COLAB SAN LUIS OBISPO
WEEK OF JANUARY 20 - 26, 2019

THIS WEEK

NO BOS MEETING

APCD TO PAY EMPLOYEES NOT TO COMMUTE BY CAR

SKATEBOARDS OK

PLANNING COMMISSION BUSY WITH HOUSING IN LIEU TAX, MARIJUANA & CHORRO PARK MINIATURE GOLF, GO-CART TRACK, AND INDOOR DRIVING RANGE

NO DESTINATION 5 STAR RESORTS YET

LAST WEEK

PROPOSED ENTERTAINMENT LICENSE AT AVILA BEACH RESORT WITHDRAWN

MONARCH DUNES REQUESTS 35 MORE HOMES

SYRINGE EXCHANGE PROGRAM GROWING
MORE HEROIN – WOULD COUNTY SUPPORT THE BORDER WALL?

MAJOR REPORT ON FUTURE OF FIRE DISTRICTS
COUNTY MAY HAVE TO PUMP MILLIONS MORE IN TO KEEP THEM ALIVE

SLO COLAB IN DEPTH
SEE PAGE 13

CALIFORNIA: RECORD SPENDING AS TAX REVENUE COLLAPSES BY $5 BILLION
BY CHRISS STREET

REFORMS URGED TO CONTROL EXPLODING CALIFORNIA PENSION COSTS

BY JOSHUA RAUH

THIS WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, January 22, 2019 (Not Scheduled)

January 22nd is the day after a national holiday, the commemoration of Dr. Martin Luther King. The Board typically does not schedule meetings on the day following a national holiday.

San Luis County Air Pollution Control District (APCD) meeting of Wednesday, January 23, 2019 (Scheduled)

Item A-1: Election of a Chair and Vice-Chair. Based on the agency's rotation system it might be Supervisor Gibson or Supervisor Peschong.

Item D -1: APCD Employee Trip Incentive Program. In a typical example of Government hypocrisy, the APCD proposes to provide cash incentives to its employees who give up commuting in their cars and use public transit, etc. The write-up states in part:

Your Board is requested to authorize an update to the SLO County APCD (APCD) Commuter Incentive Program (CIP) to help expand employee participation and provide an example for other employers to follow. This APCD program uses incentives to encourage employees to use alternative transportation modes for going to and from work which provides multiple benefits. The proposed CIP update expands our current nominal $0.50 per day employee incentive to $2 per day and includes a one-time $5 per day, 90-day introductory incentive for employees who do not use alternative modes.

And

Eligible alternative transportation modes include walking, bicycling, skating, skateboarding, busing, vanpooling, carpooling, or any combination of these modes.

The cost is not significant because there are only 23 APCD employees, but what if other employees start requesting equity? There are 3000 County employees.

The Essence of Elitist Self- Serving Government Hypocrisy: These employees, and a number of APCD Board members, are the quintessential advocates of forcing you out of your car, living in stack-and-pack housing, and arriving at work in sweaty stinking clothing. Yet here, as a matter of public policy, the APCD finds that it must subsidize its own advocates to have them "enjoy" the very burdens that it is attempting to impose on society.

And what about the citizen taxpayers? If this program is good for the government officials and employees, what about the rest of us, and at what cost?

Would Supervisor Hill get some air on the way to the meetings? Others would cruise.

More to Come? The APCD write-up hints at the future: *In an Austin Transportation Department's Smart Commute Pilot Rewards Program, participants were able to earn administrative leave as their incentive to choose alternative commute modes. A 2017 report on the program found that 53% of participants made a positive shift to change their drive alone* *habits and car and van pool trips doubled. Also, in 2017, Austin Transportation received the 2017 Air Central Texas Public Sector Award for their commute incentive program.*

Of course Austin has big time economic development to pay for staff and affordable housing. On the other hand, few in the stadium picture rode a skateboard to the game, and most came in their car or big RV while a number came in their private plane. Willie was the only one on a bus.

$429,900, 4 bed, 2 bath, 2326 sq. ft., and 8756 sq. ft. lot

Tradition too!

Austin Today Above & 1940's to the Right.

Land use is destiny.

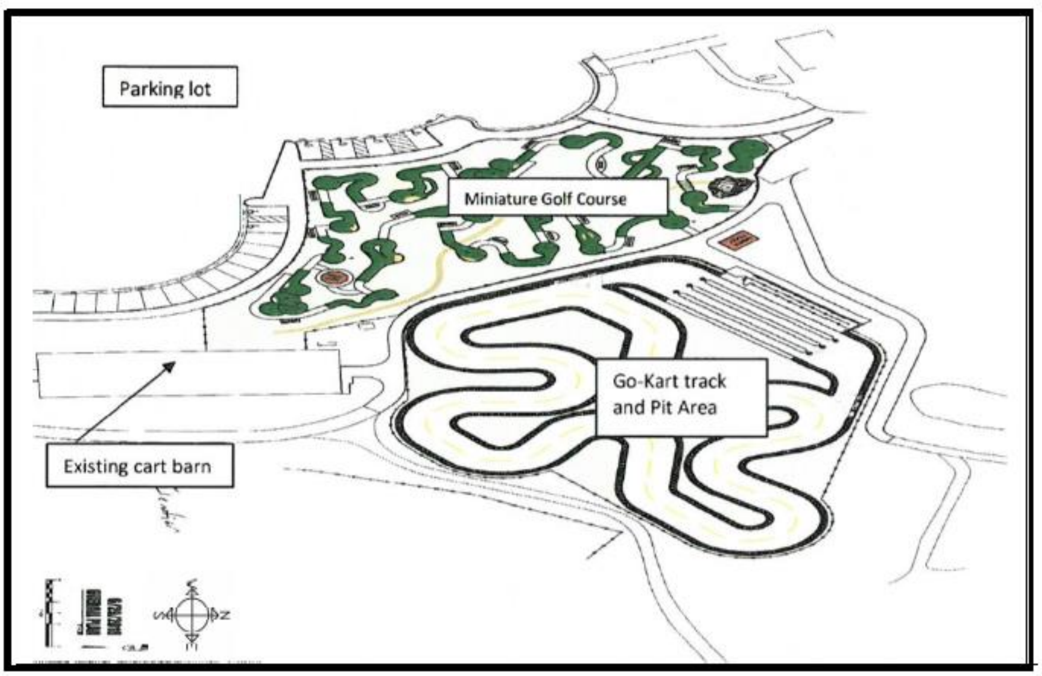
Planning Commission Meeting of Thursday, January 24th (Scheduled)

In General: This is one of the busier agendas that we have seen in several months.

Item 3 - Determination of conformity with the County General Plan for a request by the County of San Luis Obispo Parks and Recreation Department to convert 0.5 acres of the

Dairy Creek Golf Course into a 2,400-square foot Toptracer Golf Facility with an 1,800-square foot administration building. The proposed project is located at El Chorro Regional Park, north of and opposite Cuesta College, between the Cities of Morro Bay and San Luis Obispo. The County is requesting a permit to build an indoor golf range at Chorro Park. This is part of the plan to upgrade park attractions to attempt to put it on a sustainable revenue basis.

Item 4 - Determination of conformity with the County General Plan for a request by the County of San Luis Obispo Department of Parks and Recreation for the conversion of approximately 1.25 acres of Dairy Creek Golf Course into a miniature golf course and Go-Kart track. Both the Go-Kart course and the miniature golf course will use the existing terrain and will require only minimal grading. In a similar manner to Item 3, this is an application for a permit to install a Go-Kart track and miniature golf facility in Chorro Park as new attractions to attempt to generate more customers and revenue and to put the park on a paying basis.



Regular golf play has declined over the years, forcing County subsidies.

What about a Hyatt Regency (or equivalent) 5 Star resort? The property tax payments, sales tax, TOT, and economic multipliers would be large.

Item 8 - Hearing to consider a request by the COUNTY OF SAN LUIS OBISPO to amend the Affordable Housing Fund (Title 29 of the County Code) and the Land Use / Coastal Zone Land Use Ordinance (Title 22 / Title 23 of the County Code) to change how affordable housing requirements and in-lieu fees are calculated and applied to development projects. The proposed amendments would apply countywide. This item represents the Planning Commission consideration of the Housing In Lieu fee (tax) change provisions, which are part of the deal embedded in the Board's recently adopted housing initiative.

We have opposed the Housing in Lieu Fee vigorously in the past as a pernicious unfair tax on home building. At this point the promise is to advance the County's overall multifaceted housing initiative, which includes phasing out the tax and replacing it with fairer means of funding.

Specifically, and in the near term, a portion of the deal includes the elimination of the In Lieu fee for new construction under 2,200 sq. feet and a progressively increasing fee per the schedule below for medium size and larger homes (accelerated wealth transfer).

Table 2: Recommended Tiered Rate Structure

Square-footage Range	Fee Amount	Example: 3,000 SF home
0 – 2,200	Exempt	$0
2,200 – 2,500	$8 / SF	$2,400 ($8 x 300 SF)
2,500 – 3,500	$12 / SF	$6,000 ($12 x 500 SF)
Over 3,500	$16 / SF	
Maximum (total fee / total SF)	$7 / SF	
Total		$8,400

The 2017 nexus study (attachment 3) determined the maximum warranted residential in-lieu fee is $7 / square-foot. This means the required fee will be the lower of $7 / square-foot of the entire home, or the fee resulting from the tiered rate structure in Table 2. For example, for a 5,000 square-foot home, the tiered rate structure would result in a fee of $38,400. When divided by the entire square-footage (5,000 square feet), this results in a fee of $7.68 / square-foot. As such, the fee would be adjusted to $35,000 ($7 x $5,000). Houses greater than 4,622 square feet would pay $7 / square-foot.

The funds collected would be placed in an affordable housing trust fund and would be parceled out to low and moderate home developers as critical local match on State and Federal grants.

Table 3: Summary of Changes to Title 29 Fee Structure

Topic	Existing	Proposed
Applicability	Projects with two or more single family homes	All new single-family homes
Size of exempt single-family homes	900 square feet	2,200 square feet
Fee Structure	5-year phase-in schedule	Tiered rate structure

Item 8 - Hearing to consider a request by Papa Bear Farms, LLC for a Conditional Use Permit (DRC2018-00106) to establish 155 square feet of non-volatile cannabis manufacturing, 111 square feet of cannabis distribution, and 85 square feet of non-storefront dispensary within an 1,100 square-foot lease space of an existing 10,000 square-foot building. The project is located within an established business park. Activities would include nonvolatile cannabis manufacturing, shipping, receiving, processing, packaging, labeling, and delivery of cannabis products from licensed operators. Hours of operation for the business would be 10:00 a.m. to 7:00 p.m., Monday through Thursday and 10:00 a.m. to 8:00 p.m., Friday through Saturday. The project is located within the Industrial land use category located at 4149 Santa Fe Road, Suite 5, approximately 413 feet north of the San Luis Obispo Regional Airport immediately west of the city limit of the City of San Luis Obispo. As one of their ads states, "It Will Knock Your Socks Off." Does the name Papa Bear connote friendliness to children?

Item 10 - A hearing to consider a request by DCD Membership Group for a Development Plan/Coastal Development Permit (DRC2018-00142) to establish 2,500 square feet of indoor cannabis cultivation, a 2,000-square-foot indoor cannabis nursery, and a 124-square-foot non-storefront cannabis dispensary within an existing 4,880-square-foot building. No new structures are proposed; the project is located within an established business park (Callender Commercial Park). A modification from the location standard set forth in the Coastal Zone Land Use Ordinance Section 23.08.424.d.1 is requested to reduce the location standard from a sensitive receptor (passive recreational park) from 1,000 feet to 500 feet. The project site is located within the Industrial land use category located at 1291 Mesa View Drive (State Route 1) approximately two miles south of the community of Oceano. The project site is located within the Callender-Garrett Village Area in the Coastal Zone of the South County Planning Area.

DCD's web site states in part**:** *Diamond Cannabis Direct is a non-profit, exclusively top shelf medical cannabis mobile dispensary servicing San Luis Obispo County, California. Our goal is to provide a complete wellness program through the highest quality medicine and proper industry education. We are a partner to our members, providing medical cannabis delivery service & comprehensive healing programs, all with unparalleled professional service.*

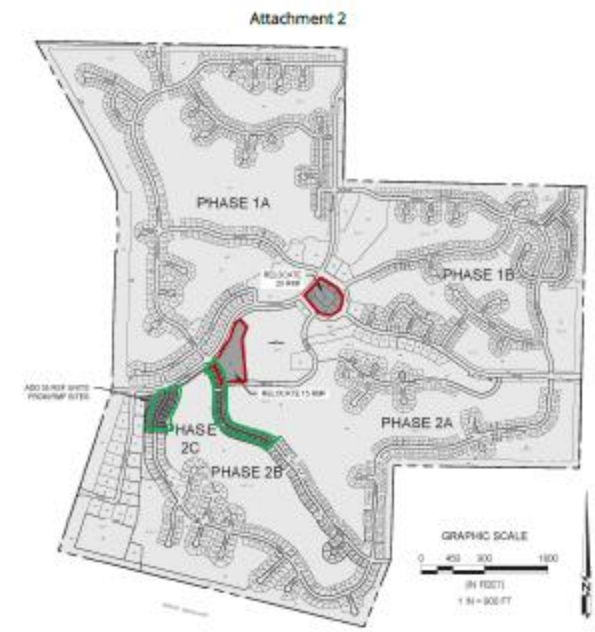
LAST WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, January 15, 2019 (Completed)

Item 1 - Request to set a hearing to consider the Temporary Commercial Outdoor Entertainment License Application from Avila Beach Resort. Hearing date set for January 29, 2019. The item was withdrawn at the request of the applicant.

Item 35 - Request to authorize processing an amendment to the Woodlands Specific Plan to re-designate 35 residential multi-family units to 35 residential single-family units and allow for the relocation of the units from the village center and multi-family site to new single-family lots to be created within the Phase 2B area of the village. The site is located south of Via Concha Road approximately 1,000 feet east of Highway One, South County Planning Area. This amendment also includes a proposal to officially change the name of the village from the Woodlands Village to the Monarch Dunes Village. The request was approved.

The areas shown in green depict the new units.



Item 40 - Submittal of a report on the San Luis Obispo Syringe Exchange Program (SEP). The Board received the report. Staff people and various not for profits involved in the program were very supportive.

Background: The program has been operating in SLO County since 2006. The program is designed to prevent Aids and Hepatitis C. Data shows that the number of participants is growing. Apparently heroin use is growing and is a factor in the increased use of needles.

Key issues which were not discussed:

a. A major issue is to what extent should society tolerate self-destructive behavior which results in major public costs and crime?

b. Another is to what extent would a border wall reduce the amount of heroin and other injectable drugs reaching California?

COLAB Note: Wonder if the County will support the border wall in its Legislative Program?

Item 41 - Submittal of a report evaluating fire protection service by special districts in unincorporated areas of San Luis Obispo County. The Board received the very extensive report, which is excellent. After considerable presentation, public comment, and questioning, the Board determined to appoint Supervisors Gibson and Peschong as an ad hoc committee to work the issuing of funding fire services if the various districts begin to fail financially.

In the bigger picture, there are also long-term deficits in road maintenance, deferred building maintenance, and the ability to continue fund public safety services, as pension costs eat up more and more of the budget. The fire study provides a good template for similar analysis. One type of study which should be prioritized is a 5- and 10-year revenue and expenditure forecast which would provide information on the ability of the County to provide services at the current level.

Background: As the Cayucos Fire District was dissolved last year due to insufficient funding and lack of volunteers, the Board of Supervisors wisely commissioned a study of the fiscal and operational resiliency of other fire districts in the unincorporated area. If these begin to fail, the County could end up with significant new general fund costs to expand its contract with Cal Fire to take over the fire and all hazard emergency services. The subject districts are shown in the table below.

Table 1: Special Districts Providing Fire Protection

Special District	Fire Protection Provider
Avila Beach CSD*	CAL FIRE
Cambria CSD	Cambria CSD
Los Osos CSD	CAL FIRE
Oceano CSD**	Five Cities Fire Authority
San Miguel CSD	San Miguel CSD
Santa Margarita FPD	Santa Margarita Fire Protection District
Templeton CSD	Templeton CSD

* Avila Beach CSD shares funding for firefighters at County Fire Station 62 Avila Valley
** Five Cities Fire Authority is a Joint Powers Authority between the cities Of Arroyo Grande, Grover Beach and Oceano CSD

The districts are not desirous of dissolving but are faced with financial challenges, some in the near term (Templeton) and some extending out over the years. Many will be making funding requests to the County or seeking a greater percent of the share of the property tax.

The study is detailed and rigorous in terms of response times and coverage for each fire district. Over time and if the districts ultimately dissolve or seek direct County funding, the costs could be in the millions, adding stress to the County budget.

The study is important, timely, and provides a significant policy tool. It can be accessed at the link below and is well worth a look.

http://agenda.slocounty.ca.gov/iip/sanluisobispo/file/getfile/103815

Once the window opens, click on the button, “Special District Study.”

Local Agency Formation Commission Meeting of Thursday, January 17, 2019 (Completed)

There were no major items of policy on this agenda. There is an Annual Report for 2018 and a proposed Work Program for 2019. These can be accessed at the link:

http://nebula.wsimg.com/c93ae911ecb91737e20a6c5a84af8cb3?AccessKeyId=242F22EFFFFDE4B18755&disposition=0&alloworigin=1

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 AND FORCES

CALIFORNIA: RECORD SPENDING AS TAX REVENUE COLLAPSES BY $5 BILLION

BY CHRISS STREET

As California governor Gavin Newsom announced plans for a record $144.2-billion spending plan, the state controller quietly reported a $4.82-billion collapse of state tax revenues.

Gov. Newsom's Proposed 2019-2020 Budget, released on January 9, had all the characteristics of "Rainbows, Butterflies, and Unicorns." Newsom predicted that his state budget beginning on July 1 would feature $6 billion more revenue and only a $100-million increase in spending, despite a $5.2-billion "Cradle-to-Career" education spending increase, a $1-billion earned income tax credit, and $100 million for immigrants fleeing Central America.

Key to Newsom's 2019-2020 budget dream is collecting $4.8 billion more in personal, sales, and corporate tax receipts while slashing "Government Operations" expenditures from $4.8 billion to $1.26 billion, a 76% reduction.

After he campaigned for a $100-billion "Medicare for All" health plan, the San Francisco Chronicle ran the headline: "Gov. Newsom angers no one with budget, puts off big fights for another day." The Chronicle complimented the new governor for providing "plenty to delight his progressive backers" and working to "avoid enraging more fiscally conservative Californians."

But away from the Klieg lights and fawning media, California state controller Betty Yee reported that California's personal income tax collections for the month of December missed its 2018-2019 budget estimate by $3.45 billion. More alarming, personal income tax revenue plunged from $11.5 billion in 2017 to just $6.76 billion in 2018.

With California's top 1% of income-earners who make over $500,000 a year paying over half of all state taxes, a portion of the grim tax collection shortfall could have been due to mail delays for filing December quarterly estimated income tax payments. But December 2018 sales tax receipts of $1.16 billion also missed budget by $1.42 billion, and corporation tax collections of $2.09 billion were short of estimates by $179.5 million.

At the start of the July 1, 2018 fiscal year, California's had a mandatory "Special Fund for Economic Uncertainties" reserve with $8.91 billion and a discretionary "Budget Stabilization Account" reserve with $11 billion. The non-partisan Legislative Analyst's Office's November update stated that reserve accounts were expected to grow by $3.1 billion this fiscal year and $6.4 billion in the next year. But the LAO cautioned that with wage and job growth already falling, "the state's budget condition can change quickly."

All of this "Rainbows, Butterflies and Unicorns" contingency planning for California to survive a "moderate recession" was predicated on termed out Gov. Jerry Brown's 2018-2019 budget ending on June 30 with a $20-billion surplus. It probably did not evaluate the cost of the PG&E utility filing for bankruptcy or 30,000 striking L.A. teachers.

If the December tax shortfall means that California is already in recession, the state may be facing a devastating crisis.

This article first appeared in the American Thinker of January 16, 2019. Chriss Street is a highly regarded radio talk show host, author, college professor, entrepreneur, and former investment manager with deep expertise in investment banking, change management, corporate restructuring and public policy economics.

REFORMS URGED TO CONTROL EXPLODING CALIFORNIA PENSION COSTS

BY JOSHUA RAUH

Rauh

The public pension nightmare for California will only worsen unless serious reforms are adopted, a Hoover scholar says.

Joshua Rauh, a senior fellow at the Hoover Institution and a professor of finance at the Stanford Graduate School of Business, suggests that governments in California need to either offer more modest pension benefits—and fund those much more conservatively—or start putting public employees into defined contribution plans.

An economist, Rauh studies corporate investment, business taxation, government pension liabilities, and investment management. He recently wrote about California's pension situation for a Hoover Institution white paper and discussed the subject in a PolicyEd video.

Rauh was recently interviewed about the issue.

How critical is the pension situation in California?

Rauh: The gap between what public pension funds in California have saved up for public employee pensions and the value of what is owed to public employees is $769 billion, or more than $60,000 per California household [see our Interactive Map].

It is as though each household is carrying around a credit card balance of $60,000 that is growing each year. At some point in the future, the government will make us pay, because the public employee pensions must be paid. How will the government make us pay? Either through higher taxes or through the cutting of core public services.

Think about the essential public services that citizens pay for through taxes and fees—like safety and education. Going forward, we'll have fewer resources available to pay for those actual services, because taxpayer money will increasingly be burdened with paying the pensions of the people who performed those jobs in the past.

Another way to see the problem is that as of now, around 10 percent of all public revenue generated in the state of California and its municipalities goes to fund public employee pensions. That sounds like a lot, but the real problem is that even this amount is not adequate to stabilize the $60,000-per-household debt to the public employees! A contribution rate that would keep the debt from rising would amount to more than 21 percent of every dollar of public revenue generated within the state of California.

Why are assumptions about future pension returns often highly uncertain?

Rauh: They used to be much more certain, because pension funds used to invest primarily in safe securities such as government bonds. US Treasury bonds in the 1990s could generate 6–7 percent per year returns with a high degree of safety. Now they generate less than 3 percent per year. State and local governments have responded to this change over time by shifting their asset allocation increasingly to riskier securities—the stock market for one, but also alternative assets such as private equity, venture capital, real estate, and hedge funds. Overall, around 75 percent of every dollar in public pension fund portfolios is invested in one of these risky asset classes. While the pension funds typically assume they're going to earn around 7.5 percent per year in these investments, the fact is that the returns that might be earned on these securities are highly uncertain, even over long periods of time.

Some people say, "Everything will be fine—the stock market and professional investors always do well enough over the long term." That's not what the principles of finance say. We know that in eras where the stock market has done well, it is because those returns were compensation for risk—for the possibility of bad outcomes that we got lucky and avoided. Right now, pension funds are taking a great deal of risk in order to keep their return targets up. There's no guarantee that it will go well, and in fact the funds are more likely to fall substantially short of their targets than to achieve them.

What should the state and other entities in California do to realistically solve and reform their pension problems?

Rauh: "Realistically" is a difficult word because this problem is so blocked by political special interests and public employee unions. That said, I like to think about what I would advise a friend who has racked up $60,000 of credit card debt that keeps growing every year because he's investing in risky assets that aren't generating the returns he's hoping for. I would tell my friend that the first thing he needs to do is stop the behavior that is leading to the growth in the credit card debt. In this case, that behavior is promising public employees pensions without setting aside sufficient funds to pay for them, and hoping that the stock market or private equity investments will bail everyone out. That has to stop.

So, on a forward-looking basis, governments need to either begin promising more modest pension benefits that they fund much more conservatively or, failing that, they need to put public employees into defined contribution plans, which are more like the benefits private economy employees have. This won't make the $769 billion debt go away, but it will stop it from growing, and for a state like California it is the explosive growth of this debt that should be more frightening than its absolute level.

Is pension reform under way or being considered in California?

Rauh: Our previous governor, Jerry Brown, knew that pensions were a big problem. In 2011, the first year of his second turn as governor, he proposed a 12-point pension overhaul. The California State Legislature passed some of these points, particularly those that affect new hires. These new members of the workforce will face higher retirement ages, and there will be more sharing of costs between them and their municipal employers. Unfortunately, the true pension costs are far higher than the costs as reflected in current budgets, which is the part that would be shared. It’s like my offering to share costs with you in advance of your taking me out to dinner at a very fine restaurant—but my contribution is based only on the expected cost of a hamburger at a fast-food joint.

Other points in Governor Brown’s plan were passed but are currently being litigated, such as the limitations against pension spiking—the practice under which some public employees artificially inflate compensation in the years before retirement in order to set themselves up for a higher lifetime payment on the taxpayer dime. Believe it or not, many public employees assert that they have a right to such practices.

These employees contend that the body of precedent informally called the California Rule gives public employees a right to whatever benefit was available to them on their initial day of employment, including the right to manipulate the compensation that determines their lifetime pension benefit. Recent appeals court decisions have upheld employees’ right to spike, but the California Supreme Court has now taken up the issue.

While these attempts are better than nothing, they fall far short of what is needed to stop the looming fiscal crisis that faces the state

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VICTOR DAVIS HANSON ADDRESSES A COLAB FORUM

DAN WALTERS EXPLAINS SACTO MACHINATIONS AT A COLAB FORUM

See the presentation at the link: https://youtu.be/eEdP4cvf-zA

AUTHOR & NATIONALLY SYNDICATED COMMENTATOR BEN SHAPIRO APPEARED AT A COLAB ANNUAL DINNER

NATIONAL RADIO AND TV COMMENTATOR HIGH HEWITT AT COLAB DINNER

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Company: ____

Address: ____

City: ______________________________ State: ____________ Zip: __________

Phone: _____________ Fax: _____________ Email: ____________________

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For those who choose not to join as a member but would like to support COLAB via a contribution/donation.
I would like to contribute $ __________ to COLAB and my check or credit card information is enclosed/provided.

Donations/Contributions do not require membership though it is encouraged in order to provide updates and information.
Memberships and donation will be kept confidential if that is your preference.
Confidential Donation/Contribution/Membership ❑

PAYMENT METHOD:

Check ❑ Visa ❑ MasterCard ❑ Discover ❑ Amex NOT accepted.

Cardholder Name: ____________________ Signature: __________________________

Card Number: ______________________ Exp Date: ___/___ Billing Zip Code: ______ CVV: ____

TODAY'S DATE: ____________________

(Revised 2/2017)