COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
JUNE 19 - 25, 2022

THIS WEEK

COUNTY BOOMS US REP CARBAJAL

AS IT DETAILS ALL THE "NIFTY" GOODIES IN THE $500 BILLION FEDERAL INFRASTRUTURE ACT - MORE DEBT & INFLATION

LEGAL ADOPTION OF THE FY 2022-23 BUDGET PENSION COST INCREASE

VARIOUS UNION CONTRACT INCREASES

LAST WEEK

ANEMIC BOS REVIEW OF FY 2022-23 COUNTY BUDGET

$781.4 MILLION (750 pages) APPROVED IN 2 HOURS & 28 MINUTES

CENTRAL COAST COMMUNITY ENERGY BOARD

LOCAL AGENCY FORMATION COMMISSION

CANCELLED

AIR POLLUTION CONTROL DISTRICT HEARING BOARD

WHAT'S UP? - DUNES DUST REGULATIONS - NO WRITE-UP
POSSIBLE BROWN ACT VIOLATION ASSERTED

EMERGENT ISSUES

COVID SIMMERING

SUPERVISOR ELECTION UPDATE

2nd DISTRICT IN DEAD HEAT FOR RUNOFF WITH 7,000 VOTES TO COUNT

SENATOR DIANNE FEINSTEIN

WHY I CHANGED MY MINDABOUT CALIFORNIA'S DIABLO CANYON NUCLEAR PLANT

WASHINGTON EXAMINER

California tries to pass the buck on Diablo Canyon

COLAB IN DEPTH

SEE PAGE 25

CALIFORNIA SCHEMING: THE PROGRESSIVE LEADERSHIP'S NEW PLAN TO IMPOSE HIGH-COST, LOW-QUALITY MEDICAL CARE

With a budget surplus of more than $200 million, the California legislature is thinking big, really big, and that means one thing: single-payer government healthcare, which recently was introduced as AB 1400

BY WILLIAM ANDERSON

THE SELFISH CALIFORNIAN

THE SILICON VALLEY MOTTO SHOULD BE "I CREATE INEQUALITY BY HATING INEQUALITY."

BY VICTOR DAVIS HANSON

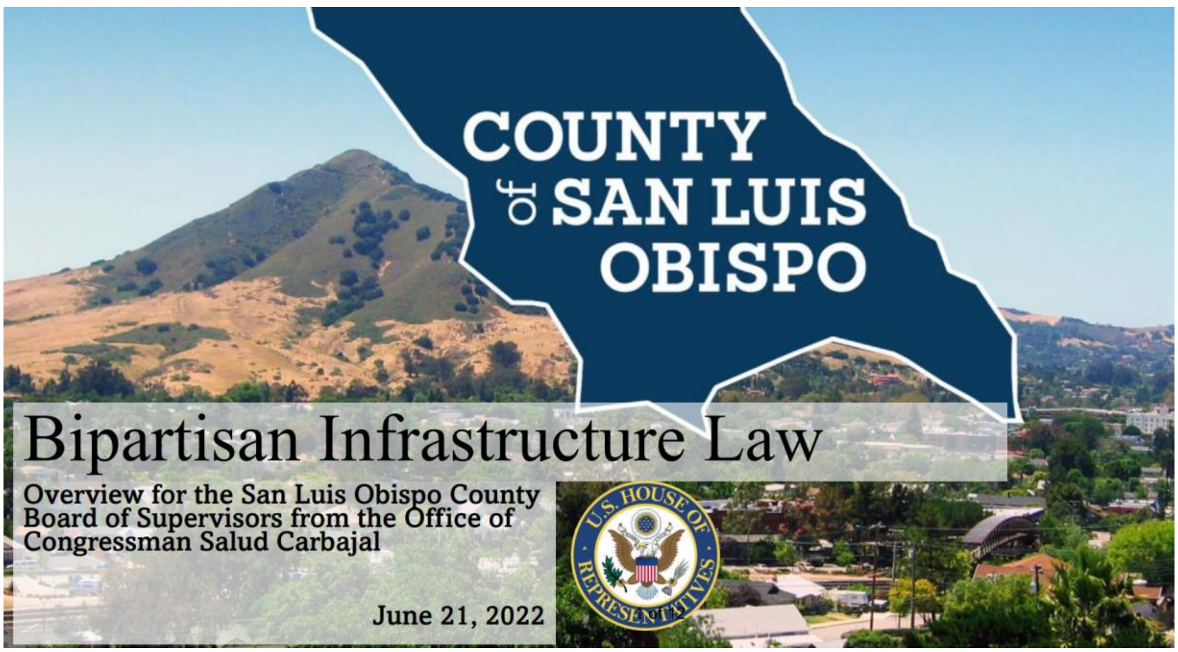
THIS WEEK'S HIGHLIGHTS

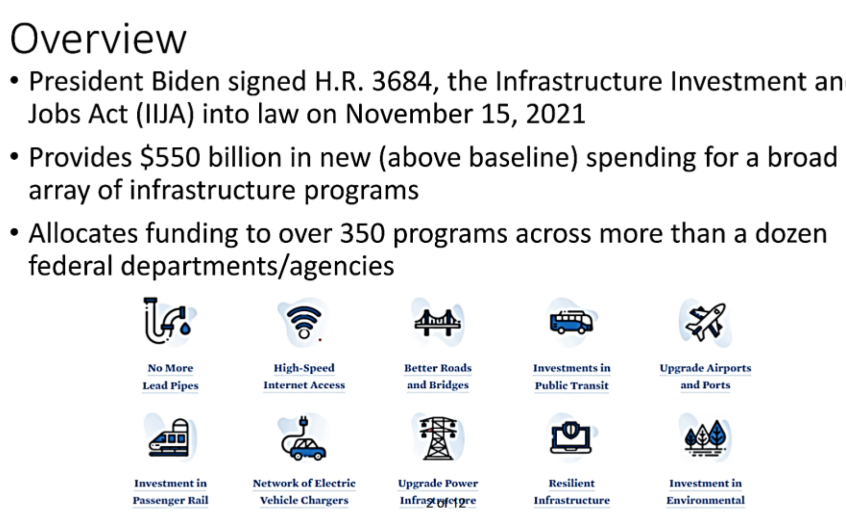
ALL MEETINGS ARE AT 9:00 AM UNLESS OTHERWISE NOTED

Item 1 - **Presentation by Erica Reyes from Congressman Salud Carbajal's office on the Bipartisan Infrastructure Law and ways the County may be eligible to apply for federal funding for infrastructure projects.** The Board will receive a presentation from Salud's staff on the eligible activities for which the County could apply for funding. The way the item is being presented seems to be a flagrant promotion of the Congressman. For example, the lead-in PowerPoint slide below would suggest that the County is all in with the Congressman as well as with the issuance of another inflation-fueling $550 billion debt-funded slush distribution – the so called Bi-Partisan Infrastructure Law.

You can be overjoyed as you pay $8 for a gallon of gas. The administration will soon be in to seek additional staff and consultants to prepare the grant applications and compete.

Subsequent PowerPoints list the eligible activities that the Board might consider.





County Eligible Funding Opportunities: Transportation

- Bridge Investment Program *NEW*
- Local and Regional Project Assistance Grants (RAISE)
- Nationally Significant Freight & Highway Projects (INFRA)
- National Infrastructure Project Assistance (Megaprojects) *NEW*
- Transportation and Infrastructure Finance and Innovation Act
- Rural Surface Transportation Grant Program *NEW*
- National Culvert Removal, Replacement, & Restoration Grant *NEW*
- Advanced Transportation Technologies & Innovation Act
- State Incentives Pilot Program *NEW*
- Nationally Significant Federal Lands and Tribal Projects
- Congestion Relief Program *NEW*
- Grants for Planning, Feasibility Analysis, and Revenue Forecasting *NEW*
- Strategic Innovation for Revenue Collection

County Eligible Funding Opportunities: Water Resilience

- Water and Groundwater Storage, and Conveyance
- Dam Safety Program
- WaterSMART Grants
- Water Resources Development Act Data Acquisition
- Promoting Resilient Operations for Transformative, Efficient, and Cost Saving Transportation (PROTECT) *NEW*
- Flood mitigation Assistance Grants
- State and Local Cybersecurity Grant Program *NEW*
- Building Resilient Infrastructure and Communities
- Community Wildfire Defense Grant Program for at-risk Communities *NEW*
- Watershed And Flood Prevention Operations
- Flood and Inundation Mapping and Forecasting, Water Modeling and Precipitation Studies
- National Oceans and Coastal Security Fund
- Habitat Restoration
- Aquatic Ecosystems Restoration and Protection Projects *NEW*
- Department of Interior Wildfire Management – Preparedness

Emergency Preparedness Grants
Ecosystem – Fish Passage
Direct Federal Spending for Invasives
Ocean and Coastal Observing Systems
Multi-Benefit Projects to Improve Watershed Health *NEW*
State Fire Assistance
National Seed Strategy *NEW*
Ecosystem – Sagebrush-Steppe
Contracts and Agreements for Restoration on Federal Lands*NEW*
Wildfire
Ocean and Coastal Observing Systems
Volunteer Fire Assistance

County Eligible Funding Opportunities: Climate Energy, Environment

- Regional Clean Hydrogen Hubs *NEW*
- Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency *NEW*
- Battery Manufacturing and Recycling Grants *NEW*
- Battery Materials Processing Grants *NEW*
- Carbon Capture Demonstration Projects Program *NEW*
- Carbon Dioxide Transportation Infrastructure Finance and Innovation *NEW*
- Energy Efficiency and Conservation Block Grant Program *NEW*
- Energy Storage Demonstration Pilot Grant Program*NEW*
- Carbon Utilization Program*NEW*
- Long-Duration Energy Storage Demonstration Initiative and Joint Program *NEW*
- Watershed Rehabilitation Program

Item 5 - Addendum to Item # 5 - Adoption of FY 2022-23 Recommended Budget. The purpose of this addendum is to amend the placement of this item to be under hearings, and to update the FY 2022-23 budget per actions taken during the budget hearing held on June 13, 2022 which includes: 1) a resolution adopting FY 2022-23 budgets for the County and Board governed Special Districts; and 2) a resolution adopting the FY 2022-23 Position Allocation List. The Board reviewed the Budget last Tuesday in 2 hours and 28 minutes. It is expected that they will vote unanimously to adopt it today. See item 2 on page 9 below from last week's update for many details and some of the issues.

Salary, Benefit, and Pension Cost Increases

A number of agenda items this week focus on new salary and benefit increases. The salary and benefit increases result from labor negotiations and the pressure to retain and recruit employees. As noted in last week's Update, the County is suffering an 11% employee vacancy rate. Much of the cost of these increases will be covered by salary savings resulting from the vacancies, as the prospective increases were not budgeted. In turn, this raises the question of whether various programs are performing as intended if the required labor is not in place.

The County pretty much adhered to its goal of keeping salary increases in the 2.5% range, with the exception that 3% raises were negotiated for the first year of 3-year contracts. Thus, the percentages are a little front loaded. In some cases, the lowest step in each position in the 5-step pay range was eliminated and a higher 6th step added. Various increases were provided in the County's health care contribution. Also, the County's provision for sharing pension rate increases (50/50), which were already capped at a low level, have been suspended for the term of the 3-year contracts.

The County does not measure the time employees are actually working as opposed to being on paid vacation, paid workers comp, holidays, paid sick time, or other paid leaves. If they do track these measures, they are not published.

For example, employee X is paid for a standard 2080-hour work year (40-hour week), but not all of the 2080 hours are working hours. Employee X may receive 3 weeks of vacation, which subtracts 120 hours.

Employee X may also be absent for a week with an illness, which subtracts 40 hours. He or she may receive 11 paid holidays, which subtracts another 88 hours. All in all, employee X (assuming he or she arrives every day on time and does not leave early for lunch or quitting time) actually puts in only 1,832 hours. Accordingly, 248 hours, or more than 10% of the hours paid, are not productive. If this ratio were true on average for the County's 2,900 employees across the system, it means that of the 2,900 employees paid, it as if 10% or 290 never existed.

Counterbalancing all of this, there are always a number of super-dedicated employees, not just in management, but in many roles and ranks, who work uncompensated hours to get the job done. This was particularly true in the County as COVID ramped up. These are the true public servants who are dedicated beyond the concept of a job. They are the glue that holds the organization together. Often during the Board's presentation to retirees, there is testimony from colleagues and management about how dedicated the employee was over decades, providing leadership, mentorship, and career inspiration.

The impact of concepts of work/life balance and working at home are not known. It will take time to assess how these play out.

Given the climate, charming local communities, a major university, proximity to the ocean, few insects, social tolerance, access to natural beauty, and low crime, one would think that people would be anxious to land a SLO County job. Even if you start at the bottom, there are ample opportunities for training and promotions.

Essentially, if you show up, pay attention, advance your skills and education, you can expect a fulfilling career and material rewards, including a defined benefit pension. All we need now is a proliferation of beautiful garden apartments and rental town houses with amenities.

Item 19 - Submittal of a resolution approving the July 1, 2022 through June 30, 2025, Memorandum of Understanding between the County of San Luis Obispo and the San Luis Obispo County Sheriffs Mangers' Association, Bargaining Unit 15.

Item	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Annual Ongoing
Wages	$72,330	$146,467	$212,300	$212,300
Healthcare	$5,625	$13,500	$18,000	$20,250
Career Incentive	$36,000	$36,000	$36,000	$36,000
Uniform	$2,880	$2,880	$2,880	$2,880
VEBA	$8,434	$8,434	$8,434	$8,434
Equipment Allowance	$13,500	$750	$750	$750
Total Increases	$138,769	$208,031	$278,364	$280,614

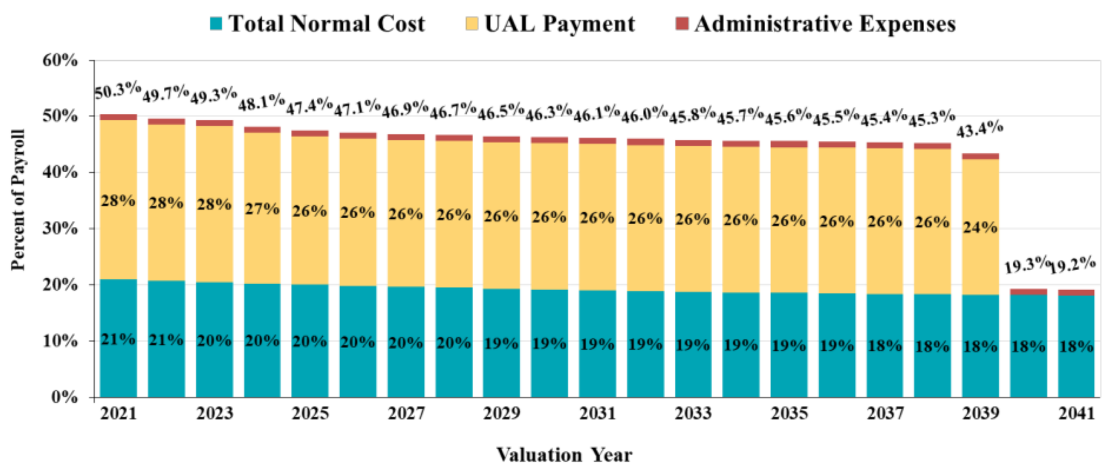
Item 20 - Submittal of a resolution approving 1) increases in employee-paid pension contribution rates and County-paid pension contribution rates based on both the January 1, 2021, Actuarial

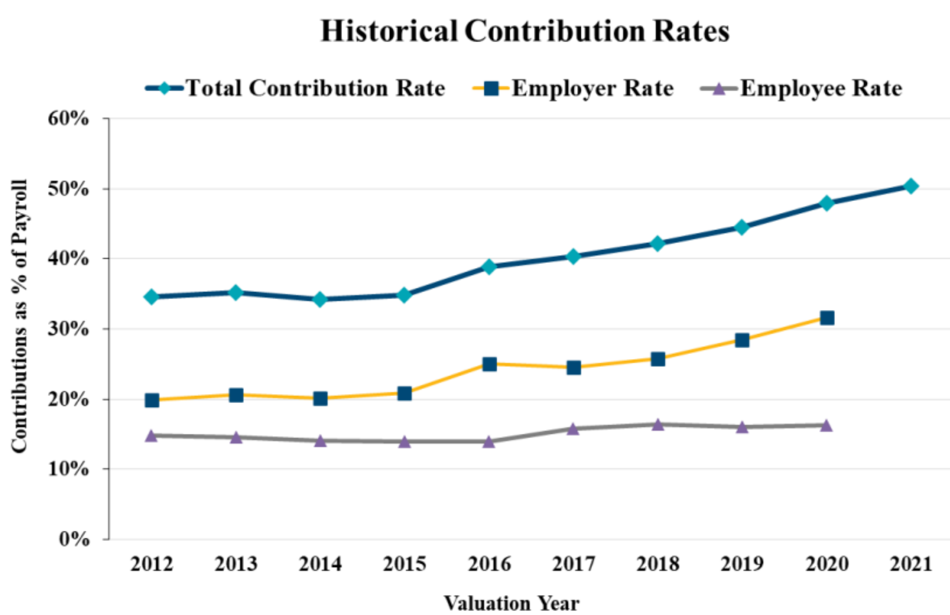
Valuation report and related recommendations and applicable memoranda of understanding, and 2) amendments to the San Luis Obispo County Employees Retirement Plan appendices.

There are a variety of factors that contribute to the change in required contribution rates. The major factors include lower than expected return on investments, greater than expected number of retirements, longer than expected retiree life spans, and changes to investment return assumptions. Often, annual increases to the contribution rates have been necessary. As an example, in July 2021 there was a 4.13% aggregate rate increase

Miscellaneous: 2.16% total increase
Safety: 3.61% total increase
Probation: 3.33% total increase

It is not known if these rate increases are on top of or contained within the 49.7% for FY 2022-23, as the chart below is an estimate.





Pension Offset: Note that the County actually pays a portion of each employee's share of the pension cost, with an additional subsidy per the table below.

Additionally, the County pays a portion of the employee's retirement contributi (Employer Paid Member Contribution, or "EPMC") for Tier 1 and 2:

Employee Group	2021-22
Elected Officials	13.55 %
Attorneys	9.29
Management and Confidential	9.29
Public Services, Clerical and Supervisory	8.75
Trades, Crafts and Services	10.38
Probation Management	9.29
Probation Officers/Supervisors	5.75
Law Enforcement, Safety	7.00
Law Enforcement Non-Safety	4.20
District Attorney Investigators	7.20

Table V-1
Development of Amortization Payment
For the January 1, 2021 Actuarial Valuation

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2021 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL[1]	1/1/2018	$ 616,930,482	21	$ 609,796,109	19	$ 45,754,036	21.38%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	49,921,763	18	3,887,687	1.82%
3.	Assumption Changes	1/1/2020	53,371,279	20	53,000,187	19	3,976,694	1.86%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	35,220,668	19	2,642,666	1.23%
5.	Assumption Changes	1/1/2021	35,700,366	20	35,700,366	20	2,587,701	1.21%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	23,219,142	20	1,683,014	0.79%
	Total				$ 806,858,234		$ 60,531,798	28.28%

Item 21 - It is recommended that the Board adopt resolution approving wage and benefit changes for unrepresented employees, including certain benefit changes for the Board of Supervisors.

The increased costs associated with the wage, healthcare, and wellness and development program are estimated to increase County costs for the Fiscal Year 2022-23 by $5,199,000 and County ongoing costs by $9,796,000

The County's unrepresented employees are in Bargaining Units (BU) 07 – Operations and Staff, BU08 – General Management, BU09 – Appointed Department Heads, BU10 – Elected Department Heads, BU11 – Confidential Employees, and BU16 – General Management Law Enforcement. There are currently a total of 516 unrepresented employees in these bargaining units. The Board of Supervisors is in BU17 and is not part of the unrepresented groups. Changes to the Board of Supervisors' salary are handled by separate Board action through a change to County Ordinance Code 2.48.095. However, employee benefits for the Board of Supervisors are the same as employees in BU08 and BU09.

Item 22 - Submittal of a resolution approving the July 1, 2022 through June 30, 2025, Memorandum of Understanding between the County of San Luis Obispo and the Deputy County Counsel Association, Bargaining Unit 12.

Item	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Annual Ongoing
Wages	$78,047	$139,201	$212,916	$212,916
Healthcare	$6,729	$15,258	$18,708	$20,358
Deferred Compensation	$2,750	$2,750	$2,750	$2,750
Total Increases	$87,526	$157,209	$234,374	$236,024

Item 23 - Submittal of a resolution approving the July 1, 2022 through June 30, 2025, Memorandum of Understanding between the County of San Luis Obispo and the District Attorney Investigators Association, Bargaining Unit 6.

Table 1.

Item	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Annual Ongoing
Wages	$116,254	$205,041	$314,250	$314,250
Cafeteria Contribution Increases	$9,180	$23,310.00	$32,910.00	$37,560
HSA Contribution Match	$375	$750	$750	$750
Cash In-Lieu Elimination	-$8,606 (savings)	-$17,213 (savings)	-$17,213 (savings)	-$17,213 (savings)
Bilingual Differential	$1,500	$1,500	$1,500	$1,500
New Hire Bilingual Bonus	$1,500	$1,500	$1,500	$1,500
Career Incentive Allowance	$9,720	$9,720	$9,720	$9,720
Total Costs	$129,923	$224,608	$343,417	$348,067

LAST WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Monday, June 13, 2022 (Completed)

Item 2 - Budget Hearing for the Fiscal Year 2022-23 Recommended Budget. The County's Recommended and Supplemental Budget documents can be viewed at the following link: **https://www.slocounty.ca.gov/budget**

The Board expended 2 hours and 28 minutes for its review of the proposed $781.4 million budget. That's $5.3 million per minute. There was no general public interest, and the entire recommendation was tentatively approved unanimously. The formal adoption vote will take place next Tuesday, June 21, during the next regular Board meeting. When COLAB asked the question about why different tables in the Budget present differed grand totals, Supervisor Arnold passed the question to the Auditor Controller, who dismissed the question by stating that "it would take too long to answer in the public meeting than time allowed." There was no follow up.

The Board members individually and collectively on several occasions lavished high praise on the staff for producing the Budget with which they are so pleased.

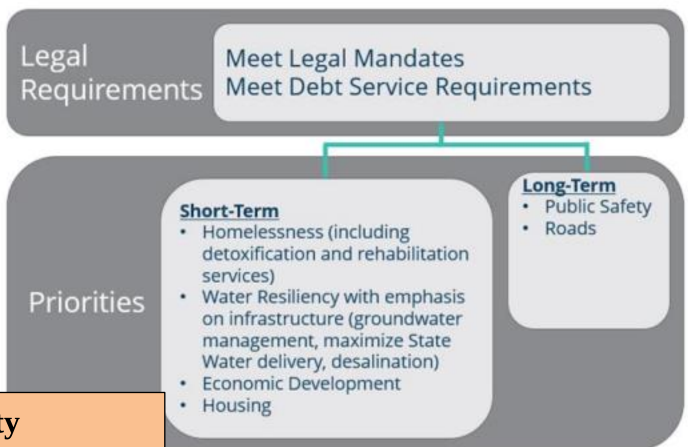
The one positive highlight of the morning was that the County Administrative Officer concurred with COLAB that there is a huge financial storm brewing, driven by inflation, reckless Federal spending, energy shortages, and supply breakdowns, etc. He therefore did not recommend any new program expansions or service expansions other than those that had already been included in the American Rescue Plan Act (ARPA) funding.

Background and Information from Last Week for Context:

In General: The Annual Budget is the most important recurring policy document for a county, as it translates the elected board's priorities into action by allocating funds to the various functions. The standard practice in SLO County is to set general priorities and then allow staff to fill in the details. The budget is a prior year's expenditure plus incremental document, which allocates virtually all the revenue available to preserve the existing level of programming with modest staffing expansions each year. The exceptions are that the County maintains general reserves that would cover about a month of operations in the key safety, justice, and legal records departments, and keeping the lights on. It also maintains a contingency fund, which would cover about a month of operations.

The overall policy priorities of the Board are summarized in the graphic below:

The homeless programs do not work as they do not require accountability by the patients and clients.



The Board should ask for a list of which programs are hard mandates, which are partial, and which are discretionary – who is deciding? Cite the statute.

For a few years the BOS upped the General Fund Road allotment. Then it regressed and supplanted with the new gas tax, SB - 1

State and County resource rationing policies doom housing.

Supervisor Arnold did note that the road program had in reality been reduced by supplanting.

Successive Boards of Supervisors have been satisfied with this policy for more than a decade while emphasizing service expansion on the margin for the in-vogue issues such as homelessness, restorative and therapeutic justice, and mental health. COVID operations have also been a major issue and were largely funded by Federal grants. The County is now enjoying adopting new programming using American Rescue Plan Act (ARPA) to expand some social programs, provide grants to small businesses, and reimburse itself for "COVID-related expenditures and revenue losses."

Prudently, the CAO budgeted as much of this as possible (given Board direction to add some services) for one-time capital expenditures. It is not clear if the $10 million allocation for restoration of government services in the table below is one-time, is recurring, or will induce more recurring costs. Also, it is not clear if the $14 million for the COVID public health emergency is one time or recurring. The County may simply be paying itself back for funds it advanced for COVID-related expenditures.

Overall, the Budget policy is to maintain the current level of service without raising taxes and minimizing fee increases.

ARPA Nexus Buckets

Eligible Use Category	Sub area	BOS direction 6/15/2021
Public Health and Negative Economic Impacts Response		
	Public Health Emergency	$14M
	Business, Non-Profit, Childcare Grants	$9M
	Housing / Homelessness	$6M
	ARPA administrative costs	$1M
	Total Category	$30M
Restoration of Government Services		$10M
Water, Sewer, Broadband		$15M
		$55M

Staffing Vacancies: A critical problem is the inability to recruit new employees to fill positions which become vacant due to retirements, promotions, moves out of the area, and housing costs. The County Human Resources recruitment pages list 40 position classes with multiple vacancies (many with 3 to 5 ranks or sub-positions), most of which are under continuous recruitment as they cannot be filled in a timely manner. The 3rd Quarter Financial Report indicated that the vacancy rate for funded but unfilled positions is now in excess of 11%. The metric is composed of around 320 vacancies on any given day, since many of the class vacancies represent multiple positions, such as administrative support specialists, deputy sheriffs, doctors, nurses, other types of health clinicians, planners, accountants, and others required to run the system.

The problem is not unique to the County, as most other jurisdictions report the same experience.

A deficiency of the presentation is that the key summary table, below on page 13, does not include a column for the estimated actual expenses and revenues for the current 2021-22 fiscal year. It leaps from the FY 2021-22 final adopted budgets to the proposed FY 2022-23 Budget. This places the Board and the public in the dark, as the estimated actual budget for the current year provides a very important perspective on the new year. However, for some reason, this is omitted. How much did we actually take in and how much did we actually spend? The current presentation here omits this vital perspective. It is strange that it is not included, as it is presented in each of the departmental budgets. It should be an easy roll up for the computer.

During the hearing, there was no interest expressed by any Board member in any of the recommendations below.

1. Recommendation: Include Current Year Estimated Actual Data. Include the estimated actual current year in the table below on page 6and all detailed and summary table in the budget presentations. The presentation includes 2 past years of the audited actuals. Why? Skip the oldest column and substitute the estimated actual current data in the space freed up next to the proposed budget.

2. Recommendation: The Board may be aware of some work that is backlogged, such as in land use permitting. The Board should carefully examine the performance measures in each department to ascertain if there is a broader problem. To undertake such a careful review the Board would have to allocate more than Monday morning to its review of the Budget. Why not use the entire week and do a close and detailed review?

Salaries and benefits total $372.3 million of the total $781.4 million of the official Budget as presented. This means that with an 11% vacancy rate, $41.0 million is likely to accumulate as payroll savings over the fiscal year. Some of this will be used to fund labor contract cost increases that have not been included in the budget. Some consists of categorical funding sources that can only be used in the departments and programs for which the funding is legally restricted.

3. Recommendation: The Board should ask staff how much is likely to be available for the Board's priorities as it adopts the Budget. For example, if 50% is categorical and 50% is true discretionary general fund, the Board could certainly extract $3 million of the general fund portion to apply to the Housing Match Fund, which has been sporadically funded by an unfair special tax in past years.

The Budget

The proposed Budget is listed as $781.4 million in the Summary Section in the front of the Book. Another table in the back of the book lists it as $899.6 million. The off-Budget, County-dependent districts add another $62.1 million for a grand total of $961.7 million. It is likely that the County can join the billion-dollar club in FY 2023- 24. Are these included in the overall presentation or not?

State Controller Schedules — **San Luis Obispo County** — **Schedule 1**
County Budget Act — All Funds Summary
November 2014 — Fiscal Year 2022-23

	Total Financing Sources				Total Financing Uses		
Fund Name	**Fund Balance Available as of June 30, 2022**	**Decreases to Obligated Fund Balances**	**Additional Financing Sources**	**Total Financing Sources**	**Financing Uses**	**Increases to Obligated Fund Balances**	**Total Financing Uses**
1	2	3	4	5	6	7	8
Governmental Funds							
General Fund	$37,500,000	$8,415,737	$613,268,251	$659,183,988	$656,572,180	$2,611,808	$659,183,988
Special Revenue Fund	832,000	10,376,028	83,509,447	94,717,475	88,481,850	6,235,625	94,717,475
Debt Service Fund	255,000	0	20,310,490	20,565,490	16,937,690	3,627,800	20,565,490
Capital Projects	0	0	6,891,191	6,891,191	6,891,191	0	6,891,191
Total Governmental Funds	**$38,587,000**	**$18,791,765**	**$723,979,379**	**$781,358,144**	**$768,882,911**	**$12,475,233**	**$781,358,144**
Other Funds							
Special Revenue Fund	$5,002,490	$471,557	$8,374,536	$13,848,583	$13,569,165	$279,418	$13,848,583
Enterprise Fund	0	1,556,214	29,004,927	30,561,141	28,117,913	2,443,228	30,561,141
Internal Service Fund	0	7,522,322	66,339,290	73,861,612	72,503,868	1,357,744	73,861,612
Total Other Funds	**$5,002,490**	**$9,550,093**	**$103,718,753**	**$118,271,336**	**$114,190,946**	**$4,080,390**	**$118,271,336**
Total All Funds	**$43,589,490**	**$28,341,858**	**$827,698,132**	**$899,629,480**	**$883,073,857**	**$16,555,623**	**$899,629,480**

It is not clear why the County fails to provide a compressive presentation of the entire revenue/expenditure picture in one table.

The confusion is further exacerbated by the submittal of a separate book that covers the County dependent special districts operations in a separate format. It is very obtuse and delivers little information.

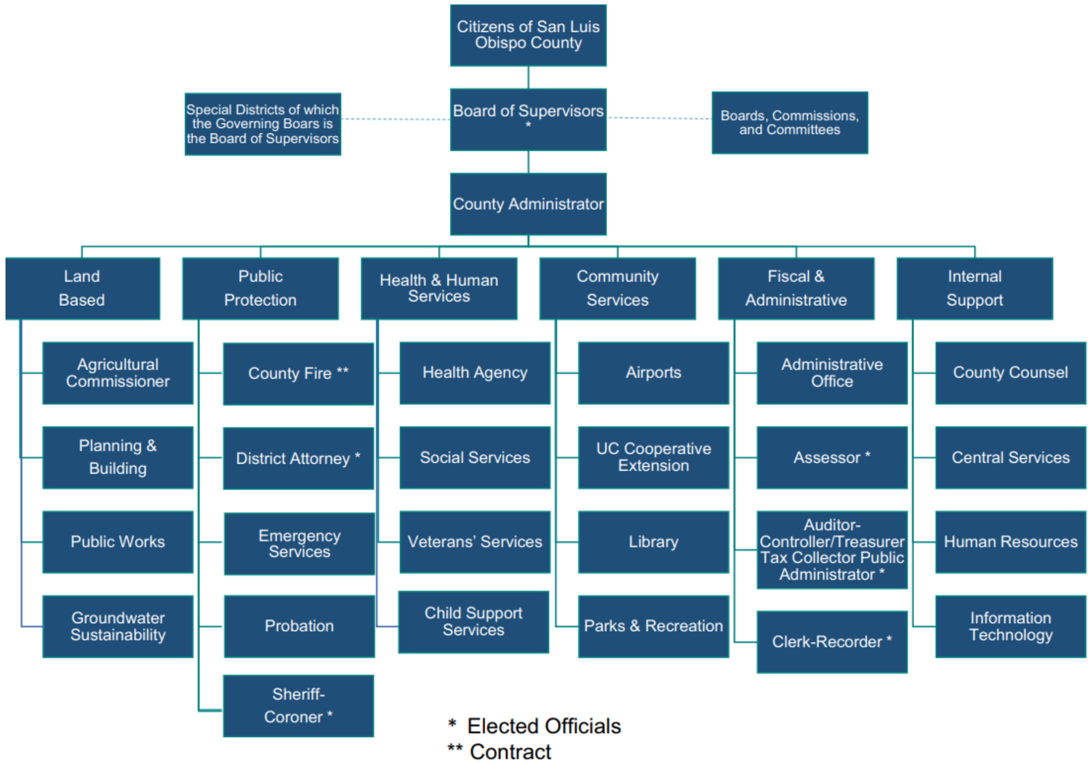
District/Agency Name	Fund Balance Available June 30, 2022	Decreases to Obligated Fund Balances	Additional Financing Sources	Total Financing Sources	Financing Uses	Increase to Obligated Fund Balances	Total Financing Uses
1	2	3	4	5	6	7	8
Total Special Districts and Other Agencies	**$5,670,650**	**$2,101,005**	**$54,334,181**	**$62,105,836**	**$60,832,549**	**$1,273,285**	**$62,105,834**

In any case, the main Budget is summarized in the table below. County staff actually operates these.

Financing Sources and Uses Summary

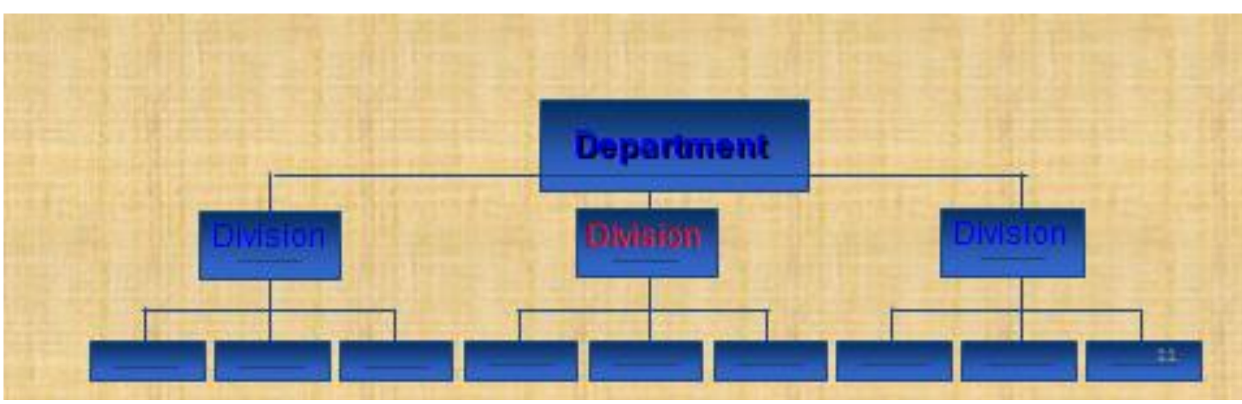
Description	2019-20 Actual	2020-21 Actual	2021-22 Final	2022-23 Recommended
Financing Sources				
Taxes	220,423,832	234,665,121	233,442,082	249,713,956
Licenses and Permits	11,426,188	12,269,991	12,749,136	14,739,738
Fines, Forfeitures and Penalties	3,843,176	3,567,089	4,568,467	4,553,762
Revenue from Use of Money & Property	7,743,115	4,291,177	2,423,841	3,047,859
Intergovernmental Revenues	297,285,285	312,954,589	300,424,628	341,836,806
Charges for Services	29,802,426	33,186,764	33,882,347	33,896,014
Other Revenues	43,993,139	41,191,424	36,237,007	34,404,299
Fund Balance	0*	0*	72,484,917	38,587,000
Use of Reserves & Designations	0*	0*	17,329,222	18,791,765
Other Financing Sources	36,796,014	48,152,967	40,832,746	41,786,946
Decreases to Fund Balance	0	0	0	0
*cancellation of reserves and designations and use of fund balance included in Other Financial Sources				
Total Financing Sources	**651,313,175**	**690,579,121**	**754,374,393**	**781,358,144**
Uses of Financing by Function				
Land Based	69,646,020	52,626,626	68,630,333	75,390,649
Public Protection	172,461,145	171,779,085	186,393,347	197,470,604
Health and Human Services	243,627,450	255,530,626	278,341,675	301,503,745
Community Services	23,897,423	22,930,504	24,007,487	24,967,511
Fiscal and Administrative	29,174,207	28,030,997	29,586,425	30,947,958
Support to County Departments	32,471,236	33,674,627	36,828,352	44,438,603
Financing	32,665,435	29,995,999	38,723,821	53,121,858
Capital and Maintenance	14,105,305	2,925,622	12,064,622	8,947,040
Contingencies	0	0	30,723,379	32,094,942
Reserves & Designations	0	0	49,074,952	12,475,233
Increases (Decreases) to Fund Balance	33,264,954	93,085,035	0	0
Total Financing by Function	**651,313,175**	**690,579,121**	**754,374,393**	**781,358,144**
Uses of Financing by Type				
Salary & Benefits	307,285,080	315,637,608	344,173,488	372,272,222
Services & Supplies	201,164,873	207,364,627	223,843,811	238,332,577
Other Charges	109,704,017	108,679,876	119,368,067	126,497,031
Fixed Assets	31,680,223	32,949,799	24,461,918	40,514,308
Transfers	(31,785,971)	(67,137,824)	(37,262,222)	(40,828,168)
Increases to Reserves/Designations	0*	0*	49,074,952	12,475,233
Increases/(decreases) to Fund Balance	33,264,954	93,085,035	0	0
Contingencies	0*	0*	30,723,379	32,094,942
*use of reserves and designations and contingencies are included in individual financing types				
Total Financing by Type	**651,313,175**	**690,579,121**	**754,374,393**	**781,358,144**

4. Recommendation: The County should present a compressive, all funds enterprise-wide budget in one document and with a standard format driven by the legal organization structure.



5. Recommendation: The County should present a budget that includes data at the program level below the division level and which is keyed to the legal administrative structure of the county, not the confusing use of "fund centers," which are an obsolete mode left over from the days when accountants dominated the budging process. Instead, it should go to a true program budget.

Revise the Budget document and process to budget, and measure performance at the program level. Under the current budget format, the financial, explanatory, and personnel data are presented at the division level. The performance measures are listed randomly in a table and are not tied to their respective divisions. Of course, they cannot be tied to their corresponding programs because there is no program presentation to which to tie them. As shown in the chart below, the program (cost center level) is not displayed or analyzed. All this keeps the Board in the dark and allows the staff to run things.



An example of how the Law Enforcement Division of the Sheriff's Department could be displayed at the Program level

It is the equivalent of Target not knowing how the individual stores are performing.

The table to the left illustrates how the Sheriff's Law Enforcement Davison could be displayed as an example. This should be applied to the entire budget.

6. Recommendation: Services and Supplies are up $14.5 million. The Board should request a list of the major increases. Is it motor fuels, electricity, consultant contracts, or what?

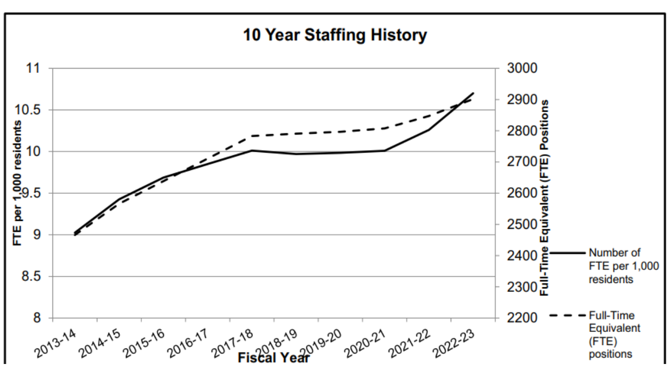
	FY 2021-22 Adopted	FY 2021-22 Estimated	FY 2022-23 Requested	FY 2022-23 Recommended	Change from FY 2021-22
Taxes	$219,885,382	$0	$235,742,578	$235,742,578	$15,857,196
Licenses, Permits, and Franchises	$3,662,093	$0	$3,845,198	$3,845,198	$183,105
Revenue from Use of Money & Property	$1,611,544	$0	$2,271,178	$2,271,178	$659,634
Intergovernmental Revenue	$2,182,052	$0	$10,350,380	$12,350,380	$10,168,328
Charges for Current Services	$2,508,063	$0	$2,617,317	$2,617,317	$109,254
Other Revenues	$2,379,601	$0	$1,205	$1,205	$(2,378,396)
Interfund	$285,000	$0	$293,550	$293,550	$8,550
Total Revenue	**$232,513,735**	**$0**	**$255,121,406**	**$257,121,406**	**$24,607,671**
Services and Supplies	$5	$0	$5	$5	$0
Gross Expenditures	**$5**	**$0**	**$5**	**$5**	**$0**
General Fund Support	**$(232,513,730)**	**$0**	**$(255,121,401)**	**$(257,121,401)**	**$(24,607,671)**

Source of Funds **Use of Funds**

State Controller Schedules	San Luis Obispo County	Schedule 3
County Budget Act	Fund Balance - Governmental Funds	
November 2014	Fiscal Year 2022-23	

		Less: Obligated Fund Balances			
Fund Name	Total Fund Balance as of June 30, 2022	Encumbrances	Nonspendable, Restricted and Committed	Assigned	Fund Balance Available as of June 30, 2022
1	2	3	4	5	6
General Fund					
General Fund	$107,174,889	$0	$69,674,889	$0	$37,500,000
Total General Fund	**$107,174,889**	**$0**	**$69,674,889**	**$0**	**$37,500,000**
Special Revenue Fund					
Road Fund	$1,536,415	$0	$1,536,415	$0	$0
Public Fac Fees Svcs	3,052,293	0	3,052,293	0	0
Parks Fund	1,867,553	0	1,667,553	0	200,000
Co-Wd Automatn Repl	12,137,725	0	12,137,725	0	0
Gen Govt Bldg Repl	47,850,029	0	47,850,029	0	0
Tax Reduction Rsv	20,653,869	0	20,653,869	0	0
Roads - Impact Fees	4,024,359	0	4,024,359	0	0
Wildlife and Grazing	39,327	0	39,327	0	0
Drivng Undr Influenc	468,082	0	468,082	0	0
Library	3,269,165	0	2,637,165	0	632,000
Fish and Game	192,728	0	192,728	0	0
Total Special Revenue Fund	**$95,091,545**	**$0**	**$94,259,545**	**$0**	**$832,000**
Debt Service Fund					
Psn Oblig Bond DSF	$22,645,732	$0	$22,390,732	$0	$255,000
Total Debt Service Fund	**$22,645,732**	**$0**	**$22,390,732**	**$0**	**$255,000**
Capital Projects					
Capital Projects	$16,222,806	$0	$16,222,806	$0	$0
Total Capital Projects	**$16,222,806**	**$0**	**$16,222,806**	**$0**	**$0**
Total Governmental Funds	**$241,134,972**	**$0**	**$202,547,972**	**$0**	**$38,587,000**

Debt Service Fund							
COP Loan DSF	$0	$0	$6,680,490	$6,680,490	$6,680,490	$0	$6,680,490
Psn Oblig Bond DSF	255,000	0	13,630,000	13,885,000	10,257,200	3,627,800	13,885,000
Total Debt Service Fund	**$255,000**	**$0**	**$20,310,490**	**$20,565,490**	**$16,937,690**	**$3,627,800**	**$20,565,490**

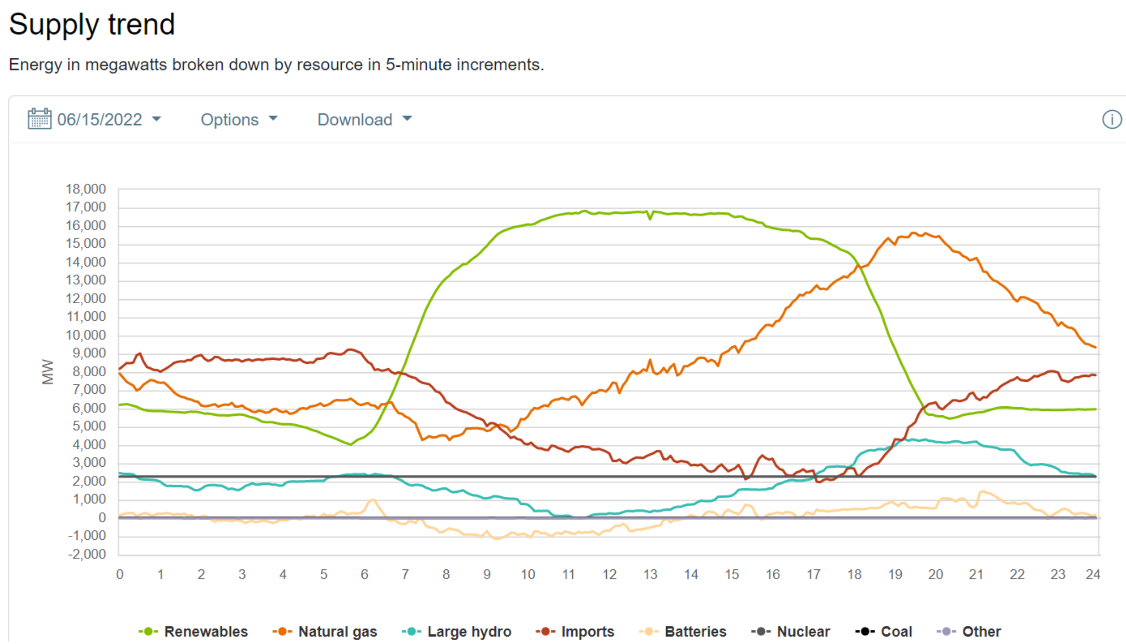


Item 6 - Annual Financial Report for the Fiscal Year 2020-21. The Board met and received the report.

Separately, a very sobering discussion was held about rate increases and the announcement by energy contractors that they will be unable to deliver and/or with the demand for higher prices than originally contracted**.** Apparently, the problem is widespread, and many community choice aggregation authorities are impacted**.** Twenty to fifty percent of 3CE's future energy supply is jeopardized.

More than 50% of the CEO's time is being expended on attempting to renegotiate and otherwise solve the problem.

Gas plants are being closed, with an accumulated loss of 10,000 MGW of capacity. When Diablo closes, another 2300 will be lost.



Per the graph above, if 10,000 megawatts of gas plus 2,300 from Diablo were not available last Thursday, June 15th, at 8:00 PM, the whole system would have collapsed.

The Financial Report: The 3CE's margins are getting tighter as its costs for energy increase. Should this trend, which emerged over its first 3 year's operation, continue, it suggests that it will go negative next year or the year after. During the first 7 months of its operation for FY 2021-22, it achieved a $16 million positive balance. At this rate, it would end the fiscal year with a net change in position of $27.4 million. Its costs for energy are expected to increase significantly in the future. The table below demonstrates the tightening margins over the past 3 years.

Summary of Revenues, Expenses, and Changes in Net Position

The following table is a summary of CCCE's results of operations and a discussion of significant changes for the years ended September 30:

	2021	2020	2019
Operating revenues	$287,931,441	$233,915,415	$238,322,420
Nonoperating revenues	702,036	2,417,363	1,320,685
Total income	288,633,477	236,332,778	239,643,105
Operating expenses	257,383,668	197,290,842	160,425,423
Change in net position	$ 31,249,809	$ 39,041,936	$ 79,217,682

Change in Net Position CCCE's change in net position was $31,250,000 in 2021, a decrease from $39,042,000 in 2020. The decrease was driven by a combination of lower average customer rates and higher costs for energy products.

The Financial Report discloses that 3CE has entered into contracts to purchase $3.2 billion in energy between now and 2055. This is an average of $95.6 million year. This is interesting, in that its current budget for energy (for FY 2021-22) is $326.3million, of which $178 million has been expended so far this fiscal year. Is there a significant portion of the energy that is not coming from the long-term portfolio of suppliers? Is it being purchased on the spot market at premium prices?

Entities such as SLO County, which might consider joining 3CE in the future, will need to understand how its membership will add to the $3.2 billion and what its percentage of the new overall number will represent. If the County were to join and then seek to withdraw later, what would its percentage of the long-term obligation cost?

Please see the table and CCCE explanation below:

7. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, CCCE enters into power purchase agreements to acquire energy and electric capacity. The price and volume of purchased power is largely fixed. Variable priced power, which is a small part of our portfolio, is generally linked to the market price of either natural gas or power at the date of delivery. Variable volume is generally associated with contracts to purchase energy from resources with varying availability and production, such as solar, wind and hydroelectric facilities.

CCCE enters into long-term power purchase agreements ensure stable competitive rates for its customers and to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products.

The following table represents the expected, undiscounted, contractual obligations outstanding as of September 30, 2021:

Year ending September 30,	
2022	$ 277,000,000
2023	184,000,000
2024	139,000,000
2025	117,000,000
2026	133,000,000
2027-2055	2,305,000,000
Total	$ 3,155,000,000

Local Agency Formation Commission (LAFCO) Meeting of Thursday, June 16, 2022 (Cancelled)

The next LAFCO meeting is tentatively scheduled for Thursday, July 21, 2022.

SLO County Air Pollution Control District (APCD) Hearing Board Meeting of Friday, June 17, 2022 (Completed)

The Hearing Board is not the Policy Board.

The APCD Hearing Board is a five-member quasi-judicial body whose purpose is to decide on matters of conflict between the Air District and industry and to act at the time of an air pollution emergency resulting from an upset or breakdown. The Hearing Board is an independent body, appointed at-large by the APCD Board and consists of an attorney practicing law in California, a registered professional engineer, a member of the medical profession, and two public members.

The Hearing Board issues variances from Air District rules and regulations from Health and Safety Code Section 41701; issues abatement orders requiring a source to cease and desist from a particular act unless specified conditions are met and; resolves permit disputes. A petition for hearing is required to be filed with the APCD Clerk in order to obtain a hearing.

Friday's Action: Item 1 - ***A status report on activities called out in Stipulated Order of Abatement (Case No.17-01): In the Matter of California Department of Parks and Recreation - Off-Highway Motor Vehicle Recreation Division – Oceano Dunes State Recreation Area.***

Item 2 - Consider modification of the Stipulated Order of Abatement (Case No. 17-01) issued on April 30, 2018 and amended on November 18, 2019, pertaining to continued violations of California Health and Safety Code section 41700 and SLOAPCD Rule 402 – Public Nuisance and continued violation of SLOAPCD Rule 1001 – Coastal Dunes Dust Control Requirements with respect to particulate matter and dust resulting from riding activities at the Oceano Dunes State Vehicular Recreation Area, operated by the California Department of Parks and Recreation Off-Highway

The Board ended up hearing the reports rather than taking action, as the meeting noticing is in question.

There is a major question about whether the Board violated the Brown Act in terms of publishing the substance of the agenda. The material was not posted until 1:12 PM on Tuesday, June 14th, for a 9:00 AM Friday June 17th meeting. Thus, it technically met the deadline, but no one actually knew what was afoot. APCD Attorney Jeff Minnery opined that in is not a violation. The Friends of the Dunes have asserted that it is. In the end, the Air Pollution Control officer shied away from changing any requirements because of the Brown Act Question.

COLAB warned them in last week:

There are no reports or write-ups describing the facts, actions to be considered, or possible outcomes. Thus, the entities directly impacted by the Stipulated Order and the general public have no idea what might take place.

Would they shut down dunes riding, expand exclusion areas, repeal the November 18, 2019 modification of the Order, which the Court has determined to have been adopted illegally, or what?

The Board heard a long presentation by State Parks and the APCD staff on progress in reducing the dust. The dust is actually declining. The key decision was whether to continue the process as currently required or modify it.

Actions to consider:

i. Continue operating under Stipulated Order of Abatement (Case No. 17-01) as approved and reevaluate in October 2022.

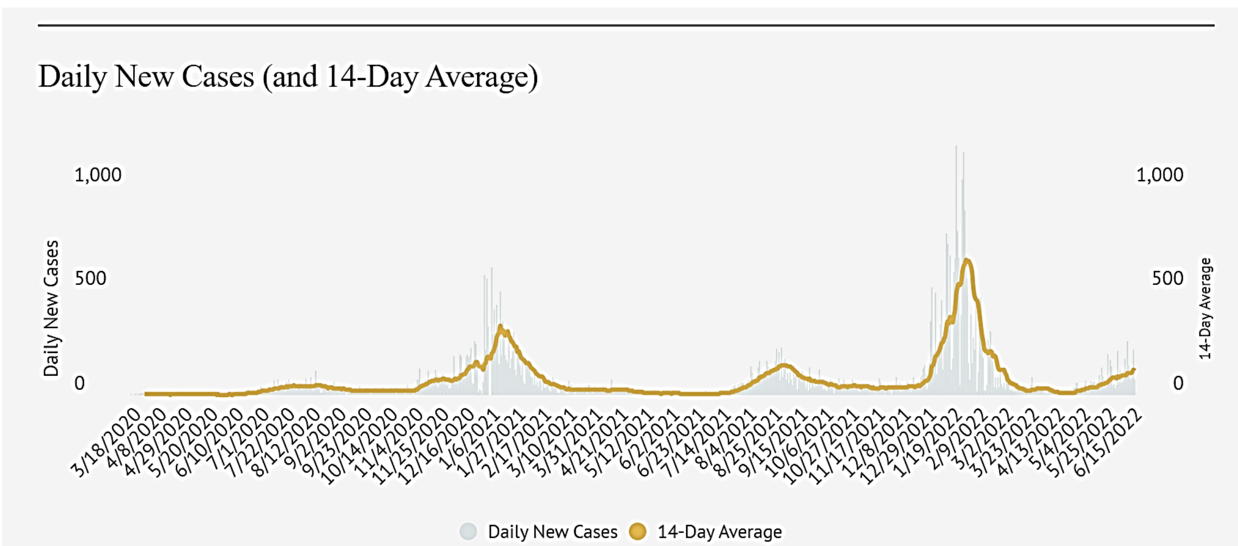
ii. Stipulation to any proposed changes by both parties.

iii. Schedule continuation of Petition for an Order of Abatement filed on October 4, 2017.

The meeting was conducted remotely (not in person) by Zoom at https://us02web.zoom.us/j/81331654308 and may be viewed at https://youtu.be/rmWEMPG3Rgo. Many public speakers zoomed in.

EMERGENT ISSUES

Item 1 - COVID. COVID is still smoldering. It is hoped that it will not break out into another wave. The economy is already in enough trouble with inflation, supply chain problems, interest rates increasing, people refusing to work, green energy schemes, fuel and energy shortages, and a national crime wave in the urban cities.



13 Hospitalized (0 in ICU)

Item 2 - Supervisorial Election. As of the 5:00PM, Friday, June 17 count, Supervisor Gibson was exactly tied with the vote totals for the other 3 candidates (exactly 6,335 to 6,335). This means that his original lead of 53% declined. If this trend continues when the remaining 7,000 plus votes are counted, there will be a runoff in November. It appears that Jimmie Paulding and Dawn Ortiz-Legg will win in the other 2 races.

County Supervisor, 2nd District (Vote for 1)

Precincts Reported: 23 of 23 (100.00%)

	Polling	Vote by Mail	Total	
Times Cast	549	12,875	13,424 / 36,806	36.47%
Undervotes	29	717	746	
Overvotes	0	8	8	
Candidate	**Polling**	**Vote by Mail**	**Total**	
BRUCE GIBSON	141	6,194	6,335	50.00%
BRUCE JONES	121	2,195	2,316	18.28%
GEOFF AUSLEN	119	2,044	2,163	17.07%
JOHN WHITWORTH	139	1,717	1,856	14.65%
Total Votes	520	12,150	12,670	

	Polling	Vote by Mail	Total	
Unresolved Write-In	0	0	0	

County Supervisor, 3rd District (Partial Term, 2010 Boundary) (Vote for 1)

Precincts Reported: 25 of 25 (100.00%)

	Polling	Vote by Mail	Total	
Times Cast	446	13,693	14,139 / 38,543	36.68%
Undervotes	29	746	775	
Overvotes	0	8	8	
Candidate	**Polling**	**Vote by Mail**	**Total**	
DAWN ORTIZ-LEGG	146	8,546	8,692	65.08%
STACY A. KORSGADEN	251	3,979	4,230	31.67%
ARNOLD RUIZ	20	414	434	3.25%
Total Votes	417	12,939	13,356	

	Polling	Vote by Mail	Total	
Unresolved Write-In	0	0	0	

County Supervisor, 4th District (Vote for 1)

Precincts Reported: 29 of 29 (100.00%)

	Polling	Vote by Mail	Total	
Times Cast	543	14,759	15,302 / 40,057	38.20%
Undervotes	16	438	454	
Overvotes	0	3	3	
Candidate	**Polling**	**Vote by Mail**	**Total**	
JIMMY PAULDING	178	8,132	8,310	55.98%
LYNN COMPTON	349	6,186	6,535	44.02%
Total Votes	527	14,318	14,845	

	Polling	Vote by Mail	Total	
Unresolved Write-In	0	0	0	

Item 3 - Senator Feinstein CYA: She looked at the projections and decided that future rolling blackouts to prevent the entire grid from collapsing are not good for politics or even the green energy movement. If the Plant does close and everyone is sweating in the dark, she may pull out this CYA letter. (See below)

It would be better if she submitted bill to keep the plant open until the current economic crisis, energy crisis, border crisis, and other problems are sorted out.

United States Senator for California

DIANNE FEINSTEIN

Why I changed my mind about California's Diablo Canyon nuclear plant - Sacramento Bee

Originally published in the [Sacramento Bee]

By Dianne Feinstein

California is a global model in the fight against climate change, but the balance necessary to achieve carbon neutrality is delicate and the obstacles many. Longer, hotter summers mean more electricity use, while worsening droughts limit hydropower. With the Diablo Canyon nuclear power plant scheduled to close, state regulators project years of electricity shortfalls.

As these challenges converge, Pacific Gas and Electric Co. should reconsider its decision to close Diablo Canyon by 2025. The utility should get the plant relicensed instead, retiring it once the state can replace its production with clean sources.

When PG&E announced the planned closure in 2016, I supported the decision. I remain concerned about the lack of long-term storage for spent nuclear fuel and am working to develop better solutions.

But at this point, keeping Diablo Canyon open and producing carbon-free energy is more important.

California has some of the most ambitious clean-energy goals in the world, including decreasing carbon emissions to 40% below 1990 levels by 2030 and achieving 100% clean electricity by 2045. That will require energy alternatives that can provide power around the clock in addition to solar and wind. Shutting down the state's single largest power producer under these circumstances would make little sense.

Closing Diablo Canyon would remove 18,000 gigawatt-hours from the grid, nearly 10% of the state's electricity generation. This is an extraordinary amount of power for a grid facing reliability concerns amid heat waves and wildfires. When the power goes out, lives are endangered.

Moreover, the plant generates 15% of the state's carbon-free electricity. At least in the short term, that would have to be replaced with fossil fuel generation.

I continue to advocate for renewable energy. It is clearly the future for not only California but also the country and the world. But while California is leading the way on renewables, we aren't there yet.

The recent bipartisan infrastructure bill invested heavily in wind, solar and other forms of clean energy, and an acknowledgment that renewable energy is the future. But the law also provided funds to help defray the costs of extending the life of Diablo Canyon and ensuring it's safe.

A report last year by Stanford University and the Massachusetts Institute of Technology found that if PG&E extends operations at Diablo Canyon until 2035, California could reduce power sector carbon emissions by over 10% below 2017 levels, saving $2.6 billion and significantly reducing natural gas use.

The report also highlighted the reliability issues the state could face without Diablo. State and grid officials recently issued similar warnings about reliability, warning that peak summer demand may cause significant blackouts.

In August 2020, extreme heat led to rolling blackouts and electricity shortages in California. If Diablo had not been running, the shortage could have been three times worse.

In November, two former U.S. energy secretaries, Steven Chu and Ernest Moniz, urged Californians to rethink decommissioning Diablo. Unless the plant is kept open, they noted, California will need to rely more on fossil fuels at a time when we need all the carbon-free power we can get.

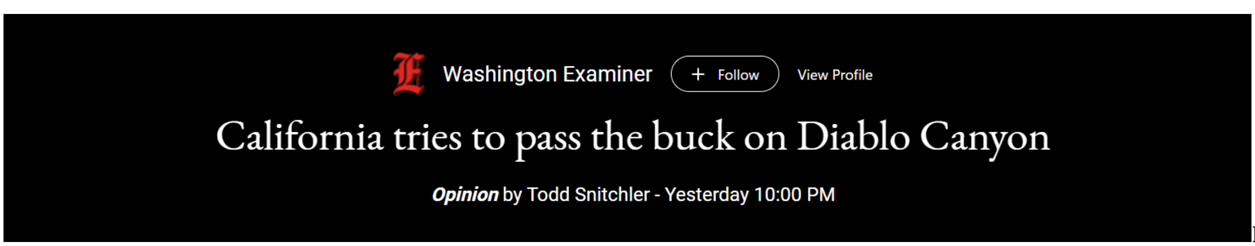
Last month, the Energy Information Agency noted the repercussions of drought for hydropower, underscoring the need for diverse means of generation, including solar and nuclear. Drought could force California to significantly increase natural gas generation and power purchases from neighboring states.

If California is to lead the clean energy transition, as state law mandates, Diablo must keep operating, at least for the time being.

California is facing an immediate climate change crisis. We're already confronting rising temperatures, devastating droughts, deadly wildfires and destructive sea-level rise. The window for meaningful action to slow those effects is closing, and we must consider every measure to counter the coming onslaught. That includes extending the life of Diablo Canyon.

Dianne Feinstein is California's senior U.S. senator.

Item 4 - Washington Examiner raises conservative objections to using Federal funds to assist California to retain Diablo:



In 2016, ceding to pressures from environmentalists and state regulations that prioritized renewables over nuclear and natural gas power, Pacific Gas & Electric announced the planned closure of the Diablo Canyon Power Plant, a nuclear facility that provides 18,000 GWh of electricity annually — about 10% of California's electricity portfolio. These regulations made the plant economically unfeasible to operate, PG&E said, and targeted 2024 and 2025 to decommission its two remaining reactors.

© Provided by Washington Examiner California tries to pass the buck on Diablo Canyon

Fast forward to 2022, California policymakers who put those regulations in place are changing their tune around nuclear power, a baseload zero-carbon source of electricity, and the proposed closure of Diablo Canyon.

The 180-degree turn on Diablo Canyon can be traced to the very policy choices that prioritized emission reductions on an arbitrary, accelerated timeline instead of ensuring a reliable transition, and the state's powerful environmental interests are staunchly opposed to the facility. California is now struggling to provide a reliable supply of power to its citizens and grappling with multiple catastrophic wildfires each year that disrupt and damage infrastructure. Predictably, this about-face happened to coincide with the $1.7 trillion Infrastructure Investment and Jobs Act that has the Newsom administration seeking a federally funded bailout for some of the state's missteps over the past several years.

On May 23, Newsom Cabinet Secretary Ana Matosantos sent a letter to Energy Secretary Jennifer Granholm requesting the $6 billion Civil Nuclear Credit Program under the IIJA expand its eligibility to Diablo Canyon so the plant could operate longer. The CNCP requires that eligible nuclear plants participate in competitive electricity markets, which Matosantos is pushing DOE to alter because PG&E is a regulated utility, not an independent power supplier. In addition, Matosantos is asking DOE to make funding available to nuclear plant owners who can't pass operating losses to ratepayers and add grid reliability and de-carbonization goals as considerations to extending plant operations.

To be clear, California is a competitive power market with its own RTO, the California Independent System Operator. While PG&E is indeed a regulated utility, it is also a participating member of the CAISO market. So, to sum up: California policymakers made choices that rendered nuclear power unfeasible in its market, struggled to supply its citizens with power due to those policy choices, and are now seeking federal tax dollars to fix this self-inflicted problem.

Instead of passing the buck to the rest of the country, the Golden State should stop pressuring DOE to change a new federal program to fit their needs and accommodate poor choices. California is more than capable of adjusting its market structure so that Diablo Canyon can operate economically without forcing out-of-state taxpayers, including the nearly 650,000 former California residents who left the state in 2020, to foot the bill.

California policymakers can allocate its own budget surplus, which has exceeded $68 billion, to keep Diablo Canyon operating in the short term, as it makes the right market adjustments for this facility — and others needed for reliability — to function. There is no justification for California, the world's fifth-largest economy, to receive a federal bailout for its energy policies, especially with its coffers overflowing — much of it from COVID relief funds that America's taxpayers are on the hook to pay.

To get its energy market in order, California must prioritize delivering reliability to its citizens instead of the current framework that focuses almost exclusively on emissions reduction and choosing preferred technologies. Unfortunately, states across the country, voluntarily or not, are adopting many of these same policies that hamper reliability and affordability in favor of arbitrary emissions reduction requirements, failing to learn the lessons of California and instead repeating those same mistakes. Reducing emissions is important, but it cannot come at the cost of reliability.

There is an easier path forward for all stakeholders in the energy transition. Competitive power markets have proven that prioritizing reliable and affordable energy can also achieve emissions reductions and air quality improvements. For example, the PJM Interconnection, which serves 65 million customers, reduced its carbon dioxide emissions by 39% from 2005 levels.

California policymakers could replicate this model and achieve their goal of reducing emissions while maintaining a reliable power system. However, that can't happen if state leaders insist on adhering to policies that put the electric grid at risk.

Todd Snitchler is president and CEO of the Electric Power Supply Association

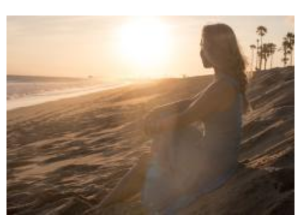
COLAB IN DEPTH

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

CALIFORNIA SCHEMING: THE PROGRESSIVE LEADERSHIP'S NEW PLAN TO IMPOSE HIGH-COST, LOW-QUALITY MEDICAL CARE

With a budget surplus of more than $200 million, the California legislature is thinking big, really big, and that means one thing: single-payer government healthcare, which recently was introduced as AB 1400

BY WILLIAM ANDERSON



This measure … would completely change healthcare coverage for Californians. Insurance companies would be shoved aside. People would be switched from their current coverage—whether private, federal Medicare or Medi-Cal for the poor—to a new state-run plan called CalCare.

The purpose is to cover everyone and reduce healthcare costs by eliminating private insurance overhead and profit—and negotiating lower provider fees and drug prices. There'd be no premiums, co-pays or deductibles. And many services would be added, including dental, vision, hearing and long-term care for Medicare beneficiaries.[1]

Of course, there are costs, and the projected cost of such a venture always is going to be front and center. When the California state legislature first began to debate single-payer in 2017, Vox came out with an analysis that set the price tag of this proposed venture at $400 billion a year, or twice the *entire* state budget at that time. While citing possible costs in the form of dollar outlays can be present, nonetheless, such an analysis creates its own set of problems and tells a very incomplete story, economically speaking. When government policies are enacted or proposed, the discussion forms around the proposed monetary outlays, as though the entire thing were "doable" provided governments can come up with the necessary funds.

Once projected or anticipated monetary outlays become the subject of the political debate, the questions shift to whether or not governments can take in the money necessary to make the project work, *without looking at the much bigger picture of what costs really mean*. In the case of completely turning all medical care in California over to a government agency, proponents of single-payer in general attempt to tout alleged cost *savings*, which are framed in terms of what is currently spent in the present system overall.

The legislative newsletter *CalMatters* recently reported:

A legislative analysis released Thursday estimated single-payer could cost California between $314 billion and $391 billion annually, financed by a series of tax hikes on businesses, workers and high earners. Single-payer supporters, however, say that sum is smaller than what Californians pay for private insurance.

Supporters' implication is that nothing would change in the creation and sale of healthcare services except that the manner of payment would be taxation and everyone would have all the services they need with no price. All that is needed is "political courage" to vote "yes" and then to enable the California bureaucracies to install the new system.

Yet that hardly is the case. Single-payer would mean that medical care would be purely a state-run affair, which means that all factors of production going into healthcare in California would be directed by the political system. (Yes, bureaucrats work for the government, and the last time we checked, government still was political.) If California politicians and regulators are determining the services eligible for payment—and the payment amounts—then they effectively control the entire system.

Such a plan is built upon a single assumption: the systems of medical care would be exactly the same no matter the method of payment, and single-payer is nothing more than a means to make this care accessible to more people, especially people with lower incomes. Mildly speaking, this is what economists might call a *heroic* assumption.

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[1] **LA Times**

Anyone who believes that politically directed medical care would be a simple extension of the present system—but made affordable—should look at the behavior of both the state and federal governments during the first six months of the covid-19 pandemic. Governments essentially commandeered hospital resources, ordering them to be devoted almost exclusively to treating covid patients.

In heavily populated areas such as New York City, covid patients were crowded into hospitals, but in rural areas, it was a different story. Hospitals were emptied, and many went out of business because they could not admit patients for other ailments:

Weeks ago, hospitals across the country canceled elective procedures, sent non-essential workers home and ramped up preparation for incoming coronavirus patients. Some big-city facilities have since been swamped by the sick and dying.

Not rural hospitals. Many in the Missouri and Illinois countryside are nearly empty, hospital officials and industry leaders say. Residents are avoiding them out of fear. But coronavirus patients also haven't appeared, at least not in the numbers anticipated.

Now, with many beds empty, rural hospital administrators are increasingly worrying about how they'll pay their bills.

Elsewhere, people who needed heart surgery or had scheduled treatments for cancer had those procedures postponed. It didn't matter if they were in dire need. The only thing that mattered—at least to medical bureaucrats—was clearing the hospitals and redirecting other medical resources to dealing with covid. The value of all other medical resources was driven near zero, not because the actual medical situation required such extraordinary measures, but because government agents wanted to be seen as in charge and leading the fight against a pandemic.

The *real* cost of how governments dealt with the covid pandemic was not simply the monetary outlays that came mostly from the federal government (paid out with borrowed money and all that implies), but also the real costs to patients who faced their own medical calamities, including premature deaths, because of denied treatments—because of policies governments imposed.

While some claim that covid was an extraordinary circumstance that required radical measures, there is no doubt that if California authorities impose a single-payer model, the scope of medical care will change and probably change significantly. Politicians through their medical bureaucrats will demand that medical facilities, along with doctors and nurses, direct resources toward things that score political points with progressive constituencies, such as abortion on demand, covid, monkeypox, or whatever is on the horizon that grabs the headlines.

The real costs of a California program are not the monetary outlays but rather the medical care that will be shoved aside to satisfy political pressure groups. Moreover, the increased state scrutiny that will come from this kind of a system will ensure that administrative actions will be substituted for medical care, as politicians and regulators will act like, well, politicians and regulators.

California progressives have turned their largest showplace cities into sewers of homelessness and crime, and their mismanagement of water resources has become a thing of legend. One only can wait with dread as those same progressives move to do with medical resources what they have done with everything else that has been good in this state.

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THE SELFISH CALIFORNIAN

THE SILICON VALLEY MOTTO SHOULD BE "I CREATE INEQUALITY BY HATING INEQUALITY."

BY VICTOR DAVIS HANSON

We hear plenty of reasons for the perfect storm that imploded California. One-party, progressive government, of course. Decades of unchecked illegal immigration, without doubt. Years of mass flight out of state of the productive middle classes, certainly.

But perhaps the most important, but overlooked, reason has been the infusion of trillions of dollars of mostly tech capital into the state. Unimaginable sums of market capital warped politics and led to a top-down, feudal society, run by progressive elites who are shielded from the ramifications of their own toxic ideologies.

More specifically, the common denominator was the emergence in California of a selfish, monied, left-wing political class. In concrete terms, it cared little for others but masked that unconcern with abstract leftism, emulating medieval penance and indulgences to assuage guilt over its enjoyment of sheltered and very good lives.

California's recent premier politicians at the local, state, and federal levels—Jerry Brown, Barbara Boxer, Dianne Feinstein, Gavin Newsom, and Nancy Pelosi—all enjoyed wealth and power, whether by inherited money and family brand names, through marriage, or using their positions to leverage lucrative family and personal business with the Chinese.

Their lifestyles before, during, and after office-holding reflected both their privileges and the vast material differences between their own lives and the millions of Californians who suffered enormously from their utopian bromides. Yet a world away from their homes in Grass Valley, Kentfield, Lake Tahoe, Napa, Pacific Heights, or Rancho Mirage, the rest of the state's residents who voted for them currently cannot afford a house, a full tank of gas, a chuck steak, or an air-conditioned afternoon.

At least the Church of the 15th century offered formal contractual indulgences and personal penance manuals for the guilt-ridden elite eager to abort their earned inferno-to-come. In California, however, to enjoy affluence and leisure without guilt or recriminations, left-wing power elites virtue signaled their progressivism, even as it wrecked the lives of distant others.

If it were a question of drilling more oil while transitioning to clean power or shrugging that nobody José Martinez in Sanger would pay $6.50 a gallon to commute to work, it was a no brainer: Mr. Martinez was simply out of sight, out of mind collateral damage.

So too all of California's poor and lower middle classes who could not afford to flee and now cannot afford shelter, food, fuel, and safety, due to decades of policies that zoned away new home construction, strangled the gas, timber, and mining industries, taxed and regulated gas and diesel to the point of unaffordability, neglected the needs of the state's once rich farming industry, and loved fish far more than people. Apparently, these well-educated and self-declared Socrateses believed that Californians could drink Facebook, eat Google, drive Twitter, and live on Snapchat.

The far-left *Atlantic*'s various contributors for years have been cheerleading most of the policies adopted by the Bay Area elite—defunding the police, decriminalizing an array of crimes, appeasing homelessness, ignoring dangerous drug use and dealing, and urging more redistributive taxation and entitlement.

But now *Atlantic* essayist Nellie Bowles warns us that San Francisco is a "failed city." And she is correct in that the city is increasingly medieval. Its downtown is emptying, filthy, toxic, dangerous, and *pre-civilizational*—perhaps an unfair term since it was rare in pre-Roman Gaul or nomadic North Africa for tribal residents to sleep in the village pathways, fornicate and defecate openly among children, and violently attack random passersby.

In truth, the implosion of San Francisco, Los Angeles, and California more broadly is no accident. Destroying all the bounty that was inherited from far better and far-seeing generations was the logical result of deliberate policies—reflecting the self-interest of a few million rich, educated professionals. They apparently decided that their genius and superior morality had transcended worries over ancient challenges of food, water, shelter, transportation, and received law and custom.

California's anointed enjoyed safe neighborhoods from Malibu to Presidio Heights. They inherited or purchased beautiful coastal corridor homes worth $1,200 a square foot, from La Jolla to Berkeley. They drew income from the trillions of dollars invested in Silicon Valley and the new globalized and Asia-centric economy that opened markets of multibillions of consumers for entertainment, media, finance, law, academia, corporations and the accompanying credential professional classes.

And so, they grew hubristic and stupid. In their arrogance and ignorance, they began to feel their own bounty and leisure were birthrights. Free from worries about who brought them their water, food, safety, energy, and shelter—or how—they were liberated to institutionalize their own visions of 21st-century-correct living to less fortunate others, albeit from a properly segregated distance.

Freeways were obsolete ideas. The fewer built, and the even fewer maintained, the more likely the clueless could be crowded into cost-effective, clean, and safe mass transit.

So, a $15 billion high-speed rail disaster arose and remained inert like Stonehenge monoliths. Meanwhile, thousands of the poor on the obsolete Highway 99 continued to die and were maimed in daily accidents on a Road Warrior-esque obstacle course. The nearby Amtrak trains still sat delayed on side-tracks, for want of a simple, 19th-century two-track rail. How strange that bankrupt 21st-century visions came at the cost of easy 20th-century solutions.

Aqueducts, reservoirs, dams? These were likewise relics of previous delusional generations. That the coastal corridor's water came from aqueducts across vast distances was mostly unknown by those who crowded into one of the most naturally unsustainable regions on the North American continent—a coastal strip mostly dry and bereft of an aquifer to sustain its tens of millions.

So, the state stopped building water storage. More often, it released snowmelt and runoff water into the ocean rather than to farms and to replenish aquifers.

Fires? Let forests of evergreens burn as they had in primordial times, better to burn to provide mulch for worms and birds—and scare away the deplorable foothill folk who had no business living in the mountains, anyway.

The elite now dreamed of returning to a half-million person California of the 19th century, reputedly with lush riverbanks from the sea to Sierra, with salmon runs to the mountains. They recoiled at the very idea that a 40 million-person state of mostly poor immigrants—over a quarter of the state's population was not born in the United States—might need water for their towns or for the farms they worked.

How ironic that millions fled Mexico and Central America to enter, often illegally, the once golden California, land of plenty. They were welcomed by the state's business and political elite but not to be housed, fed, and schooled as were the elite. Their directive was to vote correctly for their supposed betters and to supply janitors, landscapers, nannies, cooks, and housekeepers for those who welcomed them in—on the condition that they not dare demand the state's green resources for good homes, affordable gas, or a nice lawn or long shower.

Let them instead eat a solar farm, bike path, or Tesla.

And so it went, each carefully placed brick in the once sturdy long wall of California, laid carefully over the past 150 years—to ensure a naturally fragile state with affordable food, energy, security, housing, transpiration, schools, and education—was ripped out, mocked as obsolete, and written off an embarrassment to the present.

Californians who look at their aging dams, their granite classical civic buildings, and their large municipal parks, are like Dark-Age Greeks who stumbled around the ruins of Mycenaean palaces and walls, wondering who were the demi-gods who built such things that now were impossible to emulate. So, too, we are bewildered at Balboa Park or the California aqueduct, or rather saddened that simply copying them is beyond our moral power or expertise.

The state was once rich and secure in gas and oil, nuclear power, cutting-edge freeways and airports, water storage, law enforcement, a topflight public school system, and an effective higher education triad. All these resources have become either politicized or taboos that are neglected, dismantled, or destroyed by a class that commuted little, was nonchalant about their power bills, put their kids in private schools, and enjoyed neighborhoods whose zip codes and private security patrols bounced away revolving-door felons and homeless far distant to the haunts of the middle class and poor.

Rich leftists quote the Gini coefficient chapter and verse, oblivious that they have created a state of affairs in which California ranks second to the bottom—below even New York—in such calibrations of inequality. The Silicon Valley motto should be, "I create inequality by hating inequality."

We have not built a major mountain reservoir outside of Los Angeles in over 40 years even as the population has soared. The main north-south laterals of the state—the 101, I-5, and 99—often narrow into four-lane deathtraps. SFO and LAX are among the more nightmarish airports in the nation. California's test scores rank in the nation's bottom 10 percent of schools.

Over one-fifth of the state lives below the poverty rate. Urban geographer Joel Kotkin recently noted that African Americans and Latinos in California suffer among the lowest real incomes in the nation, 48th and 50th respectively. How could that be true in the land of Mark Zuckerberg, Nancy Pelosi, and Jerry Brown?

One-third of Americans on public assistance live in California. To drive through the rural center of the state is to revisit the 1930s world of the Joads. Ramshackle farmhouses now house 20 or some immigrants. Many of them reside here illegally, in trailers, shacks, and illegal add-ons. A state famous for regulating the life out of the middle classes simply ignores systemic flagrant violations of sewage, water, power, and building codes, in the manner of the exemptions given the homeless: out of sight, out of mind.

California's mid-size cities nudge out other blue-state metropolises to rank among the nation's leaders in property crimes. The nation's highest gas taxes, income taxes, and near highest sales taxes either do not mitigate the above pathologies or perhaps help fuel them.

If our liberal political elites lived in crime-ridden Stockton, San Bernardino, or Modesto, had two children in the Los Angeles City public schools, commuted daily on the 99 from Delano to Visalia, flew weekly commercial out of LAX, tried to buy a California home on their salaries as public officials, rode BART to Oakland each evening home, or depended on a business supplying the state with lumber, gas or oil, food, transportation, or construction—the stuff of life—then they might fathom how assuaging their left-wing guilt in the abstract destroyed the lives of those they never see and never wish to see.

So, in a word, California's debacle was the work of the self-absorbed.

The self-declared most caring, virtuous, and moral in the end proved the most narcissistic, selfish, and self-centered. Yes, the rich left-wing California elites are many things, but utterly selfish explains what they do unto others.

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