)	(35,352,278)
Increases to Reserves/Designations	0*	0*	19,258,230	18,579,129
Increases/(decreases) to Fund Balance	(37,121,028)	17,832,302	0	0
Contingencies	0*	0*	26,932,259	27,667,444
Total Financing by Type	**602,502,595**	**594,890,243**	**648,031,734**	**670,742,223**

*use of reserves and designations and contingencies are included in individual financing types

San Luis Obispo County Board of Supervisors Board Meeting of Wednesday, June 10, 2020 (Cancelled)

Item 1 - Continuation of Budget Review Hearing on the FY 2021 Proposed Budget. This session was set to allocate over $2 million in requests from a multitude of not-for-profit health, social service, youth serving, aging serving, economic development, and other community-based agencies. The meeting was cancelled because the Board determined that specific allocations to the program should be postponed until larger budget issues are resolved after it is known how the State Budget impacts the County. Secondly, the speed of economic recovery will be a factor determining available revenue. The issue is likely to be taken up after adoption of a State Budget and after there has been time to assess the specific reductions by program.

Background: Beginning in the late 1960s, many of these were funded under the Federal Office Of Economic Opportunity's "War On Poverty Program." When the program ended in the 1980's, the County took over the funding using its local general fund tax dollars. The agencies submit competitive proposals, and there is never enough money.

It is doubtful that the Board will enact any reductions below last year's level, due to the criticality of the County funding, which allows the agencies to leverage other State, Federal, and private

funding, thus providing a multiplier effect. If the County had to run the programs itself, the programs would cost millions more in the public sector unionized civil service model

Planning Commission Meeting of Thursday, June 11, 2020 (Completed)

Item 8 - Hearing to consider a request by the County of San Luis Obispo to amend the County Land Use Ordinance (Title 22) and Construction Ordinance (Title 19) to be consistent with the Paso Robles Sub basin Groundwater Sustainability Plan (GSP) to: 1) Update the mapping boundary of the Paso Robles Groundwater Basin; 2) Update the mapping boundary of the Area of Severe Decline within the Paso Robles Groundwater Basin; 3) Clarify the requirements for fallowing per the Agricultural Offset Ordinance; and 4) Clarify "de minimis" terminology. Also to be considered is an addendum to the Supplemental Environmental Impact Report (SCH 2014081056) certified for the Countywide Water Conservation Program in 2015, prepared in accordance with the applicable provisions of the California Environmental Quality Act, Public Resources Code Section 21000 et. seq., is proposed for amendments to Title 22 Section 22.30.204 Agricultural Offset Requirements and Title 19 Section 19.07.042 Water Conservation Provisions.

Background: This was considered in February. There were so many problems that the Commission sent it back for rework. It has profound implications for farmers, ranchers, and other overliers in the Paso Basin. The current issues are derived from the Board's original decision in 2014 to place the Basin under a moratorium. At that time the Board promised that the moratorium would end when the SGMA plan for the Basin was completed. Late last year everyone realized that completing the Plan in and of itself would not protect the basin because it would take years to implement the water saving mechanisms, fees, and regulations. This in turn meant that the moratorium had to be extended.

Similarly it was determined that the Basin boundary included in the SGMA plan does not match the State's official boundary. The issues detailed below are some of the fallout.

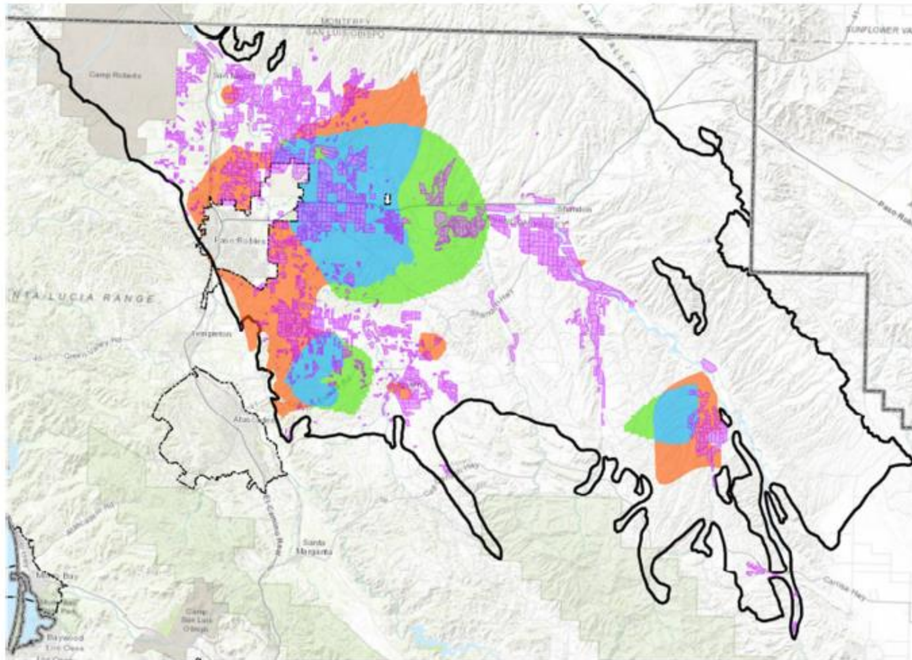
Staff has conflated 2 major policy issues:

1. Paso Basin Boundary Conformity With State Bulletin 118. The issue of adding 101,000 acres to the far eastern side of the Basin was already causing concern among many impacted property owners, especially those on the fringe whose property will be partially within the Basin and partially outside under the new boundaries.

A larger problem has emerged. The adopted SGMA Paso Basin Groundwater Sustainability Plan (GSP) for the Basin contains substantially different areas defined as *in severe water decline* than did previously accepted documents.

2. Major changes in Basin Areas of Severe Decline. The new map below displays the difference. This change was not highlighted when the Board of Supervisors adopted the GSP. It is not known if the Board members were aware of the huge difference.

Major Changes in Areas Defined as In Severe Decline



- Green = added
- Orange = removed
- Blue = unaffected
- Purple = irrigated crops

The table below presents the same data in tabular form. Over 26,000 acres are added from the areas of severe decline and 36,000 are removed. The shift has huge implications and impacts for every property owner whose land is changing status. Those in areas of severe decline are subject to more strict water regulation and development restrictions than those outside.

Table 2: Summary of Changes to the Area of Severe Decline Map

Area of Severe Decline			
Change	**Area (acres)**	**Properties**	**Property Owners**
Added	26,443	455	300
Removed	36,936	1,767	1,437
Net Change	-10,493	-1,312	-1,137
Percent Change	-14%	-32%	-34%

3. How could the analysis have changed so radically from 2018 until 2019? The areas of severe decline on previous maps remained essentially the same for a decade and a half. During this period the County spent millions of dollars on 3 successive studies which tracked the progressive drop in water levels in various parts of the basin. Oops, how does much of that get thrown out and replaced?

When Planning Commissioners asked the question, staff said that the consultant that developed the GSP plotted the data and developed the map. Staff also indicated that the data was from County monitoring wells. But the data was always from the same County monitoring wells. Why

the sudden change? The staff answer is what we call a non-answer. It does not explain the underlying analysis, measurements, or anything else which would justify the radical revision.

Either the County spent millions of dollars over the past decades for data which was wrong and then established a moratorium on that basis or the SGMA study is wrong. Or worse yet, was it somehow manipulated? Perhaps the County needs a forensic audit on this subject.

4. The County water moratorium established in 2014 on an emergency basis, and then made permanent by ordinance following a study and more consultant work, was and is based on the data and map which has now been radically changed. After all, a swap of 63,406 acres in a basin of 400,000 acres (SLO County Portion) is not insignificant.

Similarly, a swap of 2,577 properties is not insignificant.

Remember, the data was used to impose a water moratorium on a 400,000 acre basin with the most severe restrictions in the areas defined as in severe decline.

5. If the data can be redefined so easily, was and is the moratorium even legal?

4. How could 36, 936 acres which had been listed and regulated as in severe decline suddenly be removed from the projection without a CEQA analysis?

6. The staff and Commission have changed the meaning of the legal term de minimis as it pertains to water use. Under the water code and in SGMA, it means a user of 2 acre feet per year. The Commission cannot just decide that the staff can set its own version. It has been speculated that the staff wishes to remove the de minimis label because its omission would allow the County and the other water districts to slap a fee on overliers. They cannot do this where the users are labeled as de minimis under state statute.

The Department of Public Works recommended clarifying the term "de minimis" in the Agricultural Offset Ordinance to avoid confusion with the definition in the GSP. The Agricultural Offset Ordinance in Title 22 allows a one-time exemption for sites outside the Area of Severe Decline without existing irrigation to plant irrigated crops with a water demand of up to 5 AFY per site. This exemption is currently labeled as a "de minimis" exemption. The GSP and California Water Code define "de minimis" groundwater users for SGMA as those who use 2 AFY or less for domestic use. The attached ordinance removes the "de minimis" label from the 5 AFY exemption, keeping the exemption intact, to avoid confusion with the GSP definition

7. The report glaringly omits the status of the over 850 properties which have been confirmed in their Quiet Title to the water underlying their thousands of acres of land in the basin. Neither the County nor the other water districts may regulate these users without having the specifics approved by the Superior Court under the terms of the Quiet Title determination. The significance of this commission could blow the whole SGMA effort as well as this map revision right out of the water, so to speak.

The staff has divided the various projects related to regulation of the basin into 3 phases.

Phase 1 (adopted, effective December 5, 2019)
o Extend the termination date for the Water Neutral New Development Standards from the date of GSP adoption to January 1, 2022.
o Eliminate off-site transfers of water demand to convert irrigated crops.
o Include an applied water factor for hemp and supplementally irrigated dry cropland in the Agricultural Offset Ordinance.
o Establish a process to determine applied water factors for crops not specified in the Agricultural Offset Ordinance.
o Require a recorded disclosure form instead of a deed restriction for the Agricultural Offset Program.

COLAB NOTE: Phase 1.5 was supposedly directed by the Board in December, 2019. It is true the Board directed that Planning work to conform the boundary of the basin to the SGMA Plan. But reconfiguring the Area of Severe Decline was not part of the direction.

 Phase 1.5 (this hearing item)
o Update the maps of the Paso Basin and the Area of Severe Decline in the Paso Basin to be consistent with the GSP.
o Create a fallowing registration.

Phase 2 (pending environmental determination)
For new irrigated crop production:
o Expand the one-time exemption for sites without existing irrigation to allow 25 acre-feet per year (AFY) instead of 5 AFY of water demand per site, considering parcel size.
o Extend the lookback period beyond 5 years to establish the baseline of existing irrigated crop production and water demand.
o Discuss re-allowing off-site transfers of water demand to convert irrigated crops

For non-agricultural new development:
o Revisit water offset fees and water usage assumptions for the Paso Basin.
o Revisit the Paso Basin Planning Area Standards prohibiting land divisions and General Plan Amendments that increase water demand.
o Revisit the 1:1 water offset requirement for the Nipomo Mesa.

Background: This was considered in February. There were so many problems that the Commission sent it back for rework. It has profound implications for farmers, ranchers, and other overliers in the Paso Basin. It all came back this week and contained a disastrous bait and switch.

It should not have been on the agenda during the lockdown, when the public cannot organize, attend, or comment in person. To that end we asked the Commission to postpone it until the

public could attend. Commissioner Campbell attempted to persuade the Commission in this regard but was unable to get them to agree.

Dear Planning Commissioners and Director Keith: June 4, 2020

This item contains major policy which will have substantial impact on overliers of all types. The matter should be postponed until after the COVID lockdown is phased out to when the meeting can be held with the public in attendance in person. This is too important to handle by zoom. Please continue the meeting until we can be present. Staff will be in the room but we won't. Just the sudden changes in the maps of the serious overdraft areas raise a myriad of questions about the whole set of policies and regulations. How could the picture change so profoundly from a few years ago to be less severe?
It is possible that many concerned citizens don't even have Zoom. Just the slide deck is 25 PowerPoints, which at 3 minutes per slide, is 75 minutes. This is a complex matter .
Also this matter should be advertised beyond the normal agenda posting. According to the write up, some of the meetings with various Basin interest groups and citizens were held by zoom which is not sufficient in this case.
Please postpone until you can have a live meeting with the public in the chambers. Thank you for your understanding.

Mike Brown, Government Affairs Director COLAB

The Boundary Change: The staff recommended last December that the boundary of the area subject to the Paso Basin water moratorium and its sub-component regulations be brought into conformance with State designated Paso Basin boundaries. The Board of Supervisors agreed and directed that staff process the change through the Planning Commission. This action is necessary to conform the boundaries of the area recognized by the State and the Paso Basin Groundwater Sustainability Plan (GSP).

It means that the areas shown in green (in the map below) are added, and the areas shown in orange are deleted.

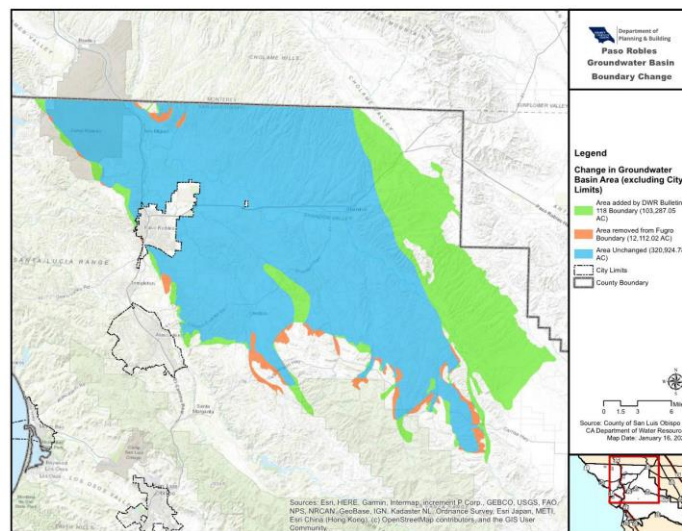
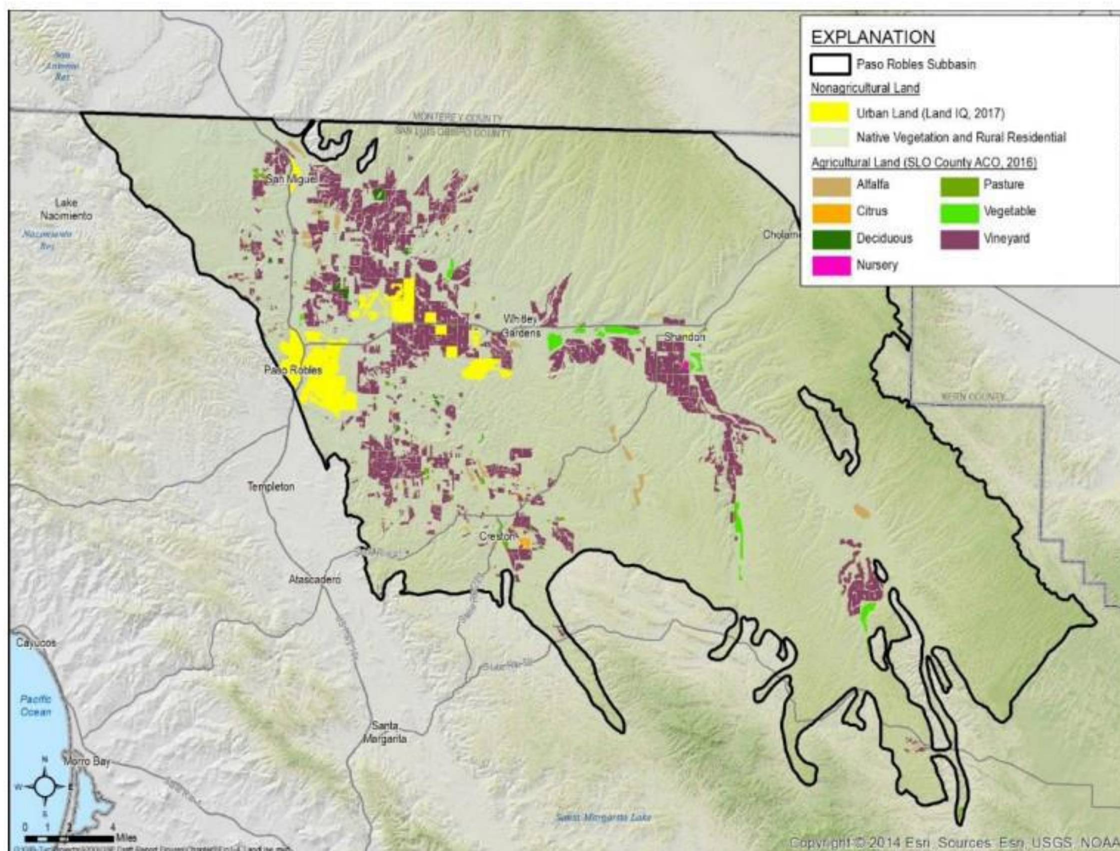


Figure 3: Change in Paso Basin Area

A summary of the differences between the Fugro and Bulletin 118 Paso Basin maps in terms of the number of included acres, properties, and property owners is shown in Table 1 below. With this update, 945 properties (524 owners) that are not currently considered to be in the Paso Basin would now be within the basin. 301 properties (244 owners) that are currently considered to be in the Paso Basin would be removed. Overall, the changes would be a 27% increase in area, 8% increase in affected properties, and 5% increase in affected property owners.

Table 1: Summary of Changes to the Paso Basin Map

Paso Robles Groundwater Basin			
Change	**Area (acres)**	**Properties**	**Property Owners**
Added	103,287	945	524
Removed	12,112	301	244
Net Change	91,175	644	280
Percent Change	27%	8%	5%



This change is actually pretty significant, and many cattle ranches are included. The staff writes the impact off as de minimus, stating in part:

Most of the acres added to the Paso Basin in the updated map are properties in the eastern portion of the basin where the existing land use is native vegetation and rural residential uses without existing irrigated crop production on-site. The Agricultural Offset Ordinance (Section 22.30.204) would prohibit planting new commercial irrigated crops on these properties, (except for a 5 AFY de minimus exemption if the property is not located in the Area of Severe Decline) unless off-site agricultural offsets are re-allowed in the future. Most of the added area is composed of large grazing properties with low residential density that will be minimally impacted by the 1:1 offset requirement for new construction (Section 19.07.042). The Paso Basin Planning Area Standards (Section 22.94.025) would 1) require a 2:1 water offset and low-water using landscaping for projects approved through a discretionary land use permit, and 2) prohibit General Plan Amendments that increase water demand and land divisions in the added areas, excluding San Miguel and Shandon. The Phase 2 WNND Amendments will re-examine the requirements of the 1:1 offset ordinances and the planning area standards.
Should the impacted ranchers wish to add a residence or irrigated crops, they will now be subject to the various basin moratorium requirements.

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

WOKE CHAOS AND NAKED POWER
THE TOOLS THAT PREVENT UNITY
BY BEN SHAPIRO

With the death of George Floyd—a heinous atrocity virtually every American decries—unity should have prevailed.

Americans hate police brutality; Americans care about black lives; Americans despise looting and rioting; Americans want to protect citizens but preserve the ability of the police to stop crime.

Instead, the country seems to be falling apart. That's because of the utterly chaotic political and media response to the Floyd tragedy: a response that demands agreement but, most of all, requires compliance. You must kneel.

You must kneel because you cannot understand. You simply cannot. If you have to ask for a definition of systemic privilege, we are told, it's because your white privilege has blinded you to

reality. If you point out that not all inequality is inequity, we are told, it is because your latent racism is leeching into your worldview.

If you defend America's history, philosophy, and culture—or, God forbid, her flag—you must apologize. And, if Drew Brees is any indicator, your wife must also apologize, and your second cousin once removed.

You may not understand what is being demanded of you. You may see the wave of conflicting messages emanating from the press and wonder just what you're supposed to do. But the chaos is the point. You are supposed to be confused. Confusion is a political weapon. Clarity is a shield.

If our media and political class can prevent clarity, they can prevent unity; if they can obscure, they can demand acquiescence.

Thus, we hear messages that are obviously in direct conflict with one another. And, we are told, our inability to square those messages means that we must listen to the woke priesthood that can untangle these Gordian knots.

Thus, we hear that silence is violence, that being non-racist simply isn't enough, and you must actively fight racism. But we also hear that speech is violence, that if you oppose policies the political left supports, your words are a form of violence and you must be silenced. The only safe path, therefore, is parroting the messages of those initiated in the religion of wokeness.

Thus, we hear that individuals ought not be held responsible for the sins of those in their racial group, and that's why it's so wrong for police to engage in profiling. But we also hear that white Americans bear full responsibility for the sins of both modern racists and historic racists, and ought to atone on behalf of their race and their country. And if you refuse, you must be considered racist.

Thus, we hear that the police are the greatest threat to black Americans, and that's why they must be defunded. But we also hear that police absence, a product of racism, created the conditions that originally led to higher crime rates in black communities. We can, therefore, blame the police for crime whether they're present or absent in minority communities.

Thus, we hear that the rioting and looting were exaggerated by the media, or that they were largely the product of white Antifa members. But we also hear that rioting and looting are the justified outgrowth of centuries of black rage. You cannot, therefore, oppose rioting and looting too strenuously, lest you be labeled a racist.

Thus, we hear that COVID-19 is so extraordinarily dangerous that anti-lockdown protesters were endangering the lives of other Americans; in fact, they were racist, since COVID-19 has disproportionately affected minority communities. But we also hear that protesting racism is so extraordinarily important that we can freely ignore all restrictions surrounding COVID-19—and, indeed, that we have an obligation to do so.

Thus, we hear that journalists ought to be treated with the utmost respect because they are doing a difficult job and pursuing facts and the truth; and that harsh words spoken about journalists reflect underlying unease about freedom of the press. But we also hear that journalists are actually activists and thus have a duty not to be objective; op-ed editors should be fired for the sin of green-lighting pieces opposed by woke staffers.

In the end, our republic runs only so long as we're able to hold some semblance of logical conversation with one another. But the republic isn't running.

Instead, we are battered with logically incoherent nonsense, a variety of messages that carry only one consistent bottom line: Shut up. Believe. Repeat.

The chaos of the moment isn't a bug; it's a feature. And the more confused we are, the less we can possibly hold together, despite the fact that nearly all Americans agree on the most important issues.

Ben Shapiro is host of "The Ben Shapiro Show" and editor-in-chief of DailyWire.com. He is The New York Times best-selling author of "Bullies." He is a graduate of UCLA and Harvard Law School, and lives with his wife and two children in Los Angeles. This article first appeared in the Daily Signal of June 11, 2020.

CALIFORNIA'S OUTBOUND MIGRATION CONTINUES, WITH SOME IN-STATE DIVERSIONS

BY KATY GRIMES

The states with no income taxes gained the greatest wealth, while the states with the highest income taxes lost the most

With Antifa and Black Lives Matter riots breaking out across California, some city dwellers are longing for safer neighborhoods, and safer towns. Following the death of George Floyd in Minneapolis by a police officer, radicals in BLM and Antifa – which ironically stands for "anti-Fascist" – used Floyd's death as an opportunity and excuse to wreak havoc.

For many Californians, the final straw came sooner, as more than 691,145 Californians left the state in 2018. Texas nabbed 86,164 former Californians that year, according to an Orange County Register report. "Census Bureau migration data for 2018 shows in raw terms of people moving, the top spot for Californians is Texas, which got 86,164 Californians in 2018. Next

came Arizona (68,516), Washington (55,467), Nevada (50,707), and Oregon (43,058). All told, California had the most exits among the state and that wave grew by 4% in a year."

The California Legislative Analyst also reported that for many years, more Californians have left for other states than move here. According to data from the American Community Survey, from 2007 to 2016, about 5 million people moved to California from other states, while about 6 million left California. On net, the state lost 1 million residents to domestic migration—about 2.5 percent of its total population.

Now we are starting to see outbound migration from California's big cities to smaller cities and towns, and to the state's rural counties – if they even choose to stay in California.

Real Estate agents regularly report trends, and Carol Butler, who owns 50Cabins.com and is a Resort & Second Home Specialist, says that now that people realize that they can work from home, many are choosing to make their primary home in a beautiful place outside of a big city. "I'm selling more primary homes in Tahoe and El Dorado County, and I'm a Resort & Second Home Specialist!" Butler said. "It's as busy as ever; I just wish we had more inventory! The economy here is surprisingly strong for the Tahoe and surrounding area market."
Butler said the other benefit is the "perceived safety" outside of big cities. The riots did not make it to El Dorado County, although she said there were a few BLM protesters in South Lake Tahoe – but no violence or destruction.

Butler noted that the cabins and mountain homes she usually sells to second home buyers, are being purchased by primary home buyers now. "And those sellers are leaving California!"

We know why California companies leave for other states: Chief Executive Magazine reports year after year that when CEOs across the country are surveyed, they name California as the worst state in the country in which to have to do business. California has the highest-in-the-nation taxes, one of the highest business tax climates, with the Tax Foundation ranking California at No. 49 – the second worst in the nation, ahead only of New Jersey.

California's 13.3% income tax rate is the highest marginal tax rate in the nation. And when you add in up to 37% federal taxes, living in California is expensive right off the top, and especially now that we cannot deduct state taxes against the federal.
Sacramento real estate agent Stephen G. reports he is seeing more and more home sellers leaving for other states. Initially the reasons were primarily due to the high cost of living in California. After the statewide lockdown, with schools and businesses closed for months, and then the riots the last two weeks, he said he expects to see more people reaching a tipping point, making the decision to move out of state.

Relocation specialist Joe Vranich, who used to live in California, for years has documented the outbound migration of businesses. "Business-flight appears to have gotten worse since I issued my recent report, 'Why Companies Leave California', which found that at least 13,000 companies moved out of state during the 2008-2016 period (the latest available figures)," Vranich wrote for Fox and Hounds last year.

"The cost: $76.7 billion in capital was diverted out of California along with 275,000 Jobs – and companies acquired at least 133 million square feet of space elsewhere. All of those findings are greatly understated because relevant information often went unreported in source materials."

Vranich knows how and why businesses leave California:

"California's current crop of politicians point to the occasional economic development 'win' with pride while ignoring the overall business migration to other states. Let's be candid about who they are – business-hostile Democrats who've never run a business, never raised capital, never built a building, never met a payroll, never arranged for employee health-care policies, never sold a product or service, never competed with lower-priced foreign competitors, and never paid any of the countless taxes and fees imposed by various levels of government."

"Between 1995 and 2010, millions of Americans moved between the states, taking with them over $2 trillion in adjusted gross incomes," author Travis Brown says in "How Money Walks: *How $2 Trillion Moved Between the States, and Why It Matters*."

"Two trillion dollars is equivalent to the GDP of California, the ninth largest in the world. It's a lot of money. Some states, like Florida, saw tremendous gains ($86.4 billion), while others, like New York, experienced massive losses ($58.6 billion). People moved, and they took their working wealth with them."

"Money—and people—moved from high-tax states to low-tax ones. And the tax that seemed to matter the most? The personal income tax. The states with no income taxes gained the greatest wealth, while the states with the highest income taxes lost the most. Why does this matter? Because the robust presence of working wealth is the leading indicator of economic health."

According to "How Money Walks," California lost $58.63 billion in annual adjusted gross income.

Katy Grimes, the Editor of the California Globe, is a long-time Investigative Journalist covering the California State Capitol, and the co-author of California's War Against Donald Trump: Who Wins? Who Loses? This article first appeared in the June, 2020 California Globe.

ANNOUNCEMENTS

SOCALGAS® IS HERE FOR YOU.

We understand this is a challenging time for us all. Rest assured, your natural gas service will still be there for your community. For more information on how we're helping our customers, please visit **socalgas.com/coronavirus**

ALERT
ANDY CALDWELL SHOW NOW LOCAL IN SLO COUNTY

Now you can listen to THE ANDY CALDWELL SHOW in *Santa Barbara, Santa Maria & San Luis Obispo Counties!*

We are pleased to announce that The Andy Caldwell Show is now broadcasting out of San Luis Obispo County on FM 98.5 in addition to AM 1290 Santa Barbara and AM 1440 Santa Maria

The show now covers the broadcast area from Ventura to Templeton -

THE only show of its kind on the Central Coast covering local, state, national and international issues!
3:00 – 5:00 PM WEEKDAYS

You can also listen to The Andy Caldwell Show LIVE on the Tune In Radio App and previously aired shows at:

COUNTY UPDATES OCCUR MONDAYS AT 4:30 PM

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
San Luis Obispo County
"Your Property – Your Taxes – Our Future"
PO Box 13601 – San Luis Obispo, CA 93406 / Phone: 805.548-0340
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)