COLAB San Luis Obispo County

The Coalition of Labor Agriculture and Business

WEEKLY UPDATE
MAY 12 - 18, 2024

THIS WEEK
SEE PAGE 4

BOARD OF SUPERVISORS

LEGISLATIVE BILLS WITH NASTY IMPACTS ON COUNTY

WILL THE BOARD COME OUT STRONG TO PROTECT PROP 13?

&

OPPOSE ATTACKS ON TAX BLOCKING REFERENDA?

FY 2024-25 $851.8 ANNUAL BUDGET PROPOSED

FY 2023-24 THIRD QUARTER FINANCIAL REPORT

THERE IS NO THERE THERE

2024 ANNUAL DEBT REPORT

SLO COUNTY AIR POLLUTION CONTROL DISTRICT

DUNES DUST PROGRESS UPDATE

SLO COUNTY LOCAL AGENCY FORMATION COMMISSION

CAMBRIA AMBULANCES REVIEW

REVENUES AREN'T KEEPING UP WITH COSTS

LAST WEEK
SEE PAGE 14

NO BOARD OF SUPERVISORS MEETING

CENTRAL COAST COMMUNITY ENERGY (3CE) OPERATIONS BOARD

RATE SETTING DISCUSSION BEGINS

SLO INTEGRATED WASTE MANAGEMENT AUTHORITY

BUDGET DISCUSSION BEGINS

THE MYTH OF RECYCLING BECOMES EVER MORE APPARENT

COSTS ARE UP BUT SO ARE REVENUES – CUSTOMERS MAY GET A BREAK

COUNTY PLANNING COMMISSION

76 MORE UNITS MORE UNITS APPROVED FOR MONARCH DUNES

CAL COASTAL COMMISSION

LIMITING ICBM INTERCEPTOR TESTS REFERENCED

LIMITING STARLINK LAUNCHES MAY HAPPEN

STARLINK SATELLITES LAUNCH THURSDAY MAY 9, 2024
PHOTO COURTESY OF ATLAS IMAGARY, SANTA YNEZ, CA.
WILL SLO AND SANTA BARBARA COUNTIES DEFEND THIS COMPONENT OF THEIR ECONOMIC DEVELOPMENT STRATEGIES?

REGULATING OYSTER FARMING IN MORRO BAY

COLAB SEEKING EXPERIENCED EXECUTIVE DIRECTOR!

COLAB San Luis Obispo is seeking an experienced Executive Director to lead the organization's advocacy and education efforts. This position will report directly to the Board of Directors, and will oversee administration, staffing, scheduling, and communications in addition to being COLAB's principal advocate for a stronger business environment in our region. Qualified candidates will have experience in government, public policy, advocacy, and/or law, experience managing employees, and exemplary communication skills. (This is a 1099 Misc. position.) Interested parties may submit questions, or resumes and cover letters to colabslo@gmail.com.

EMERGENT ISSUES

SEE PAGE 23

WATER CZARS IGNORE SOLUTIONS TO SCARCITY

MALIBU COUPLE CELEBRATES VICTORY IN 'GRANNY FLAT' CASE

"The City of Malibu went to extreme lengths to block a small ADU for an octogenarian woman, a project that enjoyed the support of all neighbors and was demonstrated to pose no negative environmental impact"

CALIFORNIA GOVERNOR WOULD SLASH 10,000 VACANT STATE JOBS TO HELP CLOSE $27.6 BILLION DEFICIT

PEAK CLIMATISM?

MAYBE, JUST MAYBE, WE HAVE REACHED AND PASSED PEAK CLIMATE HYSTERIA:

COLAB IN DEPTH

SEE PAGE 29

THE END OF OLD LEFT-WING MYTHOLOGIES

The one-eyed Jack American Left has been flipped over, and what turned up proved frightening

BY VICTOR DAVIS HANSON

SPONSORS

THIS WEEK'S HIGHLIGHTS

ALL MEETINGS ARE AT 9:00 AM UNLESS OTHERWISE NOTED

Board of Supervisors Meeting of Tuesday, May 14, 2024 (Scheduled)

Item 21 - Request to receive an update on State Legislative activities by Paul Yoder of Shaw Yoder Antwih Schmelzer & Lange. (Administrative office) The update consists of a 40 page list of bills currently pending that should impact the County of San Luis Obispo. Presumably the Board will provide preliminary direction. The list is long and detailed. This process may take some time. There will again be an opportunity for the Board to unanimously pronounce its opposition to the gutting of Proposition 13 via ACA 1, below.

Some samples of the bills are listed below:

1. Gutting of Proposition 13:

See the details in the table below:

ACA 1 Aguiar-Curry D **Local government financing: affordable housing and public infrastructure: voter approval.**	Assembly Chaptered 9/20/2023-Chaptered by Secretary of State - Res. Chapter 173, Statutes of 2023.	The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, including downpayment assistance, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, city and county, or special district, as applicable, and the proposition includes specified accountability requirements. The measure would prohibit a city, county, city and county, or special district from placing a proposition on the ballot pursuant to these provisions if the voters have previously approved a proposition pursuant to these provisions or the below special tax provisions until all funds from the previous proposition are committed to programs and projects listed in the specific local program or ordinance, as described. The measure, subject to certain vote thresholds, would authorize the Legislature to enact laws establishing additional accountability measures and laws for the downpayment assistance programs authorized by the measure, as specified. The measure would specify that these provisions apply to any city, county, city and county, or special district measure imposing an ad valorem tax to pay the interest and redemption charges on bonded indebtedness for these purposes that is submitted at the same election as this measure. This bill contains other related provisions and other existing laws. **Last Amended: 9/5/2023**	

2. Making it impossible to pass tax limitation measures:

ACA 13 Ward D **Voting thresholds.**	Assembly Chaptered 11/2/2023-Chaptered by Secretary of State- Chapter 176, Statutes of 2023	The California Constitution provides that a proposed constitutional amendment and a statewide initiative measure each take effect only if approved by a majority of the votes cast on the amendment or measure.This measure would further provide that an initiative measure that includes one or more provisions that would amend the Constitution to increase the voter approval requirement to adopt any state or local measure would be approved by the voters only if the proportion of votes cast in favor of the initiative measure is equal to or greater than the highest voter approval requirement that the initiative measure would impose. The measure would specify that this voter approval requirement would apply to statewide initiative measures that appear on the ballot on or after January 1, 2024. This bill contains other related provisions and other existing laws. **Last Amended: 9/11/2023**

3. Significantly weakening the ability of cities, counties, and other entities to manage their budgets:
It essentially requires them to fill all vacant positions.

AB 2561 McKinnor D **Local public employees: vacant positions.**	Assembly Appropriations Suspense File 5/1/2024-In committee: Set, first hearing. Referred to suspense file.	Existing law, the Meyers-Milias-Brown Act (act), authorizes local public employees, as defined, to form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on matters of labor relations. The act prohibits a public agency from, among other things, imposing or threatening to impose reprisals on employees, discriminating or threatening to discriminate against employees, or otherwise interfering with specified employee rights guaranteed by the act. This bill would require each public agency with bargaining unit vacancy rates exceeding 10% for more than 90 days within the past 180 days to meet and confer with a representative of the recognized employee organization to produce, publish, and implement a plan consisting of specified components to fill all vacant positions within the subsequent 180 days. The bill would require the public agency to present this plan during a public hearing to the governing legislative body and to publish the plan on its internet website for public review for at least one year. By imposing new duties on local public agencies, the bill would impose a state-mandated local program. The bill would also include findings that changes proposed by this bill address a matter of statewide concern. **Last Amended: 3/11/2024**	

4. Weakening the counties' ability to manage their mental health programs while imposing new rules and mandates:

SB 326 Eggman D **The Behavioral Health Services Act.**	Senate Chaptered 10/12/2023-Approved by the Governor. Chaptered by Secretary of State. Chapter 790, Statutes of 2023.	Existing law, the Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, funds a system of county mental health plans for the provision of mental health services. Existing law authorizes the MHSA to be amended by a 2/3 vote of the Legislature if the amendments are consistent with and further the intent of the MHSA. Existing law authorizes the Legislature to add provisions to clarify procedures and terms of the MHSA by majority vote. If approved by the voters at the March 5, 2024, statewide primary election, this bill would recast the MHSA by, among other things, renaming it the Behavioral Health Services Act (BHSA), expanding it to include treatment of substance use disorders, changing the county planning process, and expanding services for which counties and the state can use funds. The bill would revise the distribution of MHSA moneys, including allocating up to $36,000,000 to the department for behavioral health workforce funding. The bill would authorize the department to require a county to implement specific evidence-based practices. This bill would require a county, for behavioral health services eligible for reimbursement pursuant to the federal Social Security Act, to submit the claims for reimbursement to the State Department of Health Care Services (the department) under specific circumstances. The bill would require counties to pursue reimbursement through various channels and would authorize the counties to report issues with managed care plans and insurers to the Department of Managed Health Care or the Department of Insurance.This bill contains other related provisions and other existing laws. **Last Amended: 9/8/2023**

5. Legal impacts on agritourism: What if the cow pisses on the visitor?

AB 2635 Irwin D **California Agritourism Liability Act: agritourism civil liability.**	Assembly Judiciary 4/23/2024-In committee: Set, first hearing. Hearing canceled at the request of author.	Existing law provides for the direct marketing of agricultural products, including through certified farmers' markets. Existing law generally provides that everyone is responsible, not only for the result of their willful acts, but also for an injury occasioned to another by that person's want of ordinary care or skill in the management of their property or person, except as specified. This bill, the California Agritourism Liability Act, would define "agritourism activity" as an activity carried out on a farm, ranch, or rural land whose primary business activity is agriculture or ranching and that allows members of the general public to view, enjoy, and participate in rural activities, as provided. The bill would require an agritourism operator to include a warning notice on signs at the agritourism location, as specified. The bill would exempt an agritourism professional from civil liability for injury, loss, damage, or death of a participant of an agritourism activity resulting exclusively from an inherent risk of agritourism activity, as defined, unless the agritourism professional commits an act or omission that is grossly negligent or constitutes willful or wanton disregard for the safety of a participant, has actual knowledge or reasonably should have known of an existing dangerous condition on the land, facilities, or equipment, or dangerous propensity of a particular animal and does not make the danger known to a participant, or knowingly permits participants to use facilities or engage in agritourism activities while under the influence of alcohol or drugs. The bill would require the agritourism professional to plead the affirmative defense of assumption of the risk of agritourism activity. This bill contains other existing laws. **Last Amended: 3/21/2024**

6 More taxpayer subsidies for wind energy:

AB 2537 Addis D **Energy: Voluntary Offshore Wind and Coastal Resources Protection Program: community capacity building grants.**	Assembly Appropriations 4/30/2024-Re-referred to Com. on APPR.	Existing law establishes the Voluntary Offshore Wind and Coastal Resources Protection Program, which is administered by the State Energy Resources Conservation and Development Commission for the purpose of supporting state activities that complement and are in furtherance of federal laws related to the development of offshore wind facilities. Existing law creates, and continuously appropriates moneys in, the Voluntary Offshore Wind and Coastal Resources Protection Fund for purposes of the program and the Private Donations Account, which is created in the fund. Existing law authorizes the commission to accept federal and private sector moneys for purposes of the program and requires the private sector moneys to be deposited into the account and the federal moneys to be deposited into the fund. Existing law authorizes the commission to allocate moneys in the fund or account for specified purposes, including workforce development grants. This bill would additionally authorize the commission to allocate moneys in the fund or account for capacity building grants within local communities and tribal communities to engage in the process of offshore wind energy development. By expanding the purposes for which continuously appropriated moneys may be allocated, the bill would make an appropriation. This bill would create the Offshore Wind Community Capacity Building Fund Grant Account in the fund, and would continuously appropriate the moneys in this account to the commission to award capacity building grants, thereby making an appropriation, as specified. The bill would require California offshore wind leaseholders to provide financial assistance to fund those grants for the 3-year period after the leaseholder executes an offshore wind lease, as provided. The bill would require the commission to annually prepare and submit a report to the Legislature on the implementation and effectiveness of those grants. The bill would require the commission to develop guidelines for the use of those grant moneys, and would require the guidelines to be subject to review and revision every 3 years. **Last Amended: 4/29/2024**	Support

5. From the sublime to the trivial:

AB 3118 Wallis R **Solar energy: official state energy.**	Assembly U. & E. 3/11/2024-Referred to Com. on U. & E.	Existing law establishes the state flag and the state's emblems, including, among other things, the golden poppy as the official state flower, the California redwood as the official state tree, and the California gray whale as the official state marine mammal. This bill would establish solar energy as the official state energy. The bill would also make related findings and declarations.	

Item 22 - Introduction of the County of San Luis Obispo FY 2024-25 Recommended Budget. Budget hearings will begin on Monday June 3, 2024 at 9:00 AM. Usually the matter is completed in less than one day. The write-up states in part:

The Recommended Budget authorizes a Governmental Funds (core government services and programs funded by specific revenue sources) spending level of $851.8 million, which is a $6.8 million increase (0.80%) compared to the FY 2023-24 Adopted Budget.

It was originally forecast that there would be a revenue expenditure gap of $22.3 million. This is now estimated at $15.6 million. Various devices such as not budgeting as many vacant positions, deferring some programs, some actual position reductions, applying less to reserves, and others are proposed to eliminate this problem. None of these seem to be particularly draconian.

COLAB will report back prior to the June 3, 2024 hearing.

MATTERS AFTER 1:30 PM

Item 25 - Submittal of the FY 2023-24 Third Quarter Financial Status Report and request to approve various financial actions as detailed in Section 4 of Attachment 1 - FY 2023-24

Third Quarter Financial Report (one or more actions require 4/5 votes) and Annual Debt Report. Again, as we have pointed out in the past, these reports contain a great deal of detail, but provide no estimate of the status of the finances at close of the fiscal year on June 30, 2024. They have to have made a projection or they could not have completed the Proposed Fiscal Year 2024-25 Budget (See item 22 above).

It would appear that the Budget will close in the black, as the Auditor Controller forecasts a fund balance of $44.3 million. The reader has to go to page 8 to even find the statement:

In preparation of the FY 2024-25 Recommended Budget, the Auditor-Controller-Treasurer-Tax Collector's Office projected that the County's General Fund would have a Fund Balance Available (FBA) of $42.3 million at year-end, which is included as a funding source for the FY 2024-25 Recommended Budget. The FBA is the amount of money available at the end of one fiscal year for financing a portion of the budgetary requirements for the upcoming fiscal year. It is comprised of the unspent General Fund contingencies at the end of the year, plus any remaining General Fund dollars unspent or not encumbered by the various County departments at year end. Unspent contingencies in the current year is the single largest driver of the FBA to fund the coming year's budget. The Auditor-Controller Treasurer-Tax Collector's FBA estimate was based upon year end projections provided by individual departments.

In a fuzzy closing paragraph, the Board letter states:

In the second quarter, it was estimated that there might be $8 million net General Fund impact. Based on notable issues included in the attached report (Attachment 1), as of the end of the third quarter, it is anticipated that there might $3.6 million net General Fund impact. Approval of the recommendations will allow for a total of $363,164 in cash and gift card donations to be accepted on behalf of FC 132 – District Attorney, FC 137 – Health Agency – Animal Services, FC 139 – Probation, FC 180 – Social Services, FC 222 – Parks and Recreation – Community Parks, FC 305 – Parks and Recreation – Regional Parks, and FC 377 – Library. The Board is asked to relieve accountability for uncollectable debt in the amount of $56,007 for FC 180 - Social Services. The Board is also asked to declare surplus and authorize disposal through public auction of six Central Services-Fleet vehicles for FC 407 – Fleet. Finally, the Board is asked to approve other miscellaneous budget adjustments totaling $5,367,015. These miscellaneous adjustments include, among other transfers, $1,760,904 from General Fund contingencies.

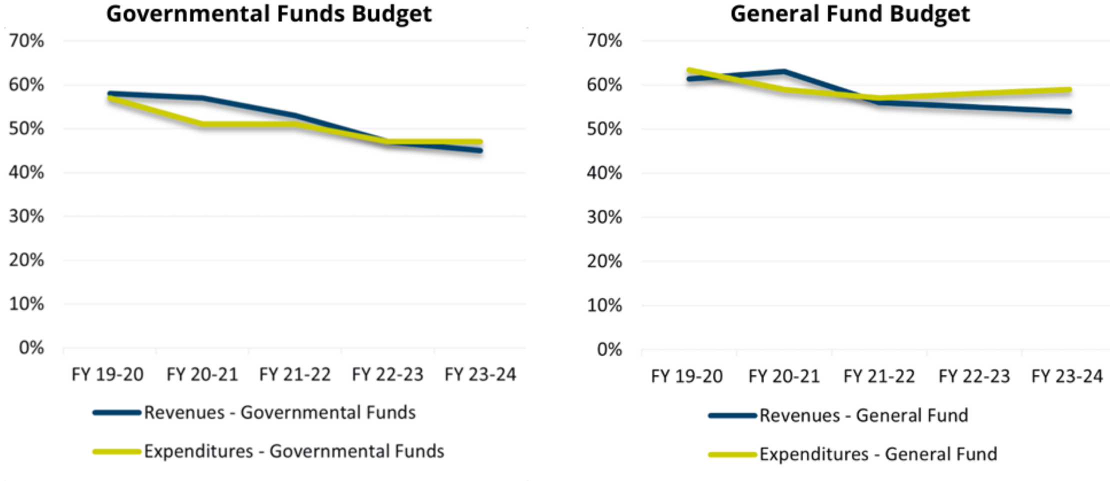
On the Boing 787 heading towards the High Sierra, you need to know your position, altitude, air speed, attitude, and when you will reach the Sierra. The County knows one thing at a time and is obsessed with the process for owning. The Board letter contains lower level details about minor donations, position swaps, position reclassifications, and other minutia. The question of how we are doing is never comprehensively approached

The report always leads with a year over year table that compares the percentage of revenues and expenses for the current subject quarter with the same time during the prior year. See table below.

Figure 1 below shows the percentage of budgeted expense and revenue trends over the last five fiscal years for both the Governmental Funds Budget and the General Fund Budget.

Figure 1

Revenues, Expenditures as % of Total Budget at the end of the Third Quarter



It is likely that this is a device to show that things are running along normally. Differences in revenue are always explained as "timing issues," and it is indicated that everything will be ok in the end.

This report should provide a June 30th revenue and expenditure estimate for:

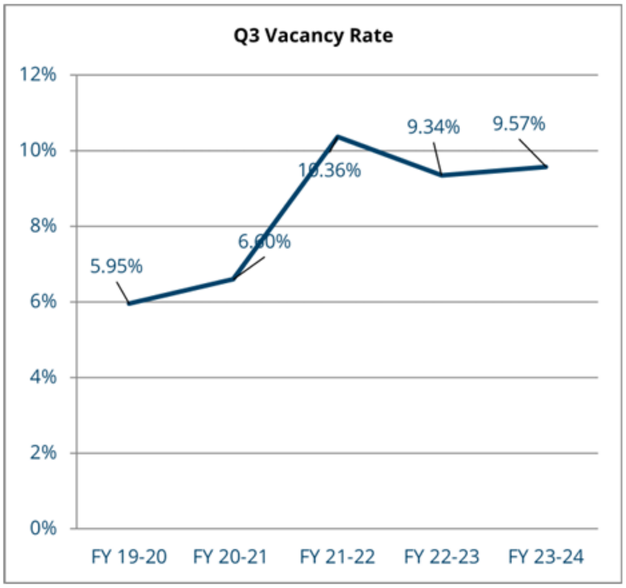
- The General Fund total.
- The Government Funds total.
- The All Funds total.

The County has edged closer to 3,000 employees.

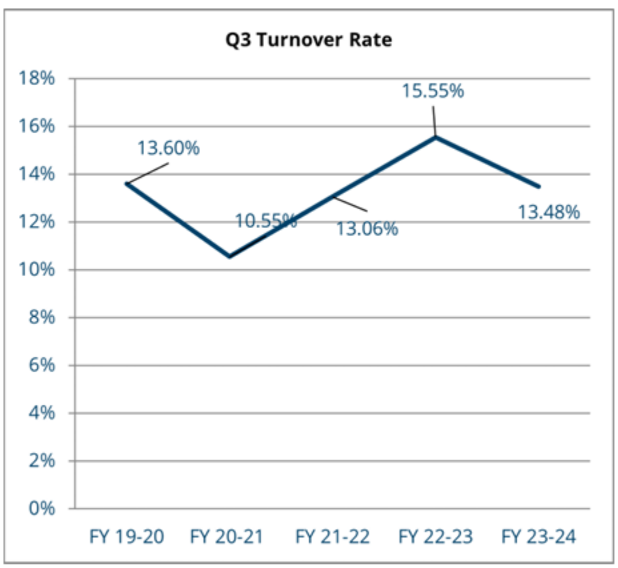
SUMMARY OF POSITION ALLOCATION CHANGES

FY 2023-24	Q1	Q2	Q3	Q4
Quarter Start	2,958.50	2,961.50	2,973.50	
FTE Additions	35.75*	88.00	30.50	
FTE Deletions	32.75	76.00	9.00	
Quarter End	2,961.50	2,973.50	2,995.00	
Net Change	3.00	12.00	21.50	
% Change	0.10%	0.41%	0.72%	

Staffing vacancy rates are still high.



The employee turnover rate also remains high. This seems strange given the great pay, benefits, and hours. Anyone who attends regularly and studies can receive promotions over their career. During every Board meeting we are treated to a retirement ceremony during which the retiring employees gush over their careers with the County. Their colleagues express admiration and affection. Mentoring is often cited.



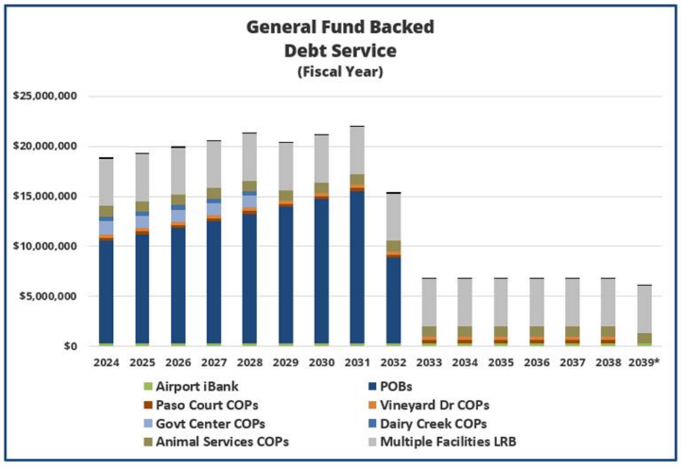
Annual Debt Report

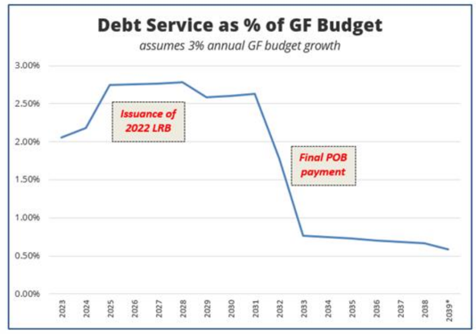
The 3rd Quarter Report also contains a subsection presentation on the County's overall debt status, which is useful information. This is an effective report by the Auditor Controller, which indicates that the County has low tax backed debt but significant rate payer enterprise fund debt for water and sewer utility projects.

Attachment 6

Annual Debt Review

Debt Status - General Fund Backed





Issuance	Balance 6/30/23
2003 POBs	$79,516,000
2007 Paso Courthouse COPs	$3,205,000
2020B Vineyard Drive COPs	$3,710,000
2022A (refunding) New Govt Center COPs	$4,278,000
2022A (refunding) Dairy Creek COPs	$1,582,000
2016 Airport Terminal – State iBank	$5,233,000
2020A Animal Services Facility	$15,060,000
2022A Co-Located Dispatch, Probation	$62,220,000
2022B Cayucous Vets Hall	$3,535,000
Total	$178,339,000

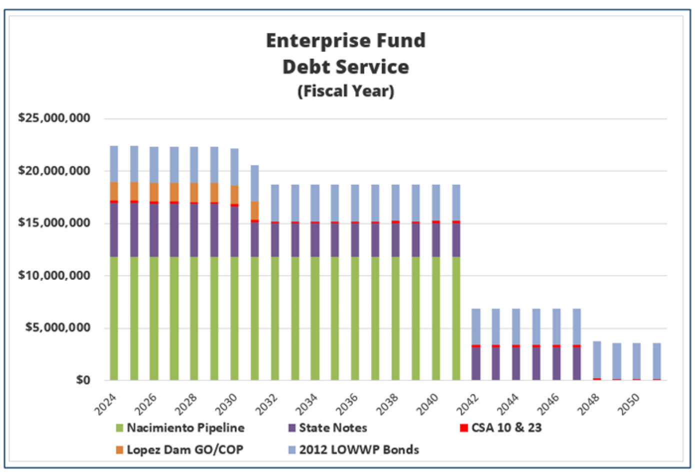
** After 2039 remaining debt is Airport Terminal (2046), Animal Services Facility (2045), 2022 Facilities (2048) and Oceano Drainage (2061)*

~65% of outstanding debt matures in next 9 years

The utility debt is higher .

Annual Debt Review

Debt Status – Enterprise Funds



Issue	Balance 6/30/23
2004 Lopez Rec Area – State DWR	$20,000
2006 Lopez Water Treatment – State DWR	$10,469,000
2007 Nacimiento – Rev Bonds	$145,595,000
2009 CSA23 Water- COPs	$1,344,000
2011 Lopez Dam – COPs	$6,120,000
2011 Lopez Dam – GO Bonds	$5,490,000
2012 Los Osos Wastewater – State DWR	$70,212,000
2021 USDA Cayucous Water Tank	$2,644,000
2021 Oceano Drainage USDA Loan	$2,740,000
2012 Los Osos Wastewater - AB	$69,437,000
2013 CSA10A Water - COPs	$1,363,000
TOTAL	$315,434,000

Enterprise debt service is provided by charges to users, contracting Cities and Special Districts

In FY 2022-23 $38.5 million was paid off.

Annual Debt Review

Recent Debt Activities

➢ $38.5M scheduled debt service paid (FY2022-23)

Debt Issue	FY 2022-23 Principal & Interest Paid
Governmental COPs /LRBs Paso Courthouse, Vineyard Drive, New Govt Center, Airport Terminal, Animal Services Facility, Co-Located Dispatch/Probation/Cayucos Vets Rehab	**$5.0M**
Pension Obligation Bonds	**$10.2M**
State Notes California Energy Commission energy conservation projects	**$176k**
Enterprise COPs CSA23 water system, Lopez Dam remediation, Dairy Creek Golf Course , CSA10A water system	**$1.7M**
Enterprise State Notes Cayucos water treatment, Lopez water systems, Los Osos Wastewater	**$5.3M**
Enterprise Revenue Bonds Nacimiento pipeline	**$11.8M**
Enterprise GO and Assessment Bonds Lopez Dam remediation, Los Osos wastewater	**$4.3M**
TOTAL	**$38.5M**

In 2035, the Pension Bonds will be paid off offering the opportunity for the County to invest in capital improvements.

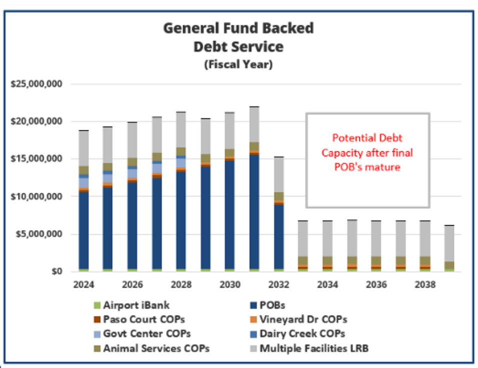
Attachment 6

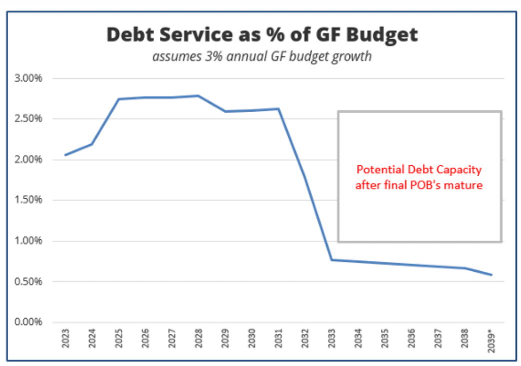
Annual Debt Review
Debt Outlook – Looking ahead

Debt Advisory Committee

DAC proposal will be prepared jointly with PW, Admin, and ACTTC

Financing Plan might explore concept of aligning debt issuance timing around future "debt capacity"





The County enjoys high debt ratings from the independent rating agencies.

Attachment 6

Annual Debt Review

Recent Debt Activities

➢ **5 rating reviews conducted since last update**

Rating Agency	Issue	Current Rating	Rating type
FitchRatings	SLO County Default Rating	AAA	Annual review (2023)
	SLO County POBs	AA+	Annual review (2023)
	2007B, 2015A, 2018A Nacimiento Revenue Bonds	A+	Annual review (2023)
S&P Global Ratings	2022A and B Capital Projects LRBs	AA+	Rated with issuance
	SLO County LRBs and COPs	AA+	Reaffirmed during 2022LRB rating
	SLO County POBs	AAA	
	2011A Lopez Dam Refunding Revenue Bonds	A	Annual review (2023)
	2018A Nacimiento Revenue Bonds	A+	Annual review (2024)

The report did not address the long term unfunded pension obligations, as these were already presented to the Board earlier in the year. Some County officials do not count these as real debt, since they are amortized over long periods. On the other hand, during financial downturns, the payments by the County could savage the budget. Accordingly, they should be presented here as context.

In the long term, the current system of California State and local government is not sustainable, as current and long range obligations grow exponentially faster than the economy that supports them. Thus we see the constant clamor by officials for more taxes, fees, assessments, and Federal largess.

SLO Air Pollution Control District (APCD) Meeting of Wednesday, May 15, 2024 (Scheduled)

Item B.2 - Joint Scientific Advisory Group and APCD update on Oceano Dunes mitigation efforts under Stipulated Order of Abatement #17-01. There is no written report in the file. Accordingly, we expect a verbal report with handouts and PowerPoint slides. This will detail the progress that the APCD and the State Parks Department have achieved in reducing PM10 and PM2 particles in blowing sand. The last report in 2023 demonstrated significant reductions in the generation of the dunes dust.

Hopefully, the Coastal Commission will allow the process to go forward and will refrain from attempting to close the Park to off road riding and free style camping.

Local Agency Formation Commission Meeting of Thursday, May 16, 2024

Item B - 1 Municipal Service Review And Sphere Of Influence Study For Cambria Community Healthcare District. State law requires that LAFCO periodically review each county, city, community service district, and special district. They cover legal compliance, service quality, and finances. Essentially, the Cambria Health Care District provides ambulance service and some health education. The report indicates that it is performing well in all categories; however, its expenses have begun to outstrip its revenues in most fiscal years. This situation could ultimately result in a request to dissolve the district in the future and request for the Count to take over its functions in the future. This is a growing trend, as salaries, pensions, fuel, utilities, and other costs grow relentlessly faster than the underlying economy.

LAFCO determines that out of the three financial indicators used to determine the District's health, CCHD scored well on two of the three. CCHD's operating ratio and liquidity ratio exceeded the minimum of 1.0 for the latest FY 2022-2023. B-1-14 Exhibit B | Resolution No. 2024 - Regarding the District's net position, the CCHD operated with a net deficit over the last five-year audited period; primarily related to pension liability and OPEB liability. However, as noted, the District pays their annual contributions to Pension and OPEB liabilities to the State. The District is encouraged to continue its efforts towards pursuing a plan to offset the District's liabilities such as a Trust Fund.

LAST WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting of Tuesday, May 7, 2024 (Not Scheduled)

The next meeting is set for Tuesday, May 14, 2024.

Central Coast Community Energy Authority (3CE) Operations Board Meeting of Wednesday, May 8, 2024 (Completed)

Item 11 - Report on efforts for Setting Rates Beginning Fiscal Year 2024-25. The rate setting process and analysis is interesting. The full write-up is presented below, as it is informative, raises some questions, and may have some lessons for the counties, cities, and special districts.

RECOMMENDATION:
This memorandum provides a report on efforts for setting rates beginning Fiscal Year 2024-25.

BACKGROUND:
In August 2023, 3CE issued a Request for Proposal (RFP) to contract a rate design consultant to complete a territory-wide Cost of Service (COS) study for the 3CE rate design process for calendar years (CYs) 2025 through 2027. In November 2023, the contract was executed with NewGen Strategies and Solutions, LLC. Since then, the Finance Department has provided ongoing updates on these rate-setting efforts. The Operations Board received an update on November 8, 2023, while the Policy Board and Audit and Finance Committee received updates on February 21, 2024.

DISCUSSION/ANALYSIS:

There are five milestones in the rate-setting process. These steps include developing a revenue requirement, functionalizing costs into the function types defined by what the expense is used for, classifying costs as either fixed or variable, allocating costs, and rate design. 3CE completed a draft COS study incorporating the first four of the five steps and has begun the last step, rate design. The study results provide vital information to the analyses that flow through to the rate design and inform the recommendations to be brought to the Policy Board at the June 2024 meeting.

Revenue Requirement

The revenue requirement is established by first forecasting all expenses and costs incurred in the service of 3CE customers. A forecasted test year is established from the 2024 Fiscal Year (FY) Approved Budget and the 3CE forecasted load. The test year incorporates known and measurable adjustments to the base year to approximate the financial and operational conditions expected in CYs 2025 through 2027. This includes the consideration of the Board approved 3CE reserve policies. Any contribution to the reserve needed to meet the target reserve levels is added to the projected expenses to complete the revenue requirements. 3CE evaluated the revenue requirements for CYs 2025 through 2027 and determined that utilizing CY 2025 as the single test year will lead to greater rate stability than a test year that averages all three CYs. The initial single test year totals approximately $748.5 million.

Functionalized and Classified Costs

The test year is then functionalized and classified. As a CCA, 3CE does not have transmission or distribution costs, so costs are functionalized into production, associated with the cost of energy (COE), or customer costs, associated with all other non-COE costs. The estimated revenue requirement is broken down into power supply costs, non-power supply costs, and contribution to reserve in the table below.

Single Year Test Year – CY 2025	
Production Costs	$676,668,593
Customer Costs	$31,845,719
Contribution to Reserve	$40,000,000
Total Revenue Requirement	**$748,514,312**

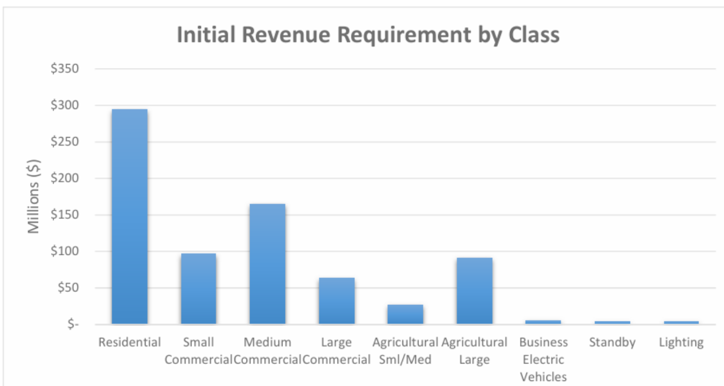
COLAB NOTE - You pay the transmission, distribution, customer billing, and other PG&E non-energy generation costs directly to PG&E. What is the breakdown of the $31.8 million?

Next, the functionalized costs are classified as fixed or variable. Fixed costs do not vary from customer to customer and are made up of customer costs and the portion of COE related to demand. For CCAs, the demand portion of COE comprises of Resource Adequacy (RA) costs. Variable costs are associated with COE costs related to hourly energy purchases and will vary from customer to customer, depending on their usage patterns. After functionalizing and classifying the draft test year, it was found that 37% of 3CE's costs are related to fixed costs, and 63% are related to variable costs.

Allocating Costs

The functionalized and classified costs are then allocated to various customer classes based on their share of the fixed costs and their annual load profiles. Nine distinct customer classes have been identified, grouped by their load profiles. These include residential, small commercial, medium commercial, large commercial, small and medium agricultural, large agricultural, business electric vehicles, standby, and lighting.

3CE has evaluated the COS model as a single territory and with SCE and PG&E customers allocated separately. Staff will be recommending that the rates be designed as a single territory. This approach ensures that customer classes across the entirety of the 3CE territory are charged at the same rate regardless of which territory they reside. The table below shows the nine classes' initial allocated revenue requirements under a single territory design. 3CE will continue to evaluate the competitiveness, equity, and stability of the nine classes and single territory rate design.



COLAB NOTE: How are large institutions such as universities, municipal governments, hospitals, water treatment plants, Vandenberg Air Force Base, and airports classified? Are residential rates subsidizing them?

Note in the tables below the basic 3CE residential rate of 9 cents per kilowatt hour for the actual energy. For larger commercial/industrial users, it is essentially 8 cents per kilowatt hour. The total cost for residential is 30 cents per kilowatt hour and 18 cents or 21 cents for 2 classes of commercial /industrial respectively. Do the large users get a break based on volume?

Tiered Rate Plan E-1*

Residential: E-1	PG&E	3Cchoice
Generation Rate ($/kWh)	$0.14202	$0.09100
PG&E Delivery Rate ($/kWh)	$0.20894	$0.20894
PG&E PCIA/FF ($/kWh)	$0.01412	$0.00374
Total Electricity Cost ($/kWh)	$0.36508	$0.30368
Average Monthly Bill ($)	**$143.41**	**$119.29**

Monthly usage: 393 kWh

B20 P

Commercial/Industrial: B20 P	PG&E	3Cchoice
Generation Rate ($/kWh)	$0.12050	$0.08388
PG&E Delivery Rate ($/kWh)	$0.10161	$0.10161
PG&E PCIA/FF ($/kWh)	$0.01227	$0.00325
Total Electricity Cost ($/kWh)	$0.23438	$0.18874
Average Monthly Bill ($)	$191,657.39	$154,336.61

Monthly usage: 817,721 kWh, monthly demand: 1,723 kW

B19 S

Commercial/Industrial: B19 S	PG&E	3Cchoice
Generation Rate ($/kWh)	$0.13163	$0.07955
PG&E Delivery Rate ($/kWh)	$0.13478	$0.13478
PG&E PCIA/FF ($/kWh)	$0.01338	$0.00355
Total Electricity Cost ($/kWh)	$0.27979	$0.21788
Average Monthly Bill ($)	$48,211.77	$37,543.81

Monthly usage: 172,314 kWh, monthly demand: 500 kW

Next Steps

The last remaining step in the 3CE rate-setting process is rate design. An update to this report will be brought in May 2024 to the Audit & Finance Committee. The allocated costs will be reflected in a set of proposed rates for each rate code that 3CE serves and presented to the Policy Board for approval. In addition, 3CE expects to bring the recommendations related to the single test year, nine customer classes, and single territory rate design discussed above to the June 2024 Policy Board meeting.

FISCAL IMPACT:

Receiving this report has no fiscal impact as no action is requested. Setting of rates will eventually determine the financial sustainability of 3CE.

ATTACHMENT(S):

None

CONCLUSION:

The 3CE rate design process uses the COS methodology to inform the building of rate values that will recover the necessary revenue requirements from each customer class. Designing rates with this methodology will maintain 3CE's strong financial position while providing competitive and fairly allocated rates to its customers.

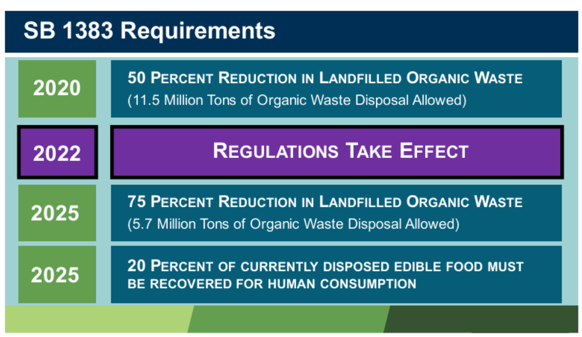
SLO Integrated Waste Management Authority (IWMA) Meeting of Wednesday, May 8, 2024 (Completed)

Item 10 - Fiscal Year 2024/2025 Draft Revenue and Spending Plan. The Authority Board undertook a preliminary review of the proposed FY 2024-25 Annual Budget. Staffing costs, publication and outreach, professional and special services (consultants), and equipment account for most of the increased expenditures. Implementation of SB 1383 wet garbage recycling State mandate is driving much of this.

Revenue and Expense Summary:

	Approved Budget FY 2023/2024	Estimated Actual FY 2023/2024	Draft Budget FY 2024/2025
Total Revenue	**$3,847,501**	**$4,502,242**	**$5,227,431**
Operating Expenses			
Labor and Benefits	1,048,952	1,025,261	1,215,632
Administration	336,225	358,596	342,780
Programs and Outreach	1,895,591	1,431,948	2,601,524
Total Operating Expenses	**$3,280,768**	**$2,815,805**	**$4,159,936**
Total Capital Expenses	**$497,843**	**$0 -**	**$497,843**
Change in Net Position	$68,890	$1,686,437	$569,652

The whole recycling myth accounts for the creation of this agency and most of the costs. Much of what is segregated and put into separate containers ends up in landfills, nevertheless, as there is no market for the stuff, especially since the Chinese stopped buying it. In fact, the Budget does not contain a revenue line item for materials sold to recyclers. Perhaps the haulers are the ones who sell the materials and then lower their rates in return. If this is true, it would be important to understand just how much the recycled materials (glass, metals, plastics, cardboard, and newspapers) fetch directly or as offsets.



Revenue in Fiscal Year 2023/2024 continues to outpace expenses as solid waste collection rates increased at a greater rate than planned. As a result of the overearning, Fiscal Year Budget 2024/2025 Draft Revenue and Spending Plan (Revenue and Spending Plan) reflects a proposed temporary decrease in the IWMA's Solid Waste Management Fee from 5.4% to 3.2%. The fee reduction will be reflected on ratepayers' garbage bills, will decrease earnings, and will better stabilize the agency's revenue-to expense balance.

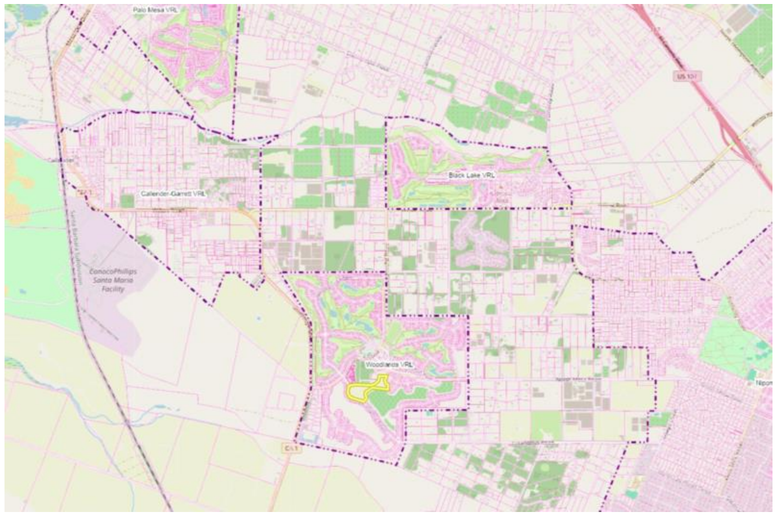
Planning Commission Meeting of Thursday, May 9, 2024 (Completed)

Item 6 - Hearing to consider a request by Monarch Dunes, LLC for a Phased Vesting Tentative Tract Map (Tract 3127) and Conditional Use Permit (N-SUB2023-00058) to subdivide an existing 18.3-acre parcel into 76 residential lots and nine open space parcels and develop Phase 3a of the Monarch Dunes (formerly Woodlands) Specific Plan including the construction of 76 residential units in the form of 38 common wall developments (twin homes). An adjustment to Public Improvement Standard A-6a is requested per Section 21.03.030(d) of the Real Property Division Ordinance to allow for an offset urban cul-de-sac with a raised, circular landscape median, consistent with the existing development in the Monarch Dunes Specific Plan area. The project would result in 62,800 cubic yards of cut and 62,800 cubic yards of fill and site disturbance over the 18.3-acre site. The project site is within the Monarch Dunes Specific Plan area, identified as Phase 3 Site 3, located on the Nipomo Mesa, approximately two miles west of the community of Nipomo, east of State Route 1, and approximately half a mile south of Willow Road. The project was approved unanimously. Concerns about parking in contention with a narrow street were brought in at the last minute, but the issue did not derail the approval.

Background: This is a further buildout with modifications to recognize current market conditions of the original long-range specific plan for the development. The staff recommends approval, and there are no letters of opposition in the file as of this writing. Along with recently approved Dana Reserve, new apartment projects, and recently approved buildout in other Nipomo planned communities, Nipomo is the growth area of the unincorporated county.

The summary stated in part:

The proposed project includes a request for a residential subdivision (Tract 3127) to subdivide an 18.3-acre parcel into 85 proposed lots including 76 individual lots ranging in size from 0.09 acres to 0.13 acres and nine open space parcels ranging in size from 0.04 acres to 1.64 acres. Additionally, the project is seeking a Conditional Use Permit for the construction of 76 single family residences in the form of 38 common wall developments including architectural floor plans and elevations, a phased grading and drainage plan, on-site utilities, on-site circulation including realignment of an existing trail and new trail connections, common area landscaping, front yard landscaping, site fencing and walls, and a Model Homes Complex. Out of the 76 single family residences, 25 percent of them (19 residences) will be pre-constructed with an Accessory Dwelling Unit (ADU). Seven distinct twin home models will be constructed, and each model would fit into the proposed building envelopes and would not exceed 2,970 square feet or 54% of lot coverage, whichever is less. The proposed project also would include the construction of four roads through the subdivision, Proposed Roads A, B, C, and D.



California Coastal Commission Meeting of Friday, May 10, 2024 (Completed)

Item 7a - Presentation by the U.S. Space Force on space launch and landing operations at Vandenberg Space Force Base. The Commission is in a process known as issuing a Federal

Consistency, which means they would agree with Federal permits already issued. The key subject is the number of rocket launches permitted from the base. In the end the Commission received the report and will continue with a new hearing at its June meeting.

There are two types of launches:

1. Those related to national defense.

2. Those related to the commercial use of space.

The Commission focused primarily on the commercial launches for most the hearing. It was only near the end where some veered into the theory that commercial use for a defense facility as well as filling up near earth space with too many satellites is improper use of public resources. The original Federal permit provided for 6 commercial launches per year. This has now grown to 36 - too may for some commissioners. Theoretically, there could be 120 or more per year. This number has the Commission totally bothered.

Some of the key Commissioner statements:

1. Most of the commercial launches are by SpaceX Falcon 9s (Elon Musk). Why does he get a monopoly? (There are actually 5 other companies that also do launches).

2.They are mad because Space X will not send a representative to their meetings.

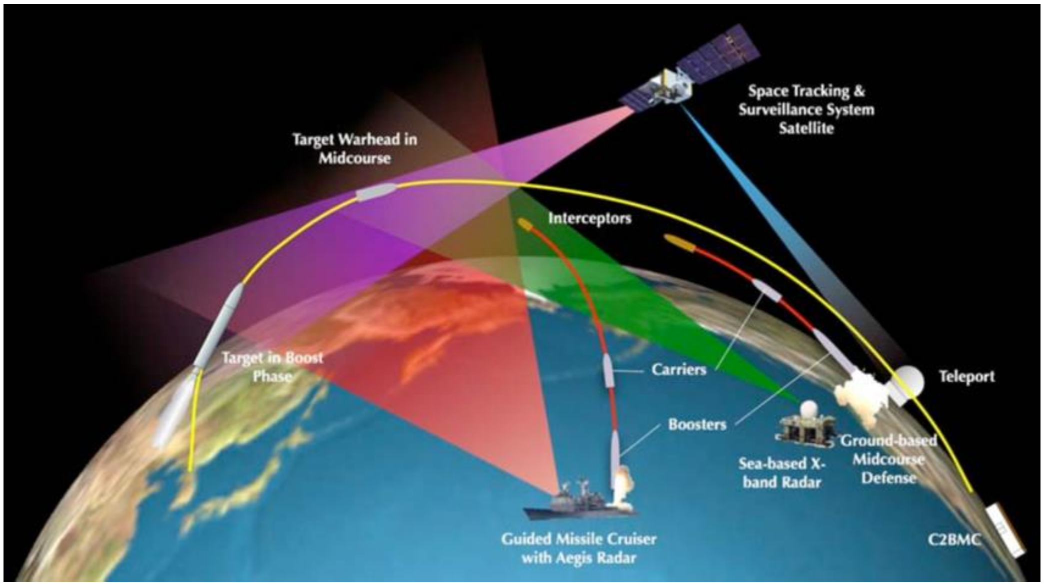
3. There are too many closures of the Santa Barbara County Beach Park due to some launches. Not all launches require closure.

4. They do not accept the idea of having the commercial launches covered under the Department of Defense environmental process vis a vis the Commission consistency process. In other words, they want the Commercial users to be subject to a separate Coastal Commission permit.

5. Commissioner Hart basically signaled that if Space X won't show up, there will be great difficulty in receiving a consistency permit.

Lesson Learned: Both Santa Barbara County and San Luis Obispo County and their Economic Development consultant REACH had better start exercising leadership on this one.

Background: As we reported last month, the Commission staff is seeking approval to regulate the number and circumstances of launches at Vandenberg. It appears that the Air Force will be given a chance to discuss its mission with the Commission in public. There is no written material provided with the item.



Should the rubes on the Commission actually be allowed to undermine national defense? What about the Starlink Satellite program, which is a component of SLO and Santa Barbara Counties' economic development program.[1]?

Item 8a - Application by Morro Bay Oyster Company, LLC to cultivate Pacific oysters on an additional 8.29 acres as well as install and use a new floating work platform and modify the structures and layout of existing operations, Morro Bay, San Luis Obispo County. The permits were approved with many complex conditions.

Background: Apparently, the State has been restoring the eelgrass in the bay. This effort has been successful, and the eelgrass has spread considerably over the last 5 years. The Oyster Company expanded into an area of eelgrass and installed a work barge to process the oysters. The Commission therefore required them to update their permit. Happily, the staff recommends the new amended permit; however, just the Board letter is 28 pages long and imposes many complex conditions. Five very detailed exhibits are also appended to the report. Oysters are already very expensive.

Hopefully, the costs of processing the permit and then complying with its requirements will not drive the company out of business. The State Lands Commission, Army Corps of Engineers, Regional Water Quality Control Board, and California State Department of Fish and Game are also taking their pound of flesh. The summary states in part:

Approval of this CDP amendment would allow MBOC to cultivate oysters over a total of 10.52 acres (2.2 acres of existing + 8.29 acres of expansion + 0.03-acre work platform) in Morro Bay.

Morro Bay Oyster Company, LLC (MBOC) has requested an amendment to Coastal Development Permit (CDP) 9-19-0386, approved by the California Coastal Commission (Commission) on December 13, 2019, which provided after-the-fact authorization for MBOC's previously unpermitted 2.2-acre existing oyster aquaculture farm and authorized a six-acre expansion of the farm within intertidal mudflats (the latter of which never occurred). CDP 9-19-

[1] Starlink is a satellite internet constellation operated by Starlink Services, LLC, a wholly-owned subsidiary of American aerospace company SpaceX, providing coverage to over 70 countries. It also aims to provide global mobile broadband. SpaceX started launching Starlink satellites in 2019.

0386 also included after-the-fact (ATF) authorization of two nursery rafts and prescribed the removal of an existing work barge. Since the original ATF approval of MBOC's operations, eelgrass within Morro Bay recovered from a near total absence and now occurs throughout the six-acre expansion area the Commission previously approved. The conditions of that approval prohibit placement of oyster cultivation gear within eelgrass and thus prevent the prior-approved gear configuration from being installed as described in CDP 9-19-0386. As such, MBOC now proposes to instead use a new location on the lease site outside of eelgrass habitat. In this proposed amendment, MBOC also requests approval for an onsite work barge, which was recently authorized by the California Fish and Game Commission for use on State Water Bottom Lease No. M-614-01 Parcel 2, for a limited scope of aquaculture-related activities. Approval of this CDP amendment would allow MBOC to cultivate oysters over a total of 10.52 acres (2.2 acres of existing + 8.29 acres of expansion + 0.03-acre work platform) in Morro Bay.

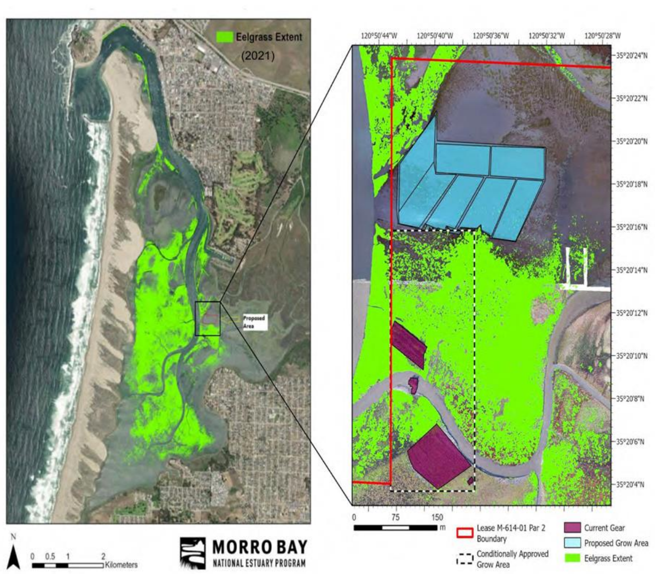


Photo of MBOC's current work barge to be removed and replaced. Photo by: MBOC

EMERGENT ISSUES

Item 1 – Ringside: Water Czars Ignore Solutions to Scarcity

Rainfall and the snowpack are not diminishing nearly as fast as the regulatory appetite to restrict water withdrawals is increasing

By Edward Ring, May 9, 2024

The Delta Tunnel proposal exemplifies California's political dysfunction. It will probably never get built, but it promises to dominate all discussions of major state and federal spending on water infrastructure for the next decade, preventing any other big ideas from getting the attention they merit.

Like the bullet train and offshore wind, it is a grandiose megaproject that checks all the political boxes while flunking any reasonable cost/benefit analysis. But it creates jobs for California's construction trades union members at the same time as it manages to keep California's environmentalist lobby neutral if not actually supportive. Why would anyone take on the state's all powerful environmentalists if they didn't have to? And thanks to the remaining environmentalist groups that will oppose the Delta Tunnel no matter what, expect endless litigation.

If the Delta Tunnel is ever completed, say sometime around 2050 or 2060, after costing — let's be real — $30 billion or more (in 2024 dollars) it will move 500,000 acre feet of water per year, which is nothing. California's farmers require 30 million acre feet per year; its cities, around 8 million acre feet per year. If it gets built, then every year activist regulators and environmentalist litigators will ensure that getting that 500,000 acre feet through the tunnel will be a perennial battle. And they will see to it that to the extent water does flow through the tunnel, comparable amounts of water will no longer be moved using the existing pumps located northwest of Tracy. All that time. All that money. All that cement! For nothing.

The California Department of Water Resources controls the output of the Banks Pumping Plant, which at full capacity can move 20,000 acre feet per day into the California Aqueduct from the Sacramento-San Joaquin Delta. This agency decides how much water actually moves into the aqueduct, and every chance they get, they lower the flow. When storms were pouring over 100,000 acre feet of fresh water per day out of the Delta and into the San Francisco Bay this past January, this agency turned the pumps down to 10 percent of their capacity, based on a concern for fish getting trapped in the pumps. Today, as Sierra snowmelt promises to raise the flow for a few more months, this agency has again throttled down the pumps, again to protect fish. Water agencies served by the State Water Project are still only at 40 percent of their contracted allocation this year, despite California just exiting its second very wet winter in a row.

For California's water consumers, this is the new political reality. Rainfall isn't diminishing, nor is the snowpack, nearly as fast as the regulatory appetite to restrict water withdrawals is increasing. Up until around 2000, State Water Project deliveries were always 100 percent of the contracted amount as long as rainfall totals were anywhere near normal. But in California today, the environmentalists pretend introduced predators aren't the biggest problem with our native fish populations, in return for sport fishing interests pretending that year-round river flows even in drought years are necessary for species survival. And when farmers object, cue the activist journalists to demonize "big ag." Never mind that it's always the smaller farms, delivering diverse produce, that are the first to go when another manmade drought arrives.

There are so many better ways to spend $30 billion (or more) on water projects that it boggles the mind. For $30 billion, we could build plants with a combined capacity to desalinate a million acre feet per year, and the energy required to do it would be no more than is currently required to operate the six pumping stations that move water from the Delta to the Los Angeles Basin. You could probably construct treatment plants to purify and reuse about a million acre feet of urban wastewater for that amount of money. Or you could build the Pacheco, Sites, Del Puerto, and Temperance Flat Reservoirs and raise the Shasta Dam, yielding around 1.5 million acre feet per year (or more), and still have $10-$15 billion left over to repair and upgrade California's levees and aqueducts – something that has to be done no matter what.

One massively powerful entity committed to the "Delta Conveyance" is the Metropolitan Water District of Southern California. It is the largest water supplier in the United States, serving nearly 20 million people. If the Met were an oak tree, it would be a gargantuan lone oak in a forest of shrubbery. And the Met has sown its acorns, almost every one of them, in the uncertain soils of the Delta Conveyance. If that soil grows parched beneath the blistering sun of litigation, or lacks sufficient fertilizer in the form of funding, or is revealed by a rational financial analysis to be nonarable, all those acorns will die. Why not allocate just a few acorns to something else, and see if they grow?

The concept of fish friendly delta diversions remains alive and well, but underfunded and virtually ignored. Until this concept is proven impossible – and only for the right reasons, if there are any – it ought to be a priority for Met, for the Dept. of Water Resources, for the state Legislature, and for the governor. Allowing water to settle into perforated pipes set in channels cut in an island in the central delta would not alter the east-to-west flow of the delta. It wouldn't trap fish. It could operate all year long, and could have surge capacity to take those elusive "big gulps" when winter storms and spring snowmelt swell the flow. Engineering studies so far indicate a 200 acre filtration channel could safely move up to 15,000 acre feet per day into southbound aqueducts and into quick charge aquifers.

It is the responsibility of California's water czars to provide abundant water to the state's cities and farms. They are not obligated to bleat planetary platitudes to justify rationing and paralysis, nor to excuse their support for yet another prodigious, epic, tragic, scandalous, stupefying waste of tens of billions of dollars. Not when alternatives exist that might actually address the concerns of literally every reasonable observer, whether they are sincere environmentalists, union leaders committed to securing new projects for their members, the millions of Californians who depend on healthy fishing and farming industries, or anyone else for whom abundant and affordable water is a right and a necessity.

Edward Ring is the director of water and energy policy for the California Policy Center, which he co-founded in 2013 and served as its first president. The California Policy Center is an educational non-profit focused on public policies that aim to improve California's democracy and economy. He is also a senior fellow of the Center for American Greatness. Ring is the *author of two books: "Fixing California - Abundance, Pragmatism, Optimism" (2021), and "The Abundance Choice - Our Fight for More Water in California" (2022).*

Item 2 -Malibu couple celebrates victory in 'granny flat' case – Pacific Legal Foundation

Malibu, CA; May 9, 2024: Last week, the California Supreme Court declined to review a recent California Court of Appeals decision which held that the City's coastal policies do not prohibit homeowners from building attached accessory dwelling units (ADUs).

"The City of Malibu went to extreme lengths to block a small ADU for an octogenarian woman, a project that enjoyed the support of all neighbors and was demonstrated to pose no negative environmental impact," said David Deerson, attorney at Pacific Legal Foundation. "Fortunately, the California Court of Appeal held that Malibu must allow the project to proceed, and the California Supreme Court declined the City's invitation to revisit that ruling."

In 2021, Malibu homeowners Jason and Elizabeth Riddick filed a lawsuit against the City after it rejected their request to construct an ADU on their property for Elizabeth's octogenarian mother, who suffers from numerous ailments and is immunocompromised.

The Los Angeles County Superior Court, where the lawsuit was filed, held that the City's coastal policies do not prohibit homeowners from building ADUs that are attached to their primary residence. And by refusing to correctly process the permit, the City violated state law, which recognizes that property owners have a right to build ADUs.

The City appealed to the California Court of Appeals, which agreed with the lower court and upheld the decision last February.

Finally, the City filed an appeal with the California Supreme Court, but the Court declined to review the case, cementing the lower court ruling in favor of the Riddicks' right to build an ADU on their property.

The case is *Riddick v. City of Malibu*.

Article, courtesy of the Pacific Legal Foundation.

Item 3 - California governor would slash 10,000 vacant state jobs to help close $27.6 billion deficit

BY ADAM BEAM, ASSOCIATED PRESS
May 10, 2024

SACRAMENTO, Calif. (AP) — California has a budget deficit of $27.6 billion, Gov. Gavin Newsom announced Friday — a gap so wide that he's proposing eliminating 10,000 vacant state jobs and cutting spending across 260 state programs.

The Democratic governor outlined the deficit Friday as part of his proposed $288 billion state budget for the fiscal year that starts July 1. That's by far the largest budget of any state.

One-time cuts would include $2 billion for broadband that would have expanded broadband connections, $500 million for water storage in the drought-plagued state, and $272 million for employment services for the state's welfare program.

Continuing cuts would save another $81 million by closing housing units with 4,600 beds across 13 state prisons, and remove $300 million in pandemic-related help for state and local public health departments. Ongoing spending for a scholarship program for middle class college students pursuing a teaching credential would be cut by $510 million. He also wants to suspend the widely used net operating loss tax deduction for businesses.

"These are programs, propositions that I've long advanced -- many of them," Newsom said as he began outlining his budget. "But you've got to do it. We have to be responsible. We have to be accountable."

The deficit is smaller than the $38 billion Newsom predicted in January, but that's because it doesn't include $17.3 billion in cuts and other actions he and lawmakers already agreed on to help close it. Otherwise, it would be closer to $45 billion.

This is the second year in a row the nation's most populous state is facing a multi-billion dollar shortfall. State revenues have continued to fall amid increasing inflation and a slow-down in the state's normally robust technology industry. Through the end of April, state tax collections from its three biggest sources — personal income, corporations and sales — dropped more than $6 billion below the previous estimate.

Newsom, now in his last term as governor and widely seen as a future presidential candidate, says his plan will address both this year's deficit and a projected $28.4 billion deficit for the following year. He plans to outline more than $32 billion in cuts to make that happen so that the state Legislature can pass a spending plan by June 15.

"It's I think appropriate and prudent for us not to just solve for this year but to also solve for next year," Newsom said.

Newsom and the non-partisan Legislative Analyst's Office have disagreed on the true size of the state's deficit this year. The LAO said in January that the deficit was actually $58 billion when including some reductions in public education spending. The LAO will release its own new estimate next week, and it will likely be larger.

In January, Newsom floated the possibility of delaying a minimum wage increase for health care workers that [Newsom signed into law to much fanfare just last year](#).

State budgeting is a guessing game, particularly in California, where a progressive tax system means the state gets the bulk of its tax collections from rich people. About half of the state's income tax collections came from just 1% of the population in 2021. This makes the state more vulnerable to [swings in the stock market](#).

If lawmakers and Newsom get revenue projections wrong and the state takes in less than they thought, there's a shortfall. And unlike the federal government, the California Constitution requires the state to have a balanced budget.

Last year, their predictions were way off after a series of destructive storms in January 2023 prompted lengthy delays in tax filing deadlines. Instead of filing their taxes in April, most Californians could wait until November. Lawmakers still had to pass a budget by June, despite not knowing how much money they had.

This January, Newsom said the state's revenues for 2022-23 to 2024-25 have been coming in $42.9 billion lower than they estimated.

Newsom and lawmakers have already agreed to about $17 billion in reductions and deferrals to reduce the deficit. Plus, Newsom has said he wants to take $13 billion from the state's various savings accounts to help balance the budget.

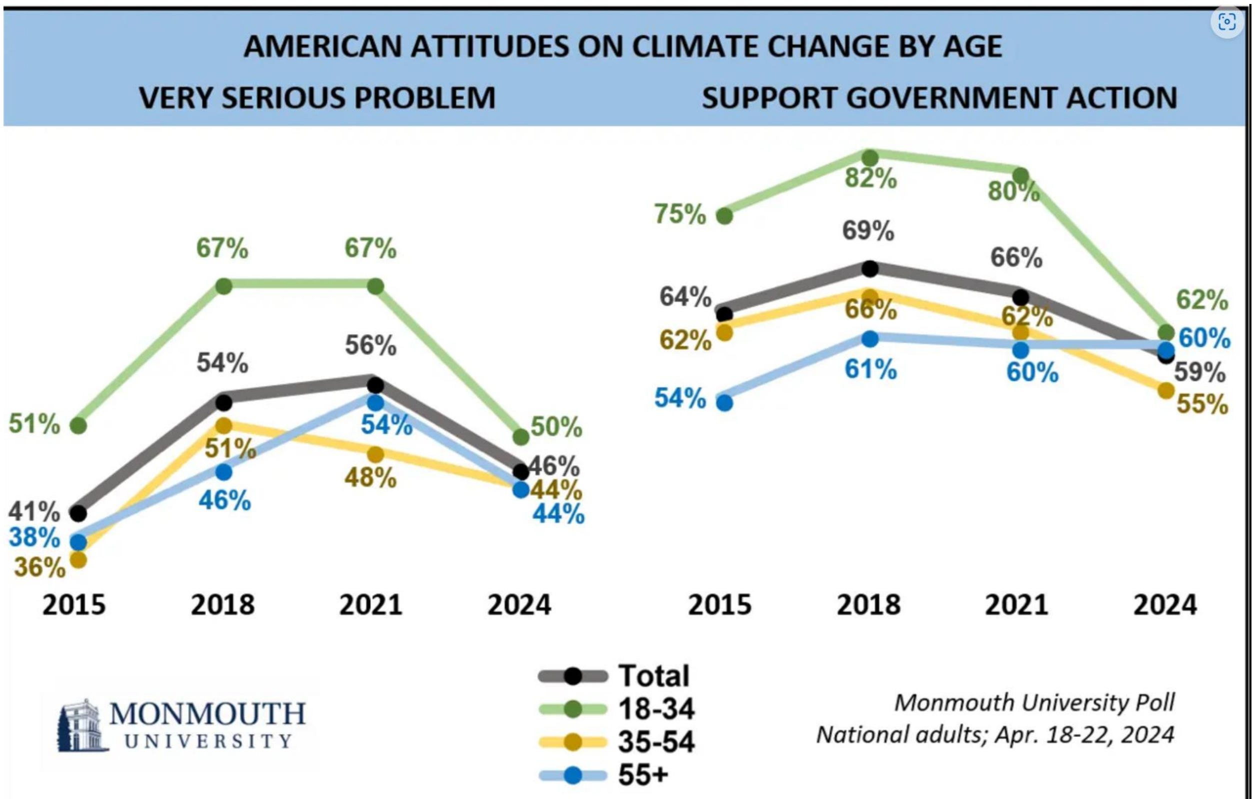
Corporate tax collections are down 15% from last year, the fourth largest drop in the past 40 years, according to the LAO. And while income taxes are growing thanks to a 20% increase in the stock market since October that's driving an increase of 8% in total income tax collections this year, the LAO said growth is unlikely to continue. That's because the broader state economy has not improved — the unemployment rate has risen and investments in California businesses have declined.

Item 4 POSTED ON MAY 10, 2024 BY STEVEN HAYWARD IN THE DAILY CHART

THE DAILY CHART: PEAK CLIMATISM?

Matthew Yglesias, a progressive-leaning writer with a popular Substack site, reflected recently on how his views about climate change have departed from progressive orthodoxy. He writes: "I've come to see the mainstreaming of this fairly extreme approach to climate change as probably the central error of the contemporary progressive movement. . . Voters don't care that much about the Democrats' top priority."

Maybe, just maybe, we have reached and passed peak climate hysteria:



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

THE END OF OLD LEFT-WING MYTHOLOGIES

The one-eyed Jack American Left has been flipped over, and what turned up proved frightening

BY VICTOR DAVIS HANSON

The current radical and often violent protests on mostly blue-state, supposedly elite campuses have exposed in toxic fashion what the left has become. And yet, in a paradoxical fashion, the campus insanity has offered the nation some moral clarity.

What's surprising is not that the demonstrators are violent and nihilist, but that they are, on the one hand, so openly and crudely anti-Semitic, racist, and anti-American, and yet on the other hand, so passive-aggressive, narcissistic, and weepy.

Nevertheless, the antics of the campus cry-bullies have exploded myths that were for so long foisted on the American people by politicos and the media.

#1. Anti-Israel/Anti-Semitic: We have been lectured ad nauseam that hating Israel has nothing to do with anti-Semitism. The last month has blown up that old shibboleth for good. The left makes no distinction in their eliminationist chants between Israel and Jews. “Go back to Poland” is a homonym for “From the River to the Sea.” Both are shorthand for eliminating Jews—aside from the explicit threats to kill Jews and occasional praise for Hitler and the Final Solution.

When pro-Hamas thugs chase Jews into libraries, block their entrances on campus, and scream “beat the Jew” as they hit piñatas, they do not first ask Jews whether they support Israel—because they could care less. For the Islamist Middle Easterner on a student visa or green card and his useful American student, it is enough that their targets are Jewish—period.

Remember, the protests started on October 7, not on October 27, when the IDF went into Gaza. At that point, campus and street protests merely changed from euphoric triumphalism on the news that Hamas had slaughtered, decapitated, mutilated, raped, or kidnapped hundreds of Jews (“exhilarated,” a Cornell professor gushed of the carnage), to furor and violence. So after three weeks of celebrating dead Jews, the street protests grew furious only when the IDF finally began fighting back and destroying Hamas, even as its terrorists cowardly hid beneath mosques, hospitals, and schools to ensure enough collateral damage to incite pro-Hamas Western throngs.

#2. Pro-Palestinian/Pro-Hamas: The left also blew up the ancient pretense that being “pro-Palestine” was not “pro-Hamas.” But the campus and street demonstrations now make no distinction between the two. The calls for the destruction of Israel and “death to America” come right out of the Hamas credo. Hamas (and Hezbollah as well) logos and flags are easy to find among the protestors. Interviews with the protesters repeatedly reveal massive support for Hamas, to the extent of staging lessons in hand-to-hand combat.

Polls in the Middle East still show strong Gazan support for their one-election/one-time Hamas autocracy. Apparently, any anger that Gazans bear toward Hamas for destroying the peace on October 7, wrecking their state, and getting civilians killed by using them as human shields is outweighed by the plus side on their ledger of the murder of 1200 Jewish civilians. In other words, the campus protests promote the fascistic, terrorist Hamas clique because of, not despite, its murder of Jewish civilians.

#3. “Elite universities.” The Ivy League, the premier UC campuses, Stanford, MIT, and others that considered themselves coveted brands that guaranteed elites their envisioned lucrative career trajectories are sadly becoming the stuff of jest. Ivy-League identification is in a CNN/Bud Lite/Disney freefall. America is getting a bellyful of mollycoddled students’ hatred of Jews, contempt for cops, janitors, and maintenance workers of the middle class, and the racist drivel they shout at African-American law enforcement. At George Washington University, a faculty member, Zein El-Amine, in racist fashion, smeared visiting African-American congressman Byron Donalds (R-Fl) as an “Uncle Tom,” a “bastard,” and a “race traitor.”

The protesting students, in their interviews with the toadish media, sound ignorant and arrogant. As wannabe Bolsheviks, they destroy property and vandalize classrooms and university facilities. The UCLA campus, like the buildings at Columbia and Portland State, was left a fetid mess after the students were cleared out. But then, as helicoptered children, they expect food delivery and catering to fuel their gluten-free nihilism and hoi polloi to clean up after them. Is the message something like, “As we trash your campus buildings, can you please send in some vegan dishes to fuel our destructiveness?”

The moment students speak to cameras, they become reflections of the ongoing wastage of the universities by political indoctrination of the faculty and DEI admissions that dropped the SAT and ignored the comparative high school GPA ranking. Half the shouting student body could not find the Jordan River on a map, define Transjordan, or know that Jews have been in “Palestine” for two millennia prior to the arrival of nomadic Arab invaders.

Universities quietly accept that most of their current students are not qualified to take the very courses these campuses used to brag as proof of their preeminence.

Such ignorance on elite campuses explains the grade inflation of 60-80 percent A’s, new gut classes, and watered-down existing courses. We are learning that at our “elite” campus, roughly a third of undergraduate and graduate students are full-paying foreign students on student visas. Most immigrants arrive from illiberal regimes with generous state funding and are the tip of the spear, fomenting violence and screaming venom at their hosts. They expect exemption from the consequences of their lawlessness and yet seem to harbor nothing but contempt for the accommodating, naïve leniency of universities.

Still, these foreign students’ trademark is, for all their campus braggadocio, abject fright that they might be expelled, deported, and thus have to return to the very Middle East medievalism they now praise from a safe distance.

Add up these days of embarrassing campus rage and Hamas pawns and fronts, and parents and employers are quietly concluding that elite campuses are becoming sources of mediocrity, not prestige, well apart from the violence and the likelihood that classes and graduations can be cancelled at any moment to appease violent protestors. Good students may increasingly avoid these often disturbing places and forego investing $90,000 a year to ensure their own sons and daughters will return home unrecognizable.

#4. “The Left-wing Democrat Base”: The old idea that Antifa, BLM, the Squad, the Obamas, the green extremists, the radical transgendered, and the Hamas/Hezbollah, anti-Semitic base threatened the Democrat Party has been exposed as a sort of fraud. No major Democrat politicians, Joe Biden, especially, can simply condemn the anti-Semitic violence and hate speech— constituting 99 percent of the protestors’ creed—without citing the mythic danger of Islamophobia, of which there is little sign on these campuses. In other words, Democrats would rather airbrush anti-Semitism with moral equivalence blather than dare suggest the pro-Palestinian movement is anti-Semitic.

So the violence at universities continues because left-wing faculty, left-wing administrators, left-wing mayors and city governments, and left-wing governors in these blue states and cities sympathize with the students. They are beginning to clamp down not because of the venomous and overt Jew hatred but because the media optics are terrible.

Their campuses have been turned into trash dumps, analogous to homeless camps—or much worse, given pampered rich kids battle blue-collar police on the premise that injuring cops won’t earn them any jail time, but more likely a campus cachet.

Democrats are terrified the entire revelatory circus will get Trump reelected. The Democrat Party *is* the Squad. Biden *is* the most radical president of the last half-century. He and his associates in the Senate want to replace the elected government of Israel; they favor Iran over the moderate Arab regimes. DEI, ESG, abortion on demand, radical transgenderism, open borders, and reparations have now become mainstream Democratic agendas.

#5. "Immigration is Our Strength": It always has been, and can be again. But the left has misused immigration, legal and illegal, to create new constituencies that too often identify as victims, arrive with claims against their host, and see little need to quickly assimilate.

So in 2024, America has reached an impasse. Nearly 15 percent of the population was not born in the U.S., perhaps over 50 million residents, illegal aliens, and citizens—a record in both percentages and numbers. But the melting-pot's task of integrating and assimilating newcomers has been all but disappeared, replaced by tribalism, salad-bowl separatism, and convenient and careerist venom expressed at their hosts.

Most immigrants, legal and illegal, now arrive from anti-American and illiberal regimes in Latin America, Africa, Asia, and the Middle East. Upon arrival, too many sense American self-loathing and the left's Marxist binaries of oppressor/oppressed, and thus find victimhood a convenient entry to the American rat race.

Sometimes the failure of both massive illegal and legal immigration is expressed by illegal aliens critiquing their free hotels and food in New York; sometimes with immigrants in Dearborn, led no less by the "Al-Quds Committee, Detroit" chanting "Death to America"; sometimes by Middle Eastern student and opportunistic activists barricading Jewish students in the library at the Cooper Union and banging on the doors screaming anti-Israel expletives—or yet another international soccer match between the U.S. and Mexico, held in Las Vegas or Los Angeles, disrupted and eventually cancelled due to unruly pro-Mexico fans (either illegal aliens, green-card holders, or U.S. citizens), screaming homophobic taunts at American players, supposedly their fellow citizens or fellow residents.

We are now well beyond the dangers of open borders, ten million illegal aliens arriving since the Biden inauguration, or 100,000 fentanyl deaths facilitated by an open border. There are nearly one million foreign students residing in the US, most of them unvetted. At the most recent violent protests, flag burnings, anti-Semitic rantings, and hate America fests, many Middle East students are at the center, assured their lawbreaking is exempt, and claiming they deserve entry into DEI intersectional victimhood.

We need an immigration timeout. That would mean an end to open borders and illegal immigration, but also a reduction of legal immigration to somewhere around 250,000 *diverse*, self-supporting, educated, and pro-American immigrants *admitted on meritocratic criteria* who can be quickly integrated into the U.S. body politic.

Joe Biden recently insulted India and Japan as "xenophobic" and said that "they don't want immigrants." Some in those libeled nations retorted that if our chaotic open border, 100,000 fentanyl deaths, two million illegal entries a year, and fifty million recent immigrants are the American exemplars, now expressed with daily illegal immigrant violence and campuses hijacked by Hamas agendas, they want no part of it.

In sum, the disastrous last year of the Biden presidency has ripped off the left's disingenuous veneer. On matters of the Middle East, most protestors on American soil do not distinguish hating Israel from hating Jews. They are unapologetically pro-Hamas, not just pro-Palestinian but pro-terrorist. And the Democrat Party seems fine with all that.

Americans, thanks to the anti-Semitic takeover of their "elite campuses," realize these prestige universities are by any fair measure no longer hallowed, but rather dens of mediocrity, spoiled and entitled students and faculty, hatred of Jews, disdain for the working class, and home to thousands of racist, foreign students who despise the United States, but not to the degree of returning to their own homelands.

As for the new Democrat Party, it cannot simply condemn anti-Semitism without its wishy-washy tic of citing both-sides "Islamophobia." In truth, its racial obsessions have now reached full fruition with endemic anti-Semitism, the ultimate expression of a racist DEI industry that sought victimhood and thus found it could spew hatred with impunity.

Finally, the Biden administration has destroyed all support for open borders by welcoming in ten million illegal aliens, shrugging off 100,000 American deaths from imported Mexican fentanyl, and hosting thousands of anti-Semitic, racist Middle East students.

The one-eyed Jack American Left has been flipped over, and what turned up proved frightening.

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