COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
JUNE 26 - JULY 2, 2022

THIS WEEK

NO BOS MEETING

SLO PENSION TRUST WARNED OF INFLATION IMPACTS

SUMMER RECESS FOR SOME AGENCIES BEGINS

LAST WEEK

COUNTY BOOMS US REP CARBAJAL

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

BOARD ADOPTED THE FY 2022-23 BUDGET

GIBSON SUPPORTS TRUNCATED PROCESS

PENSION COST INCREASE APPROVED

VARIOUS UNION CONTRACTS APPROVED

LARGE RAISES FOR EXECS, MANAGERS, AND PROFESSIONALS WITHDRAWN

SPECIAL RAISES FOR EXECS AND MANAGERS SPUR OUTCRY

APCD ADOPTS ACROSS THE BOARD FEE INCREASES

EMERGENT ISSUES

COVID REMAINS LOW

ELECTION COUNT DRAGS ON FOREVER
STILL 17,657 VOTES TO GO

ENERGY FAILURE: A FUEL'S PARADISE GROWS DARK
BY ANDY CALDWELL

COLAB IN DEPTH
SEE PAGE 20

CA REPUBLICANS DEMAND GAS TAX SUSPENSION WHILE DEMS INVESTIGATE HIGH GAS PRICES
It is a sad commentary on the impact of a one-party rule

BY KATY GRIMES

BIDEN AND OIL:
DESTROY AMERICA IN ORDER TO SAVE IT
Our current oil shortage did not arise from a foreign war or tsunami, but from a deliberate policy to curtail oil production to force a more rapid transition to battery-powered transportation.

BY VICTOR DAVIS HANSON

TOWARD INFINITE ABUNDANCE
Replacing the destructive policies of scarcity with policies that nurture abundance would set an example to the world.

BY EDWARD RING

THIS WEEK'S HIGHLIGHTS

ALL MEETINGS ARE AT 9:00 AM UNLESS OTHERWISE NOTED

SLO County Pension Trust Board Meeting (SLOCPT) of Monday, June 27, 2022 (Scheduled)

Item 13 - Year to Date Monthly Investment Report. The stock market downturn has begun to affect the fund that has lost $117 million so far this year. If the trend continues, the County could face higher contribution costs to cover its unfunded accumulated actuarial liability of $806.8 million next year.

Agenda Item 13: Monthly Investment Report for May 2022

	May	**Year to Date 2022**	2021	2020	2019	2018	2017
Total Trust Investments ($ millions)	$1,658		$1,775	$1,552 year end	$1,446 year end	$1,285 year end	$1,351 year end
Total Fund Return	0.5% Gross	**-4.9%** Gross	15.2% Gross	8.9 % Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross
Policy Index Return (r)	0.2%	-7.0%	12.8%	10.0 %	16.4 %	-3.2 %	13.4 %

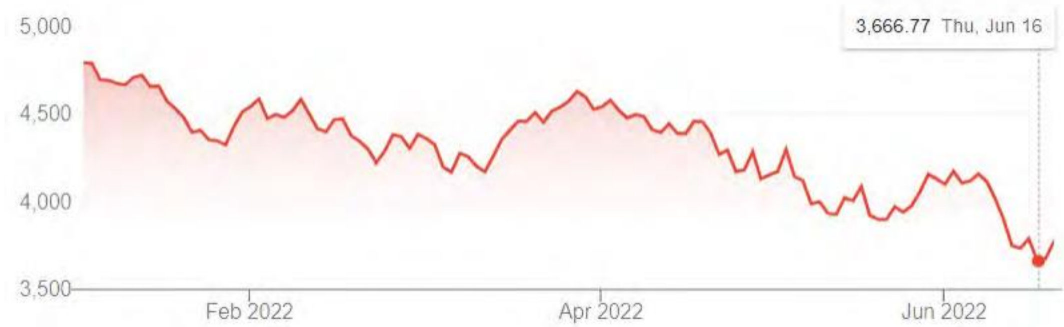
(r) Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2022 Interim targets:
Public Mkt Equity- 24% Russell 3000, 17% MSCI ACWI ex-US
Public Mkt Debt- 11% Barclays US Aggregate,
Risk Diversifying 8% Barclays US Aggregate,
4% Barclays 7-10yr Treasury, 3% Barclays 5-10yr US TIPS
Real Estate & Infrastructure- 13% NCREIF Index (inc. Infrastructure)
Private Equity- 7% actual private equity returns
Private Credit- 4% actual private credit returns

SLOCPT's investment advisors report:

The Economy and Capital Markets:

♣ Equity Markets – Equity markets flattened their decline slightly in May. However, the increasingly sharp drop in June has moved the S&P 500 index of US stocks firmly into Bear market territory for the year-to-date. The specter of high inflation rates continuing well above expectations leads to fears of Fed tightening of monetary conditions more than expected. Increasing interest rates and increasing inflation both put pressure on corporate earnings which have a large impact on stock market valuation levels

S&P 500 Index – 2022 YTD



- **Total Fund Returns** – The SLOCPT asset mix is broadly diversified across public market equities (US and International), bonds in several different strategies, real estate, private equity and private credit. The Year to Date (YTD) returns of a sample of different asset classes have been –

Asset class	YTD - May	YTD – mid June est.
Equities – S&P 500	-12.8%	-24% est.
Bonds – Aggregate	-8.9%	-12% est.
Real Estate - NCREIF	+5.3%	+6% est.
SLOCPT Total Fund	-4.9%	-11% est.

Inflation – Inflation increasingly is a central risk element for the economy and the capital markets. With an unexpectedly high US CPI inflation report for May at an 8.6% year-over-year increase, expectations for a peaking of the inflation rate were battered. The expected inflation rate as measured by the spread between Treasury bond yields and those of Treasury Inflation Protected Securities (TIPS) still predicts substantially lower inflation in 2024 and beyond. But Fed monetary policy tightening to combat the current inflation rate has a distinct possibility of triggering a recession in late 2023 or 2024

Table I-2
Change in Unfunded Actuarial Liability
(in thousands)

Unfunded Actuarial Liability, January 1, 2020	$	753,309
Actuarial transition	$	2,802
Expected change in Unfunded Actuarial Liability		(5,370)
Unfunded decrease due to actuarial asset gain[1]		(5,684)
Unfunded increase due to liability loss		26,101
Unfunded increase due to change in discount rate		35,700
Total UAL change	$	53,549
Unfunded Actuarial Liability, January 1, 2021	$	806,858

[1] *Includes net loss due to contribution timing delay.*

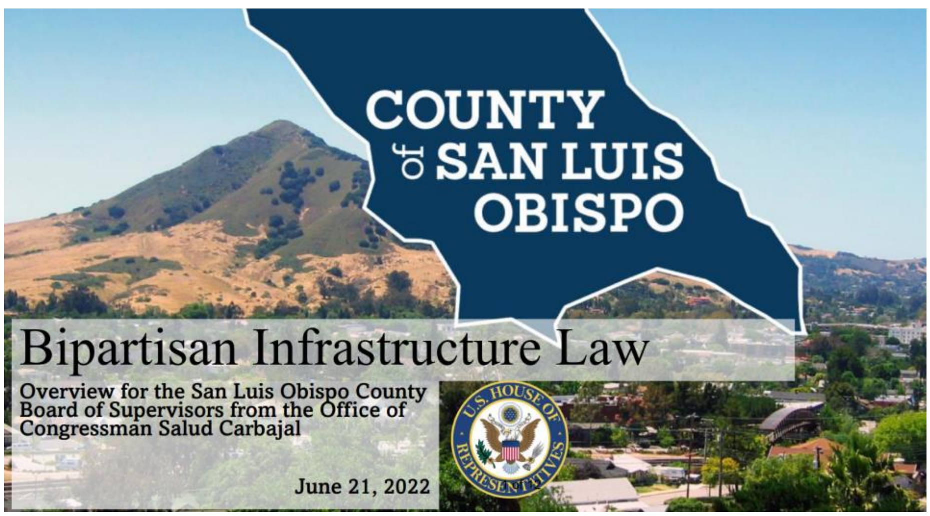
LAST WEEK'S HIGHLIGHTS

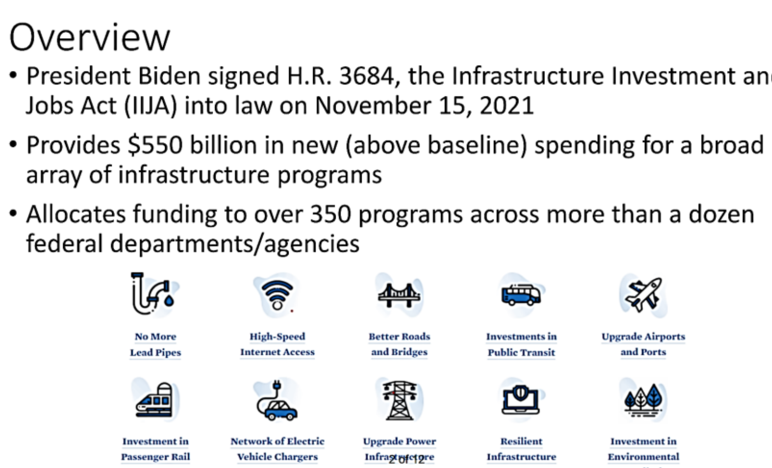
Item 1 - Presentation by Erica Reyes from Congressman Salud Carbajal's office on the Bipartisan Infrastructure Law and ways the County may be eligible to apply for federal funding for infrastructure projects. The Board received a presentation from Salud's staff on the eligible activities for which the County could apply for funding. The way the item is being presented was a promotion of the Congressman. For example, the lead-in PowerPoint slide below [would] suggested 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.

The Board members listened to the presentation but did not react. They were probably wondering about the purpose, since the information was very general and more of a publicity campaign than anything else.

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

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





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 Budget was adopted unanimously, with only one minor change. It was such a non-event that the County Administrator was off on vacation.

The Board reviewed the Budget last Tuesday in 2 hours and 28 minutes. When we pointed this out, Supervisor Gibson responded that they review the Budget at various meetings over the course of the year. Actually, they review the process and the general policies. They have never in fact conducted a real budgetary review, asking about the revenues and expenditures, program costs, levels of service, or anything during the past 11 years.

Salary, Benefit, and Pension Cost Increases

A number of agenda items last week focused 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.

For most of the employees, 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.

A New Controversy: As detailed below in **Item 21**, a proposal to raise the entire salary ranges of various executive, managerial, and professional employees on top of the regular raises was withdrawn after it generated controversy. The HR Director stated that it would be bought back at some time in the future. This generated speculation that it was withdrawn because Supervisor Peschong was absent on vacation and that he might be a critical vote for the proposal's approval.

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, and 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

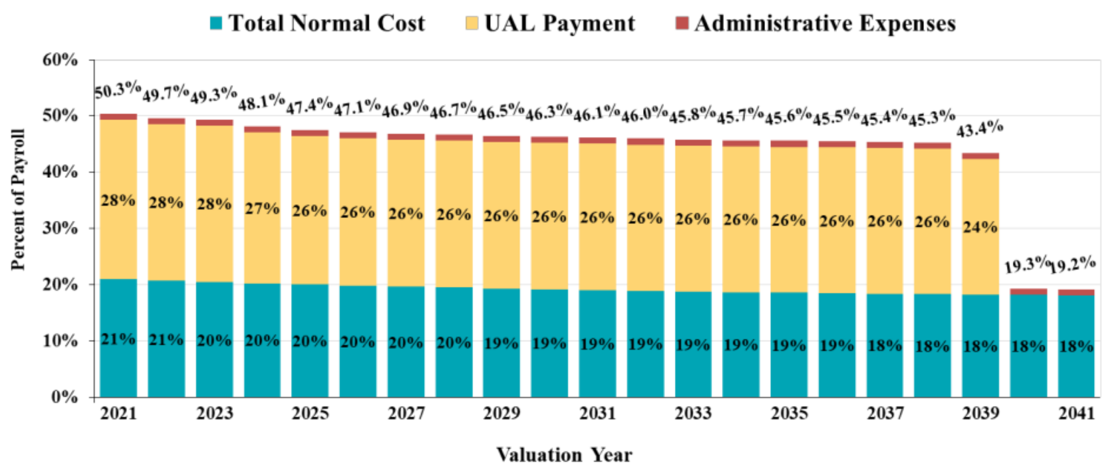
Item 20 - Submittal of a resolution approving 1) increases in employee-paid pension contribution rates and County-paid pension contribution rates based on both the January 1, 2021, Actuarial Valuation report and related recommendations and applicable memoranda of understanding, and 2) amendments to the San Luis Obispo County Employees Retirement Plan appendices. The Board unanimously approved the increased rates on the consent calendar without question or comments.

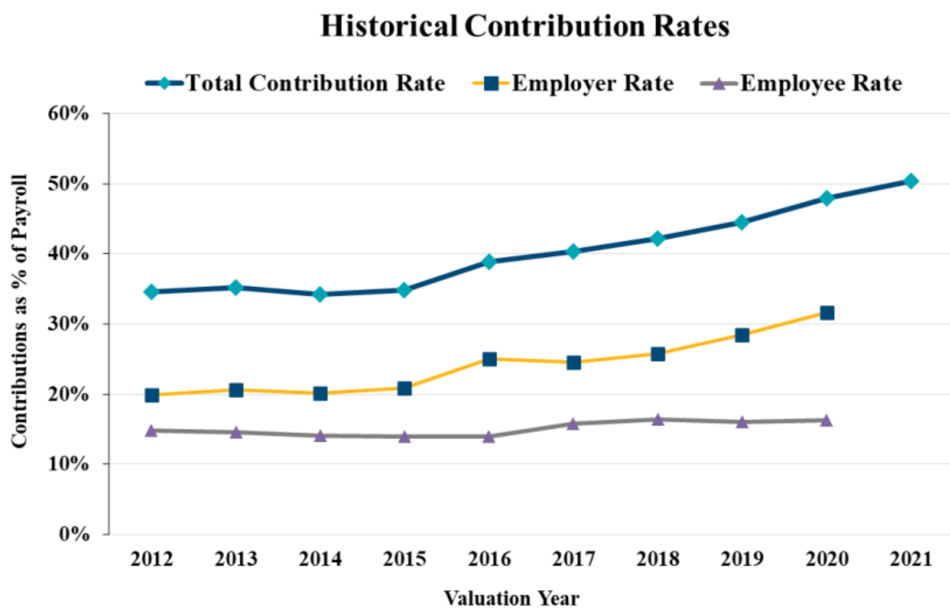
There are a variety of factors that contribute to the change in required contribution rates. The major factors include lower than expected return on investments, greater than expected number of retirements, longer than expected retiree life spans, and changes to investment return assumptions.

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.** This item was withdrawn at the last minute by HR Director. A fire storm erupted as the rank-and-file union employees reacted to a large adjustment on top of normal raises for selected executive, management, and professional employees such as attorneys, engineers, IT experts, accountants, appraisers, financial analysts, human resource analysts and others. People were incensed that the matter was presented on the consent calendar. They also objected to major raises for the County CAO, County Counsel, and various department heads who already receive salaries which can reach into the mid $200 thousands.

Most of the union workers in the County are receiving increases of 3%, 2.5%, and 2.5%, respectively, over 3 years. The higher-level management group was to have received the same raises. However, this item also provided that many (199 job classifications containing about 540 individuals) would also receive equity adjustments in addition. These were to range from 0% to as high as 15% depending on the position class.

Management, and perhaps the Board, may rely on an ordinance that was approved by the voters back in 1973, which has been interpreted by some to require such equity adjustments:

- ***2.48.180 - Prevailing wage.***

In fixing compensation to be paid to persons in the county's employ, the board of supervisors and every other authority authorized to fix salaries or wages, shall provide a percentage change in compensation at *least equal to the percentage change in compensation for the same quality of service rendered to persons, governmental agencies, firms or corporations under similar employment.*

Prevailing salaries or wages shall be determined by negotiations between the county's employer representatives and the recognized employee organization(s).

In case such prevailing salaries or wages cannot be agreed to by parties, the matter may be submitted to a mutually selected arbitrator who shall make advisory recommendations to the negotiation parties.

(Ord. 1260 § 4, 1973: amendment adopted by the voters 11/4/84)

This is one of the more stupid pieces of local legislation that we have ever seen in any jurisdiction in America.

It is not even clear if it pertains to non-union executives and managers, as the clause highlighted in yellow above seems to specify that it actually pertains to unionized employees and must be achieved through collective bargaining, not some automatic pilot process.

However, another ordinance states:

The salary range for appointed department heads shall be determined as follows: The board of supervisors declares that because of the special relationship of trust and confidence between the board of supervisors and its appointed department heads, and because this relationship is inconsistent with arm's length negotiations, a specific formula for computing salary ranges is necessary when information is available. The board of supervisors interprets Section 2.48.180 to permit use of a formula for determination of prevailing wage for department heads. This interpretation shall not bind the board of supervisors or its representatives to use, or nonuse, of any formula of determination of prevailing wages for any other classes. Salary ranges for appointed department heads shall be set to maintain equitable internal relationships and shall, when information is available, be computed in accordance with the following formula:

This one raises additional questions: Did they intend that in the event that it is used for management, does it only pertain to department heads? Most of the positions that are to receive the equity adjustment are not department heads. The language is very peculiar, stating that "the Board of Supervisors interprets Section 2.48.180… ." Is the current Board of Supervisors bound by this language from decades ago with respect to their interpretation?

In any case, the HR Director undertook a survey of "comparable jurisdictions" to ascertain how far various executive, managerial, and professional classes were behind in salary when matched with the other selected jurisdictions. This is called the Compensation Survey and is cited as the justification.

The table below is a sample illustration of how the methodology used by the County attempts to justify the special raises. A similar analysis was prepared for each position class. At least they didn't include the President of CAL Poly.

County Administrative Officer **BU09**

Survey Agency	Comparable Class	Range Max.
Cal Poly	No Comparable Class	
City of San Luis Obispo	City Manager	$23,138
El Dorado County	Chief Administrative Officer	$22,438
Fresno County	County Administrative Officer	$21,253
Kern County	County Administrative Officer	$18,323
Monterey County	Admin Officer	$27,557
Placer County	County Executive Officer	$25,526
San Luis Coastal USD	No Comparable Class	
Santa Barbara County	County Executive Officer	$25,678
Santa Cruz County	County Admin Officer	$26,877
Sonoma County	County Administrator	$25,993
State CA	No Comparable Class	
Ventura County	County Executive Officer	$27,963
Private Sector ERI	No Comparable Job	
San Luis Obispo County	County Administrative Officer	$22,152
	Median	**$25,602**
	% +/- Median	**-13.47%**
	% to Get to Median	**15.57%**

One might reflect that the captain of a Trident nuclear submarine armed with atomic warheads that has 20 years of experience and has training at least equal to a PHD in nuclear engineering receives $11,217 per month. He or she could be a sea for months at a time all the while being tracked by Russian and Chinese anti-sub forces.

Of course, the County people have to put up with political egos, neighborhood crap, employees who don’t show up, elite NIMBYs, and political correctness. On the submarine, if the captain orders dive and level off at 1000 ft., the crew executes. At the County there would be an advisory committee to consult, the guy who steers and works the diving planes would say “OK but after lunch,” and then folks might forget and leave the hatch open.

Everyone picks their poison.

A Question of Tactics? Many of the positions included in the raise are technical professional positions. The public concern is focused on the CAO, County Counsel, and other top paid officials. Most of the proposed raises are for professionals such as lawyers, engineers, IT professionals, accountants, and others requiring special post graduate university training and various types of certification. The sample below is for Software Engineer III.

Software Engineer III **BU07**

Survey Agency	Comparable Class	Range Max.
Cal Poly	Analyst/Programmer	$10,792
City of San Luis Obispo	No Comparable Class	
El Dorado County	Senior IT Analyst	$9,058
Fresno County	Information Technology Analyst IV	$7,290
Kern County	Database Analyst II	$7,283
Monterey County	Software Engineer III	$10,931
Placer County	IT Analyst - Senior	$10,504
San Luis Coastal USD	No Comparable Class	
Santa Barbara County	EDP Systems & Programming Analyst II - restricte	$9,972
Santa Cruz County	IT App Dev/Support Analyst III	$10,554
Sonoma County	Systems Software Analyst	$10,331
State CA	No Comparable Class	
Ventura County	Data Systems Architect	$9,870
Private Sector ERI	Software Engineer	$10,006
San Luis Obispo County	Software Engineer III	$9,580
	Median	**$10,006**
	% +/- Median	**-4.26%**
	% to Get to Median	**4.45%**

By including the high-ranking executive officials, department heads, and high paid generalist administrators in the package, the Board generated the criticism. Had they carved these positions out and stuck with the professionals, they may have received less complaint. Reportedly, the various unions are very angry at the situation.

Background: The write-up stated in part:

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.** The raises were approved on the consent calendar without comment or questions.

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.** These raises were also approved on the consent calendar without comment or questions.

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

SLO Air Pollution Control District Meeting of Wednesday, June 22, 2021 (Completed)

Hearing on Final Hearing and Adoption of Proposed Fee Increases. The Board voted 7/2 (Arnold and Hammon dissenting) to raise the fees. Peschong and Compton were absent. Ortiz-Legg and Paulding led the pack by moving and seconding the motion. Their voices and body language were very definitive, as if they were proud to do it.

On a motion by Supervisor Arnold, several of the burn permit fees on farms and ranches were reduced.

Background: The staff proposed across-the-
board fee increases from 6% to 14.7%. The agency is running out of things to tax. For example, the Morro Bay Power Plant, which was a major funder, closed some years ago. Now the closure of the Philipps 66 refinery is hitting them.

The APCD Board should have rejected the fees out of hand and direct the staff to come back with a smaller agency and a smaller budget.

The same elected officials who killed the expanded tank car facility at Phillips should learn to live within their means.
The same officials who want to shut down the dunes riding should learn to live within their means.
The same officials who never lifted a finger to save Diablo should learn to live within their means.

While property taxes and federal aid will see minor increases, overall revenue is estimated to decrease significantly in FY 2022-2023, compared to FY 2021-2022 because of the P66 Refinery Closure.

Where were you when the radicals and NYMBYS forced the closure?

A portion of the write-up seeks sympathy for their plight. What the hell did all the self-righteous anti-Phillips Luddites think would happen?

If approved as recommended through actions by your Board today, the changes to Rule 302. Schedule of Fees will result in an estimated $192,000 in total revenue, however with the loss of approximately $550,000 in refinery revenue, overall permit revenue is estimated to decrease by approximately $358,000. If needed, reserves will be used to make up the difference. Permit program cost recovery is estimated to be 58% in Fiscal Year 2022/2023. The proposed 6% annual increase in fees through 2025, followed by fee increases adjusted per CPI is consistent with the Board adopted goal of 95% permit program cost recovery, the Board adopted Fiscal Plan, and the recommendations of the Fiscal Plan Subcommittee

Proposed Renewal Fee Scheduled Increases

	FY 22-23	FY 23-24 6% increase	FY 24-25 6% increase	FY 25-26 6% increase	FY 26-27 and beyond adjusted per CPI *
Permit Renewal Factor "x"	$88	$93	$99	$104	TBD

*** CPI *Based upon Bureau of Labor Statistics CPI-W (Los Angeles-Long Beach- Anaheim, CA)***

New fee categories are proposed for several category types where state mandated reporting and oversight costs have increased. The following table shows the proposed new fees:

Permit Fee Category	Proposed Fee Formula	Total fee in 2022 where "x" is proposed at $88
GHG reporting at landfills	5.0x	$440
Oil and Gas production GHG monitoring and oversight	6.0x	$528
Oil and Gas production less than 300 bbl/day GHG monitoring and oversight	4.0x	$352
Oil and Gas vapor recovery systems GHG monitoring and oversight	6.0x	$528
Chemical manufacturing process unit toxics reporting fees	0.9x	$79.20 per process unit
Electrolytic plating tanks	0.06x	$5.28 per tank
Diesel engine per horsepower (hp) fee for engines from 50 hp to 3,000 hp	0.0051x	$0.45 per hp
Soil decontamination monitoring and reporting fee (projects larger than 5,000 cubic yards)	4.0x	$352
Soil decontamination monitoring and reporting fee (projects less than 5,000 cubic yards)	2.0x	$176

Permit Fee Category	Proposed Fee Formula	Total fee in 2022 where "x" is proposed at $88
Rubberized asphaltic batch plants	16.0x	$1408
Control equipment units not otherwise specified non-oil and gas	2.0x	$176
Control equipment units not otherwise specified oil and gas	4.0x	$352
Source test review of control equipment non-oil and gas	4.0x	$352
Source test review of control equipment oil and gas	6.0x	$528
Major source decommissioning fee	106.0x	$9,328

Agricultural and prescribed burning permits are proposed to increase per the following table:

Project Size	Current Fee	Proposed Fee
Less than 10 acres or 100 tons of material	$50	$100
More than 10 acres up to 100 acres, or more than 100 tons up to 500 tons	$125	$180
More than 100 acres up to 250 acres, or more than 500 tons up to 1,000 tons	$185	$265
More than 250 acres or 100 tons	$250	$360

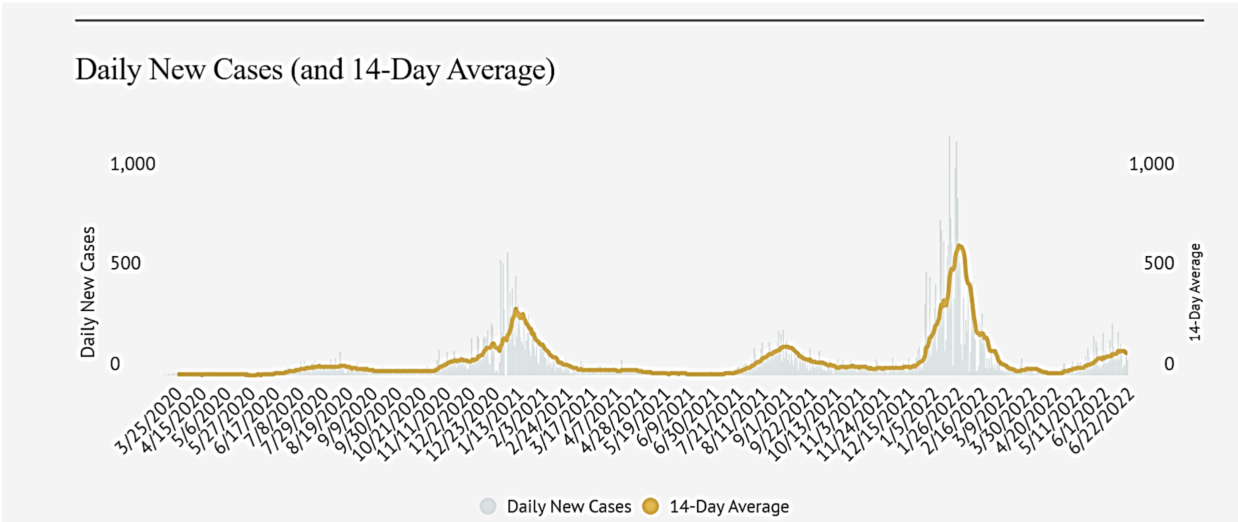
Permit Fee Category	Description	Current Fee	Proposed Fee	% Increase
1	Air monitoring and data handling oversight - per station	$ 10,973	$ 11,634	6.0%
2	Asphaltic concrete batch plants			
	a. Asphaltic concrete batch plants base fee	$ 2,681	$ 2,842	6.0%
	b. Rubberized asphaltic batch plants subprocess	**N/A**	**$ 1,408**	**N/A**
3	Bakery facility with a total heat input rating of all combustion devices that is >3.0 million British thermal units per hour (mmBtu/hr)	$ 4,856	$ 5,148	6.0%
4	Boilers, steam generators, heaters, or other gaseous, liquid, or solid fuel fired combustion equipment, except fossil fuel fired power plants (in terms of the design heat input rating)			
	a. less than 5 mmBtu/hr and limited to 90,000 therms per year or less	$ 855	$ 906	6.0%
	b. 5.0 million British thermal units per hour (mmBtu/hr) or less	$ 2,025	$ 2,147	6.0%
	c. greater than 5.0 mmBtu/hr but less than or equal to 10.0 mmBtu/hr	$ 2,830	$ 3,238	14.4%
	d. greater than 10.0 mmBtu/hr	$ 3,279	$ 3,758	14.6%
5	Brick or concrete block manufacturing facilities (in terms of the annual production rate)			
	a. 0.50 million blocks per year or less	$ 407	$ 431	6.0%
	b. greater than 0.50 but less than or equal to 1.0 million blocks per year	$ 813	$ 862	6.0%
	c. greater than 1.0 million blocks per year	$ 1,718	$ 1,822	6.0%
6	Cement handling equipment	$ 1,419	$ 1,505	6.0%
7	Chemical manufacturing process unit	$ -	$ -	
	a. Chemical manufacturing process unit base fee	$ 855	$ 906	6.0%
	b. Toxics emitting unit report fee	**N/A**	**$ 79**	**N/A**
8	Coffee roasting (in terms of the annual production rate)			
	a. 50.0 tons per year (tpy) or less with emission controls	$ 423	$ 449	6.0%
	b. 50.0 tpy or less without emission controls	$ 855	$ 906	6.0%
	c. greater than 50.0 tpy with emission controls	$ 1,129	$ 1,197	6.0%
	d. greater than 50.0 tpy without emission controls	$ 2,249	$ 2,385	6.0%
9	Concrete batch plants (in terms of the annual production rate)			
	a. 10,000.0 yards per year or less	$ 407	$ 466	14.7%
	b. greater than 10,000.0 but less than or equal to 25,000.0 yards per year	$ 813	$ 933	14.7%
	c. greater than 25,000.0 yards per year	$ 1,718	$ 1,971	14.7%
10	Crematory incinerators	$ 706	$ 748	6.0%
11	Crude oil and distillate oil storage facilities (basic)	$ 2,432	$ 2,578	6.0%
12	Crude oil and distillate oil pump station (basic)	$ 2,017	$ 2,138	6.0%
13	Degreasers	$ 855	$ 906	6.0%
14	Driers or kilns	$ 1,262	$ 1,338	6.0%
15	Dry Cleaning Operations			
	a. Perchloroethylene based	$ 855	$ 906	6.0%
	b. Other solvent based	$ 498	$ 528	6.0%
16	Electrolytic plating operations			
	a. Electrolytic plating operation base fee	$ 2,830	$ 3,001	6.0%
	b. Electrolytic plating operation per tank toxics reporting fee	**N/A**	**$ 5**	**N/A**
17	Ethylene Oxide Sterilizers	$ 3,129	$ 3,318	6.0%
18	Feed and grain mills			
	a. Feed and grain mills. Any cyclone vented to atmosphere	$ 1,137	$ 1,206	6.0%
	b. Feed and grain mills. No cyclone vented to atmosphere	$ 564	$ 598	6.0%
19	Fiber glassing	$ 3,129	$ 3,318	6.0%
20	Fixed or internal floating roof petroleum storage tank	$ 1,610	$ 1,707	6.0%
21	Floating roof petroleum storage tank	$ 2,366	$ 2,508	6.0%
22	Fossil fuel fired power plant >100 mmBtu/hr (basic	$ 350,144	$ 371,237	6.0%

	a. total for all boilers at a facility with total oxides of nitrogen emissions of more than 100 tons per year in the previous calendar year	$ 350,144	$ 371,237	6.0%
	b. total for all boilers at a facility with total oxides of nitrogen emissions of less than 100 tons per year in the previous calendar year	$ 287,313	$ 304,621	6.0%
	c. each gas turbine and any associated duct burner per mmBtu/hr of heat input capacity	$ 58	$ 62	6.0%
23	Gasoline dispensing facility and associated vapor recovery system (Phase II, basic)	$ 183	$ 209	14.2%
24	Gasoline dispensing (only one applied to any given nozzle			
	a. vapor recovery nozzle	$ 52	$ 60	14.4%
	b. multi-product, single nozzle fueling point	$ 158	$ 180	14.4%
25	Gasoline storage facility, loading rack, and associated vapor recovery system(s) – bulk	$ 1,527	$ 1,749	14.5%
26	Gasoline storage facility and associated vapor recovery system - retail and consumer account	$ 238	$ 273	14.5%
27	Gasoline vapor recovery, annual testing			
	a. Base testing fee	$ 315	$ 361	14.4%
	b. In-station diagnostic additional testing fee	$ 183	$ 209	14.7%
28	Internal combustion engine			
	a. First prime use engine per facility	$ 996	$ 1,140	14.5%
	b. Each additional prime use engine per facility	$ 465	$ 532	14.5%
	c. Additional fee for any engine >3,000 bhp	$ 9,362	$ 10,721	14.5%
	d. Each emergency standby use engine	$ 407	$ 466	14.5%
	e. Each portable diesel engine used for construction or maintenance	$ 407	$ 466	14.5%
	f. each portable non-diesel engine used for construction or maintenance	$ 249	$ 285	14.5%
	g. Each engine <50hp part of a process that requires a permit	$ 249	$ 285	14.5%

Permit Fee Category	Description	Current Fee	Proposed Fee	% Increase
	h. New Stationary Engine (Installed after July 1, 2022) greater than 50 hp and less than 3,000 hp, per horsepower toxics reporting fee	**N/A**	**$ 0.45**	**N/A**
29	Landfill gas collection (basic)			
	a. Landfill gas collection base fee	$ 5,154	$ 5,465	6.0%
	b. Landfill GHG monitoring and oversight fee	**N/A**	**$ 440**	**N/A**
30	Marine loading terminal	$ 6,574	$ 6,970	6.0%
31	Marine unloading terminal	$ 3,337	$ 3,538	6.0%
32	Miscellaneous Equipment	$ 855	$ 906	6.0%
33	Motor vehicle and mobile equipment coating (in terms of the volatile organic compound (VOC) content of materials used)			
	a. 100.0 gallons per year or less	$ 407	$ 466	14.5%
	b. greater than 100.0 but less than or equal to 700.0 gallons per year	$ 764	$ 875	14.6%
	c. Greater than 700.0 gallons per year	$ 1,361	$ 1,558	14.5%
34	Multiple chambered incinerators, including pathological incinerators	$ 3,279	$ 3,476	6.0%
35	Onshore dewatering process units associated with offshore oil and gas production	$ 7,968	$ 8,448	6.0%
36	Oil and gas production and processing facilities (basic)	$ 33,383	$ 35,394	6.0%
	a. Oil and gas production and processing facilities (basic)GHG monitoring and oversight	**N/A**	**$ 528**	**N/A**
37	Less than 300 bbl/day Oil and gas production and processing facilities (basic)	$ 4,631	$ 4,910	6.0%
	a. Less than 300 bbl/day oil and gas production and processing facilities (BASIC)GHG monitoring and oversight	**N/A**	**$ 352**	**N/A**
38	Oil production vapor recovery systems			
	a. Oil production vapor recovery systems base fee	$ 5,611	$ 5,949	6.0%
	b. GHG monitoring and oversight	**N/A**	**$ 528**	**N/A**
39	Oily water treatment systems			
40	Paint bake oven	$ 855	$ 906	6.0%
41	Petroleum coke production (basic)	$ 169,030	$ 179,212	6.0%
42	Petroleum loading rack	$ 3,013	$ 3,194	6.0%
43	Petroleum processing sulfur recovery and tail gas units	$ 8,126	$ 8,615	6.0%
44	Petroleum refineries (basic)			
	a. Refineries with authorized capacities below 16.3 million barrels per year (mmbbl/yr)	$ 80,593	$ 85,448	6.0%
	b. Refineries with authorized capacities above 16.3 mmBBl/yr	$ 108,813	$ 115,368	6.0%
45	Petroleum refining process units	$ 10,068	$ 10,674	6.0%
46	Printing operation (in terms of the VOC content of materials used)			
	a. 100.0 gallons per year or less	$ 232	$ 266	14.4%
	b. greater than 100.0 but less than or equal to 700.0 gallons per year	$ 755	$ 865	14.5%
	c. greater than 700.0 gallons per year	$ 3,038	$ 3,479	14.5%
47	Public and private wastewater treatment works			
	a. basic operation	$ 1,087	$ 1,153	6.0%
	b. anaerobic digester	$ 266	$ 282	6.0%
48	Rock crushing, screening, sizing, and storage operations (in terms of the annual production rate)			
	a. 10,000.0 tpy or less	$ 407	$ 466	14.7%
	b. greater than 10,000.0 but less than or equal to 100,000.0 tpy	$ 813	$ 933	14.7%
	c. greater than 100,000.0 tpy	$ 1,718	$ 1,971	14.7%

EMERGENT ISSUES

Item 1 - COVID. So far, the infection rate seems to be remaining low. Some other jurisdictions have had increases and are toying with restoration of various restrictions. It is beginning to display a wave pattern.



12 Hospitalized (0 in ICU)

Item 2 - Supervisorial Election. There are still 17,657 ballots to count. It seems ridiculous that it is taking so long. Why don't they count every day until it is completed?

NEXT COUNT – TUESDAY, JUNE 28, 2022, 9:00 A.M.

CONTEST/DISTRICT	VOTE-BY-MAIL BALLOTS	PROVISIONAL or CVR BALLOTS	ELECTION NIGHT NON-PROCESSED	TOTAL
COUNTYWIDE	17,343	295	19	17,657

It appears that the 3rd district will be won by incumbent Supervisor Dawn Ortiz-Legg and that the 4th district will be won by Arroyo Grande City Councilman Jimmie Paulding. It is possible that the 2nd district vote will result in a runoff in November if the current voting pattern continues.

County Supervisor, 2nd District (Vote for 1)

Precincts Reported: 23 of 23 (100.00%)

	Polling	Vote by Mail	Total	
Times Cast	549	14,646	15,195 / 36,806	41.28%
Undervotes	29	843	872	
Overvotes	0	8	8	

Candidate	Polling	Vote by Mail	Total	
BRUCE GIBSON	141	6,913	7,054	49.28%
BRUCE JONES	121	2,553	2,674	18.68%
GEOFF AUSLEN	119	2,329	2,448	17.10%
JOHN WHITWORTH	139	2,000	2,139	14.94%
Total Votes	520	13,795	14,315	

	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	15,312	15,758 / 38,543	40.88%
Undervotes	29	868	897	
Overvotes	0	10	10	

Candidate	Polling	Vote by Mail	Total	
DAWN ORTIZ-LEGG	146	9,438	9,584	64.53%
STACY A. KORSGADEN	251	4,550	4,801	32.33%
ARNOLD RUIZ	20	446	466	3.14%
Total Votes	417	14,434	14,851	

	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	15,583	16,126 / 40,057	40.26%
Undervotes	16	471	487	
Overvotes	0	3	3	

Candidate	Polling	Vote by Mail	Total	
JIMMY PAULDING	178	8,430	8,608	55.05%
LYNN COMPTON	349	6,679	7,028	44.95%
Total Votes	527	15,109	15,636	

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

Item 3 - Energy Failure: A Fuel's Paradise Grows Dark, By Andy Caldwell

It appears that consumers are finally beginning to realize that the democrats' war on fossil fuels is a war they can't afford to win. This war began in earnest during the Obama administration when he promised to shut down the coal industry which is still a predominant fuel source for much of America and the world (even "green" Europe is now going back to coal!).

America enjoyed a brief interlude courtesy of the Trump administration, which achieved both energy independence and a reduction of greenhouse gas emissions- go figure, but I digress. The ongoing war on oil and gas then achieved warp speed the first day Biden took office.

Consumers now know for certain, thanks to Biden being more truthful than he intended to be, that the only means to force the transition to alternative energy sources is to make all fossil fuels unaffordable and unavailable. They consider unaffordable gasoline a success, despite the across- the-board impacts and the obvious gap in their plans to have an affordable and reliable alternative source of energy at our beck and command. That is, the technology today doesn't exist to replace all gas stations with charging stations. Neither does the grid have enough power or distributive capacity to charge electric vehicles at home from existing continuously reliable sources, let alone intermittent wind and solar sources.

The war on fossil fuels is a total war against all aspects of financing, exploration, transport, production, refining, and all forms of use. The industry is thereby daunted and stalled by way of regulatory fiats and uncertainties in making vital and timely investments, meaning there is going to be even more hell to pay in days and decades to come.

Regarding finance, the left is pressuring and cajoling Wall Street to boycott and divest from fossil fuels, thereby robbing the industry of the money it needs to keep investing, developing, and producing assets.

With respect to exploration, Obama and Biden have shut off areas for exploration and production, including massive resources in Alaska and on federal lands. Moreover, they shut down the Keystone XL pipeline that would have brought another 700,000 barrels a day into our energy portfolio.

The obstacles to transport are myriad. For instance, San Luis Obispo County prohibited delivery of oil by rail to the Nipomo refinery that needed this throughput for economies of scale. It is now permanently closing. Exxon was forced to file a lawsuit against Santa Barbara County Supervisors because they refused to allow the company to truck oil while a pipeline that ruptured, some six years ago (through no fault of Exxon's), runs through a forbidding and never-ending permit process to rebuild. In addition to eliminating our use of coal, the lefties in the Pacific Northwest ensured we could not build the ports needed to export coal either.

Finally, there is the ability and wherewithal to produce and use the more than 6,000 finished products and derivatives of fossil fuels. California itself initiated an emission credit auction that requires manufacturers and refineries to bid on credits to use fuel in their processes. Each subsequent auction includes fewer and fewer credits available for purchase. Hence, the cost to produce goes up every year. Moreover, California is also shutting down so-called natural gas "peaker plants" that create additional energy supplies during peak electricity-demand periods. Newsom has also unilaterally declared California will cease selling new cars and trucks that run on fossil fuels. And local jurisdictions are banning natural gas hookups for stoves, cooktops, and water heaters in new construction. Meanwhile, California Attorney General Rob Bonta is suing oil companies for manufacturing plastic over dubious claims having to do with its life cycle in landfills.

These actions portend nothing less than economic suicide.

Andy Caldwell

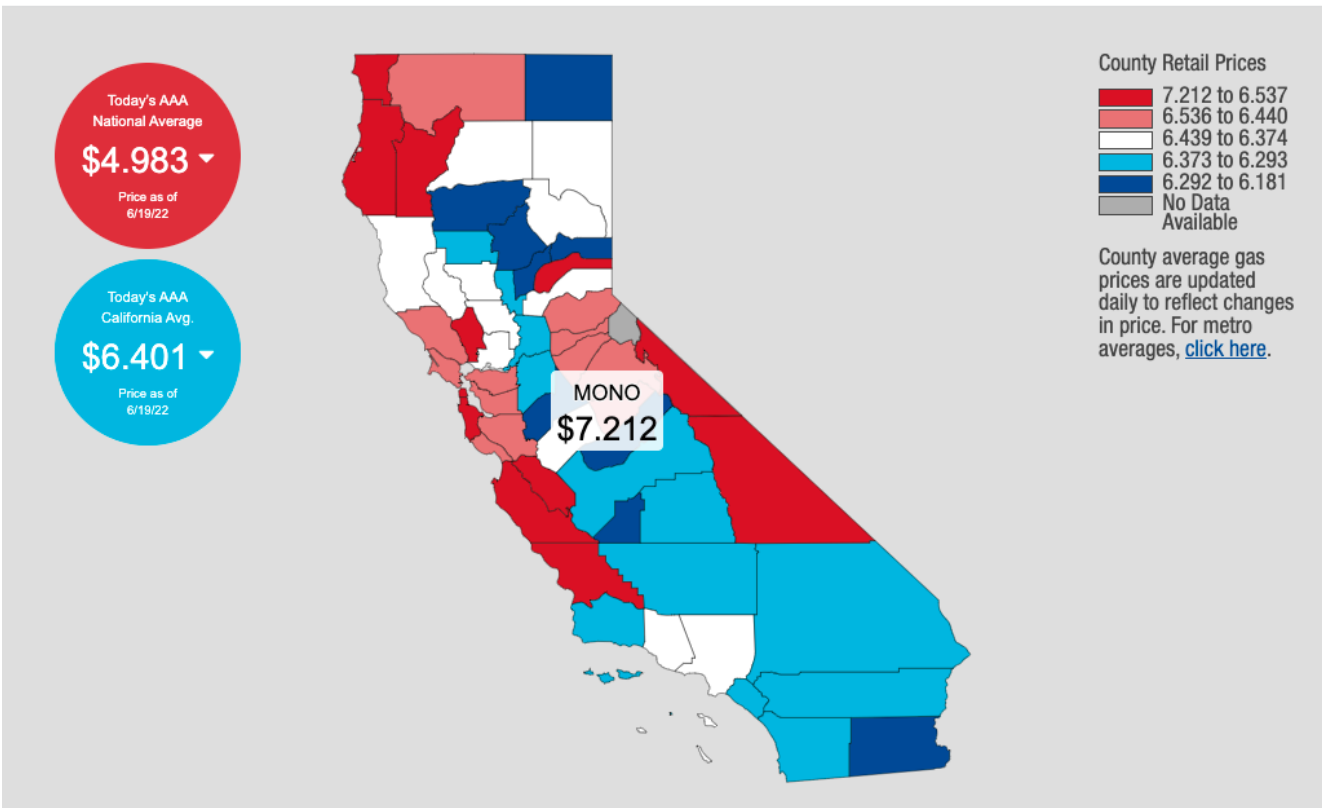
COLAB IN DEPTH

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

CA REPUBLICANS DEMAND GAS TAX SUSPENSION WHILE DEMS INVESTIGATE HIGH GAS PRICES

IT IS A SAD COMMENTARY ON THE IMPACT OF A ONE-PARTY RULE

BY KATY GRIMES



Friday marked 100 days of diddling by California's supermajority party to provide relief at the pump for the state's drivers from the record high gas prices. Rather than actually authorizing a gas tax holiday at the pump, Legislative Democrats want it to appear they care and are doing something. So they are going to "investigate" the state's highest-in-the-nation gas prices.

As of Sunday June 19, 2022, AAA reports the Average Gas Price in California is $6.401, while the national average is $4.983. The highest gas price in California is in Mono County at $7.212.

With California's excessive petroleum industry regulations, highest-in-the-nation gas taxes, and special "summer blend," expect to see that average of $6.401 per gallon of gas get much higher this summer – some predict over $10.00 per gallon. These are just averages – some counties in California already have over $10.00 a gallon gas.

Friday, Senate Republicans issued a press statement acknowledging that they have been calling for gas tax relief for months, and said keeping the pressure on is paying off.

"Running for cover, Assembly Democrats are now calling for an investigation as to why gas prices are so high. Been there, done that. Governor Newsom made the same move in 2019, and nothing has changed, except for the price of gas."

"In a political move, Democrats are joining Republicans in calling for a pause in the scheduled July 1 gas tax increase. These are the same Democrats who failed earlier this year to suspend this increase when presented with the opportunity. Senate Republicans proposed this idea last year, again in January, May, and this week. Welcome aboard."

"Democrats are feeling the heat. Californians are rightfully mad that the Democrat supermajority has done nothing but talk about alleviating the pain at the pump for 100 days. Republicans began calling for a pause in the gas tax increase almost a year ago and have not let up," Senate Republican Leader Scott Wilk (R-Santa Clarita) said. "While I am glad to see some of my colleagues come around, it is a sad commentary on the impact of a one-party rule. This could have done at any point this year; they just chose not to."

Notably, Senate Republicans last July 2021 called for a 'Gas Tax Holiday' to include a full suspension on state gas tax collection for the 2021-2022, to be backfilled by the State's general fund… to no avail. Democrats issued a press release Sunday announcing a press conference Monday at noon, to launch their investigation into rising gas prices in California:

"Assembly Speaker Anthony Rendon (D-Lakewood), along with Assemblymember Jacqui Irwin (D-Thousand Oaks) and Assemblymember Cottie Petrie-Norris (D-Laguna Beach), will hold a press conference announcing legislative action to investigate rising gas prices in California."

The Globe has a suggestion for these Democrats: Watch the news. Pay close attention to the White House Executive Orders and directives. It's been 18-months since President Joe Biden killed the Keystone Pipeline along with 70,000 oil and gas jobs under the guise of "climate change."
"New drilling leases on federal lands were brought to a halt by Biden's illegal executive order, and Biden unilaterally revoked the cross-border permit for the Keystone XL Pipeline to transport oil from the Canadian Tar Sands to Gulf Refineries," the Federalist reported.

As for California's highest-in-the-nation gas, nearly one year ago, the Globe reported on the escalating gas prices, when the national average was $3.131 per gallon, and California's average was $4.31 for regular grade gas – even higher than Hawaii's gas prices. California's medium unleaded gas was selling for $4.50 per gallon on average. Gas in Mono County was $5.13 per gallon.

And we found an expert to explain why California's gas is so costly:
"David Blackmon, a Senior Contributor to Forbes explains that California is a state that is rich in underground oil resources, but over the past two decades, the state government of California has pursued a policy agenda designed to inhibit drilling and production within its borders as part of an

overall program to try to ratchet down emissions via command-and-control regulations. In more recent years, the state government has implemented emissions regulations that far exceed current federal regulation and implemented mandates requiring a rapid phasing-out of gas-powered cars and replacing them with electric vehicles (EVs)."

Here is a breakdown of the California taxes and fees on California gas:

Taxes:
Federal Excise Tax: 18 cents per gallon
State Excise Tax: 51 cents per gallon (this will be increased to 53.9 July 1)
Sales Tax (estimated): 10 cents per gallon

Fees:
Low Carbon Gas Programs: 22 cents per gallon
Greenhouse Gas Programs: 15 cents per gallon
Underground Tank Storage: 2 cents per gallon

The ridiculous proposals coming from the governor and lawmakers for supposed relief at the pump don't directly provide relief at the pump – which is the only place drivers, and only drivers, should see the tax break. Sending checks to everyone is another Democrat redistribution of wealth, and in fact increases taxes on the very people who need the tax breaks.

In March, the Globe reported that several states including Maryland and Georgia, passed temporary gas tax suspensions in response to rising gas prices nationwide.

Also in March, California Assemblyman Kevin Kiley (R-Rocklin) introduced AB 1638 to suspend the 51 cent gas tax for six months, and instead fund the lost tax amount slated for California roads and infrastructure of $6 billion through part of the California state tax surplus. However, Assembly Democrats hijacked Kiley's proposal and instead diverted their focus on giving Californian taxpayers a $400 rebate – which showed just how unserious Democrats are about providing gas tax relief to suffering Californians. It's all politics.

Democrats are fiddling while Rome burns. They may not care, but hey, they look busy.

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 California Globe of June 23, 2022.

BIDEN AND OIL:
DESTROY AMERICA IN ORDER TO SAVE IT

Our current oil shortage did not arise from a foreign war or tsunami, but from a deliberate policy to curtail oil production to force a more rapid transition to battery-powered transportation.

BY VICTOR DAVIS HANSON

Try to follow the Joe Biden energy plan of frantically trying to get his hands on more of something that his own party despises.

During the Democratic primaries, Biden ran on the premise that he would end all fossil fuels during his tenure. In 2019-2020 that bluster seemed easy demagoguery at a time of near-record low gas and diesel prices. The American people shrugged at such utopianism since they often were filling up their cars for less than $50.

Biden's video clips from the primary campaign now seem surreal, as he tried to out-green Bernie Sanders in boasting about what has now become his own self-created energy disaster.

Biden monotonously promised at rallies, such as they were, that he would cancel pipelines, stop new federal leasing to oil and gas companies, persuade lenders to restrict loans to them, put the Alaska National Wildlife Reserve off limits, and embrace the green new deal. Those were certainly campaign boasts that he has followed up on.

His environmental czar John Kerry has just insulted Americans by lecturing them that there is no need to pump more gas and oil to reduce gas prices that are well over $6 a gallon in many of the Western states. The billionaire Kerry exudes Antoinette disdain for the muscular classes, a hubris that now characterizes the elite rich leadership of the Left in general.

Kerry and his progressive ilk make no effort to disguise that they feel the credentialed such as themselves, the wealthy, and the progressive enjoy the birthright to fly private, to be limousined, and to bounce between multiple energy-hungry mansions. Those compensations are all *necessary*, to allow them to focus on the divine task of directing and herding the unthinking and blinkered chumps, dregs, crazies and clingers to do what is for their own good—now most recently defined as paying more than $6 a gallon for gas.

White House Press Secretary Karine Jean-Pierre also reassures the country that there is no reason to pump more oil and gas. Instead, she says, we just need to refine more. At her press conferences, she reads all her answers from prepared notes. But apparently Jean-Pierre's twenty-something press preppers were oblivious that the United States, thanks to hard-left green opposition, has not built a major refinery since 1976, back when there were 110 million fewer Americans.

Jean-Pierre has no idea why she cannot now and will never in the future answer a question about fossil fuels honestly. She knows that Left for now got what it wanted. Since January 2021 it has all but destroyed the idea of American energy self-sufficiency.

Think of the mindset: the Left for decades deliberately restricts refinery capacity; then when the public demands it increase oil production that it has curtailed, it complains that increased pumping would do no good because—there is not enough refinery capacity. Yet Biden remains shocked that his long-sought victory to make fossil fuels unaffordable is despised by the American people, whose votes he now needs to stay in power.

Transportation Secretary Pete Buttigieg talks of abortion, racist freeway overpasses, mass transit—almost anything other than strapped commuters on clogged roads watching their livelihoods melt away by staggering fuel and energy costs.

Secretary of Energy Jennifer Granholm calls “hilarious” any suggestion she might think out of the box to find ways to encourage more energy production. Granholm is right only in that she could not say or do a thing that any CEO or foreign head of state would take seriously.

So, her administration is panicking that its prior arrogance has insulted, enraged, and alienated 60-70 percent of the country. But political reality to such ideologues does not mean that they will pump or refine more oil. We all know they prefer high gas prices and only object to politically damaging steep climbs before midterm or general elections—rather than, say, continuous dollar-a-gallon increases every six months to a year.

So how does Biden square his circle of continuing or accelerating policies that ensure high gas prices while trying desperately to lower fuel prices before elections?

The Biden people have three strategies.

One is denial and a resort to the blame game. Vladimir Putin supposedly caused the American gas crisis. Take away the Ukraine war, and gas would be what it was during the Trump Administration. But that is not even half-true given the fact that gas and diesel prices had already reached $4.60 a gallon in California, for example, before the Russo-Ukrainian war had begun.

No matter. The Biden finger-pointing strategy is a shotgun approach with many targets other than the president’s own deliberate efforts to raise fuel prices. Besides the “Putin price hike,” Biden blasts “greedy” oil companies that are price-gouging Americans.

Perhaps. But if so, why were they not doing that *before* Biden entered office? Did corporate CEOs love Donald Trump and hate Joe Biden?

Why do some other corporations, for example the Left’s beloved Apple, earn higher profit margins on their sales than do the large oil companies?

OK—if Putin and rapacious CEOs are not to blame for the Biden fuel disaster, then how about “refiners”?

These villains supposedly have all the oil they need, but they strangely refuse to speed up turning crude into gasoline. Again, the Left wants something now that, for political purposes, it had sought to destroy in the past for political purposes.

To learn why there are now supposedly too few refineries, just review clips from the 2020 Democratic primary debates in which a dozen candidates attacked one another for supposedly appeasing the oil companies that were producing too much fossil fuels.

The second Biden strategy is to talk green, but to find ways other than pumping more oil to reduce gas prices before the midterms. Biden has announced that Vladimir Putin is a thug, a killer, and should be removed. But his hostility never stopped him earlier from beseeching Putin to pump more oil that he is now currently selling for nearly two-thirds below market prices to China and India.

Biden has in the recent past blasted the Saudi royal family for its illiberality. Yet now he is begging another former favorite target Mohammed bin Salman to help his administration by driving down the price of American gasoline down before the midterms.

Biden perhaps feels more comfortable similarly supplicating the nightmarish and failed nations of Venezuela and Iran. He is perfectly willing through such appeasement to lose any deterrent leverage over such odious regimes for the short-term gain of avoiding a November electoral disaster.

Yet do Biden and his EPA experts believe that Iran or Russia are better stewards of Mother Earth than are U.S. oil companies subject to the Environmental Protection Agency? In our shared global village do they really believe that a fungible barrel of oil is pumped and refined under greener protocols in Iran or Russia than in Texas or North Dakota?

But this second strategy of having others produce oil that we will not is also doomed for failure. Follow the Biden logic, incoherent as it is:

I, Joe Biden, hate Russia and Saudi Arabia. Some in my government tell me I am supposed to despise Iran and Venezuela. But I want all four nations as a favor to me personally to increase their dirty fossil fuel production that I certainly don't wish to stoop to do here in my own country—all in order to keep my presidency temporarily viable, by appeasing the gas-guzzling mindless middle class while bowing to my hallowed green base.

That smug incoherence is welcome *schadenfreude* to all our enemies.

The third Biden strategy has now turned to the strategic petroleum reserve.

When oil was cheap, Trump—to much criticism—tried to top the reserve off with cheap petroleum.

And for the most part, he did.

Now Biden is draining the reserve in order to lower prices for a crisis that he created in large part by reducing U.S. production and eliminating any chances to expand it over his tenure.

Again, consider the twisted logic: the administration does not wish to increase the supply of hated petroleum, but needs more of it. So apparently if nearly 700 million barrels of oil have already been pumped out of the earth and back into four vast underground caverns near the Gulf, then repumping the black goo back out is not the same sin as pumping fresh goo from underground.

The idea of the strategic petroleum reserve grew out of the Arab boycotts of the United States in the early '70s and the anti-Western power of the OPEC cartel. The reserve was an effort to ensure that foreign entities during crises could not blackmail or leverage the United States for political concessions. It was also designed to offer a temporary buffer in times of natural or manmade crises such as war or devastating earthquakes, fires, or storms.

But Biden's policies have ensured that bad foreign actors will and can hold the United States over the proverbial oil barrel and receive concessions in the bargain. And our current oil shortage did not arise from a foreign war or tsunami, but from a *deliberate policy* to curtail oil production to force a more rapid transition to battery-powered transportation and mass transit.

So, Biden is tapping a public reserve to aid his own private political survival, not as a result of a collective assault on U.S. energy independence. In other words, he is putting America at risk to drain a reserve intended for purposes other than his own reelection efforts.

All these unhinged and desperate measures will fail.

So, what *will* end the Biden-created oil crisis? Only one consideration, and it is a medicine worse than the disease: the Biden-created recession or depression.

That is, Biden's hyperinflation and ensuing stagflation are already beginning to result in reduced spending, as his printed money runs out and spiraling prices are beginning to exceed even the 2021-22 infusion of new trillions of dollars. No wonder we are currently in an era of negative economic growth.

But given Biden's discouragement of productive industries, subsidies for labor nonparticipation, quantitative easing, historic low-interest rates, and a growing global recession we are likely to see continued negative economic growth, higher unemployment, and closed businesses.

In other words, 1970s-style stagflation will radically curb consumer demand as the targeted middle class has less to spend, and, of course, drives less. Eventually stagflation will lead to severe recession and ultimately to crashes in current prices.

The Left's reaction to that national tragedy will be interesting since it seemed to love the COVID lockdown, and not just because the devastating quarantine sparked radical changes in voting laws and an aggrandizement of government power, as well as the end of Donald Trump.

The shelter-in-place mandates bridled the middle class and slowed the economy—and thus gave us desirable reduced carbon emissions.

For the left-wing green ideologue, a recession in the age of oil is as welcome as $7 a gallon gas. Or perhaps economic stagnation of the middle class is more fortuitous, a "never let a crisis go to waste," since it will mean a general reduction in fossil-fuel energy use well beyond transportation as millions of Americans become inert.

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TOWARD INFINITE ABUNDANCE

Replacing the destructive policies of scarcity with policies that nurture abundance would set an example to the world.

BY EDWARD RING

From the inaugural Stanford Digital Economy Lab gathering in April 2022, noted venture capitalist Steve Jurvetson posted the following quote on Facebook: “Our goal is to usher in an era of Infinite abundance.”

Infinite Abundance

This phrase epitomizes the ongoing promise of California’s tech culture. Despite California’s many political shortcomings, the state’s technology sector continues to set the pace for the rest of the world. “Infinite abundance,” evocative of an earlier tech mantra “better, faster, cheaper,” is not only a defining aspiration of tech entrepreneurs, it is closer to being realized every day.

So why is it that Californians can’t generate abundant electricity? Why is it that Californians can’t figure out how to deliver abundant water? And how does a future of rationed, scarce energy and water square with the dreams of infinite abundance that inspire every one of California’s high-tech entrepreneurs and investors? And insofar as the political clout of California’s high-tech sector gives it almost infinite influence, when will its high-tech innovators confront this paradox?

For almost every significant resource of consequence to normal working families—energy, water, transportation, housing, and food—ordinary Californians have been betrayed by their elected officials. Everything is running out. Everything costs too much. But when Californians realize that the punitive cost-of-living they’ve endured was the result of poor political choices, and not an inevitable “new normal” they will need to be presented with alternative policies.

Somewhere between the grenade-throwing pundit who persuasively condemns everything that’s gone wrong, and the confirmed wonk whose turgid policy prescriptions are never read and typically stay within rigid ideological lanes, we need more people who will instead try to propose practical solutions. Straying far from both the complaining cynic and the lost-in-the-weeds wonk, last year I attempted to recruit a team of experts to come up with a policy solution to water scarcity in California. Despite watching our effort to qualify our initiative get crushed in its cradle, I believe we succeeded.

The Water Infrastructure Funding Act, unaltered, would have created water abundance in California. Even an attenuated version of this initiative, with a few key elements removed but largely intact, would dramatically improve California’s water supply challenges. But if most of California’s financial special interests oppose water abundance, and powerful environmentalist organizations appear unwilling to support any big new water infrastructure projects, how will Californians ever escape high water prices and rationing? More generally, if abundance in all things harms financial special interests and is opposed by environmentalists, how will *any* sort of abundance ever be realized? How will Californians escape a future of rationed scarcity?

This isn’t merely a question for California. As goes California, so goes America. And barring global conflict too terrible to contemplate, as goes America, so goes the world. The Lords of Scarcity will rule the world, co-opting their counterparts in other nations, and a new era of feudalism will descend on humanity.

It might not be so bad. Vertical farming and cultivated meat will ensure that nobody starves. New social mores that stigmatize pregnancy as a crime against the planet, combined with a hedonistic culture that condemns traditional families, will result in a diminishing, aging global population. Androids will become caregivers and companions, frequently going into energy-saving sleep mode as the apartment dwelling billions, reduced to existence in a handful of megacities, strap on their VR goggles and inhabit the thriving metaverse. Prescription drugs will pacify, palliate, and at the appropriate time, euthanize the old and infirm. Oligarchs will rule the world, machines will produce goods, algorithms will regulate information, and the vast majority of humans will have no idea what they're missing. The planet's ecosystems will thrive.

That's an extreme scenario, and perhaps a cynical portrayal, although we may plausibly imagine far worse. The other extreme scenario, currently marketed by virtually every established institution in the Western world as factual and beyond debate, is that humanity must decarbonize and lower its environmental footprint or the planet will soon become uninhabitable.

Based on California's current politics of scarcity, the inescapable consequence of that premise is that a middle-class lifestyle is unsustainable. One must either endure rationed scarcity—in a manner hopefully not as ghastly as imagined in the preceding paragraph—or life on earth will come to an end in a succession of cataclysmic climate catastrophes. That is the extreme narrative that we threatened with our initiative. But ideas without agency are like a head with no body, and agency requires power, and power requires money.

Is Middle-Class Life Unsustainable?

Maybe there is a civic-minded and contrarian billionaire who would be willing to spend $5-$10 million to qualify an initiative to create water abundance in California, then spend another $20-$50 million to convince voters to approve it. We tried to find one. Without at least a few powerful financial players deciding to challenge the ideology and conventional wisdom used to justify current energy and water policies and use their resources to fight for policies that instead nurture abundance, the Lords of Scarcity are going to win the war. In the meantime, it is worthwhile to examine the assertion that middle-class lifestyles are unsustainable. Even though it must be challenged, the argument is not unfounded.

The chart below illustrates a stark truth about middle-class lifestyles as enjoyed in America. If everyone, including Americans, consumed roughly *half* as much energy as Americans consumed per capita in 2020, global energy production would need to increase by 87 percent. Applying those same criteria to water would require freshwater availability in the world to increase by 37 percent.

Energy and Water Consumption
USA Compared to the Rest of the World

What if everyone on earth used half as much water and energy as Americans?

	USA	*Rest of World*	*Total World*
Population (millions)	**335**	**7,606**	**7,941**
	Per Year - Current Data		
Energy (gigawatt-years)	**2,782**	**14,871**	**17,653**
Per Capita (kWh)	**72,846**	**17,139**	**19,487**
	Per Year - If World @ 1/2 USA		
Energy (gigawatt-years)	**1,391**	**31,604**	**32,995**
Per Capita (kWh)	**36,423**	**36,423**	**36,423**
% change	**-50%**	**213%**	**187%**
	Per Year - Current Data		
Water (MAF)	**1,053**	**8,034**	**9,087**
Per Capita (acre feet)	**3.15**	**1.06**	**1.14**
	Per Year - If World @ 1/2 USA		
Water (MAF)	**527**	**12,634**	**14,290**
Per Capita (acre feet)	**1.57**	**1.57**	**1.57**
% change	**-50%**	**149%**	**137%**

The data on energy is gathered from the authoritative BP Statistical Review of Global Energy and is updated through 2020. The data on water relies on a 2012 study "The Water Footprint of Humanity" conducted by researchers in the Netherlands and cited later that year in *Scientific American*.

The energy data is fairly straightforward, although BP's latest energy mega-unit of choice, "exajoules," has been converted to gigawatt-years in deference to the electric age which—depending on who you ask—is either dawning with enlightened splendor, or being thrust upon us with no regard to efficacy or necessity. For a more thorough discussion of units of energy, refer to "When It Comes to Water and Power, Numbers Don't Lie." That installment offers plenty of details, but for the current discussion, only the proportions matter.

The data on water is anything but straightforward, and not merely because the mega-units were converted from cubic kilometers to million-acre-feet, but because a nation's higher than average per capita "water use" doesn't automatically equate to water waste. A nation with high per capita water use may have a lot of irrigated farmland, and export a lot of agricultural products. The 2012 study found that 92 percent of the global water footprint was for farming.

Even taking into account some limitations in the available data, anyone fighting for abundance must nonetheless confront an inescapable fact: Every American on average uses four times as much energy as people in the rest of the world, and they use three times as much water. Furthermore, if anything, the per capita water use for Americans is understated. Nuances can alter the implications of fractional differences, but they cannot explain away multiples of three or four times. Can abundance for everyone be achieved without destroying the planet?

To answer this question, several factors need to be taken into account. Here are some premises to introduce as worthy of vigorous debate, since to defend each of them would go well beyond the scope of a book dealing with water policy in California. So for better or for worse, they are:

- Emerging nations of the world are not going to abandon using fossil fuel until renewable energy is demonstrably cheaper and available at the scale they need to develop their economies.
- Renewable energy technologies have not demonstrated they have a cradle-to-grave ecological footprint that is significantly more benign than clean fossil fuel, and the raw materials currently required for their manufacture and operation may actually be more finite than fossil fuel.
- Abundant and affordable energy is highly correlated with, if not a prerequisite for, broad individual prosperity, female literacy and emancipation, urbanization, and lower birth rates.
- Lower birth rates and urbanization both lead to less pressure on wilderness habitats, agricultural land, and overall demands on natural resources. This is already happening in most of the world.
- Emerging energy technologies include fusion power, advanced fission reactors that reuse fuel, factory farmed biofuel, satellite solar power stations, clean hydrogen stripped from fossil fuel or generated from electrolysis, direct synthesis of carbon-based fuel from the atmosphere, and plenty more that we cannot yet imagine.
- Abundant energy translates directly into abundant water.

It’s important to emphasize that none of the preceding statements offered any challenge to the prevailing theories of CO2-induced climate change. But the sum of these statements amounts to a recipe—and a moral argument—for creating energy and water abundance for all the nations of the world. Adapting to climate change in California via rationing of energy, water, and land, which is precisely what we are doing, will not influence the actions of the demographic heavyweights of the world, China, India, Indonesia, Pakistan, Brazil, Nigeria, or any other nation that aspires to elevate their citizens to the lifestyle enjoyed by Californians.

Moreover, exporting our policies in the form of international agreements and foreign investment strategies that effectively impose rationing of energy, which is exactly what America is doing today, will perpetuate poverty in those nations. In turn, this will defer the *voluntary* population stabilization that accompanies prosperity, replacing it either with coercive restrictions on childbearing, or Malthusian famines caused by the politics of scarcity. Needless to say, it will also drive these nations to seek resources and financing from aspiring superpower rivals to the United States.

Counterproductive Policy

What California’s policies are currently accomplishing runs contrary to the finest ideals of this state, exemplified from the earliest days of the modern era but especially now, as our technology elites introduce one path breaking innovation after another. Scarcity of water and energy, which translates to scarcity of housing and food and good jobs, is the precise *opposite* of what California should stand for, and it is an entirely avoidable condition.

California is blessed with almost every natural resource necessary for a modern civilization to thrive. So why aren't California's legislators passing laws to nurture prosperity and abundance in *all* things, only starting with water and energy.

Why has California's logging and milling industry been regulated nearly into oblivion? Lumber has become prohibitively expensive in a state that as recently as 1990 harvested over 6 billion board-feet a year of timber and now only harvests one-quarter as much.

Why is California importing fertilizer for its 8 million acres of irrigated farmland, when plentiful existing resources could be extracted right here to produce it? Why isn't California trying to keep all of its farmland in production during this time of global food insecurity?

Why is California phasing out natural gas when it is the cleanest fossil fuel?

Why is California banning the internal combustion engine, when alternative combustible transportation fuels including hydrogen, natural gas, factory-farmed biofuel, and carbon fuel extracted from the atmosphere are all possible ways to power advanced hybrid vehicles?

Why is California making it almost impossible to build houses on open land when the state is only five percent urbanized?

Why is California shutting down Diablo Canyon's two reactors, instead of building the plant to its original six reactor design?

All of these policies are causing harm to ordinary Californians. As previously discussed, the idea that California, much less the world, can replace and then increase its total energy production with wind, solar, geothermal, and tidal power systems is ludicrous. California should be pursuing an all-of-the-above strategy with energy and water, using the cleanest and most efficient technologies we can come up with.

Replacing the destructive policies of scarcity with policies that nurture abundance would set an example to the world, and allow Californians to export leading-edge products and technologies that appropriately address an insatiable, wholly justified demand—that everyone in the world achieve the standard of living that we take for granted.

That is the abundance choice.

Edward Ring is a senior fellow of the Center for American Greatness and co-founder in 2013 of the California Policy Center. This article first appeared in American Greatness of June 23,2022.

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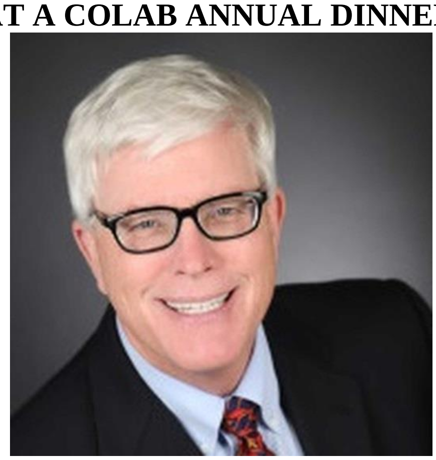

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