# THE GOLDEN FLEECE AWARD

CCTA 2017

**THE GOLDEN FLEECE AWARD** Is given by the Central Coast Taxpayers Association to the agency demonstrating the most arrogantly wasteful, and irresponsible actions and practices, often costing taxpayers millions of dollars and sowing distrust, disdain and downright outrage among the weary taxpayers of that agency.

Since some of the nominees are special districts, a bit of background is in order: special districts include water districts, sewer districts, school districts, cemetery districts and harbor districts. They serve a small geographic area for a specific, limited purpose. It is government at the most grassroot level. In theory, special districts are run by dedicated boards and staff in the most conscientious manner possible. In fact they rank among the worst offenders because they operate below the radar with little press coverage of their activities.

**THIS YEAR'S GOLDEN FLEECE AWARD NOMINEES ARE:**

**1) THE SOUTH SLO COUNTY SANITATION DISTRICT**
Between 2009 and 2011, the sanitation district settled lawsuits with three whistleblowers who lost their jobs. Reserves of $11 million vanished while the district broke promises to the Regional Water Quality Control Board to update the sewer plant. A spill in 2010 resulted in a fine of $1.1 million and legal fees that ran another $1 million.

The administrator awarded multiple lucrative contracts to his own engineering firm without any outside bids. He was charged with two felony and two misdemeanor counts of conflict of interest.

His replacement, a part time administrator, cut expenses and rebuilt reserves. The board then hired a fulltime administrator for $200,000 a year plus benefits who proceeded to run the revitalized district back into the ground again. After 16 months he was let go but not before getting $37,500 severance pay and lifetime health benefits for himself and his family. Pretty good deal for 16 months on the job taking the District into significant debt again.

**2) CITY OF SLO AND ITS PENSION LIABILITIES**
The city of SLO's unfunded pension liability is now $153,000,000 and growing. The city pays over $1 million a month in interest on it – and nothing toward principle. As long as the city makes its minimum payments, the state will not intervene, so why should the city bother to do more?

Although well aware of the growing deficit when she was hired, City Manager Katie Lichtig failed even to create a plan to pay down the debt, but did manage to give all midlevel managers bonuses and raises. With other longterm debt now exceeding $60,000,000, the “happiest place on earth” is technically insolvent as a result of professional mismanagement and a city council too irresponsible, willfully ignorant, or indifferent to do anything about it. Wider bike lane and artistic electrical boxes, not fiscal accountability, are far more important despite consistent pleas from concerned residents to pay down the debt.

At the August 18, 2017, Investment Oversight Committee meeting, Lichtig fervently disavowed any responsibility for the pension mess, claiming it was in motion when she got here. Apparently 7 • years at the helm for a compensation package of $330,000 a year was not enough time nor incentive to begin to straighten it out. Can anyone say, “dereliction of duty”? Meanwhile the city will pay $5000 a month to her for the rest of her life for the city’s share of her CalPERS retirement. Thanks for the memories, SLO City taxpayers!

**3 ) SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT**

In 2016 voters in the San Luis Coastal Unified School District (Morro Bay, Los Osos, San Luis Obispo, Avila Beach) passed yet another multi-million dollar school bond to remodel and rebuild local schools. In fall 2017 District Superintendent Eric Prader, riding high on the passage of the bond measure and funds he negotiated from PG&E from the pending Diablo closure, asked the Board of Trustees to loan him $950,000 from the bond money, with no down payment, at 2 percent interest for 30 years, to purchase a home that might or might not be within the boundaries of the District. Although he makes $5000 a week, Prater claimed he could not come up with a down payment. Unbelievably the school board agreed!

This violates every investment policy of the District (liquidity, safety, and rate of return); and is fraught with potential problems. Under the loan agreement, if he leaves, he has two years to repay the District; if he just walks away, the District is on the hook for taxes, insurance, maintenance and ownership as there is no mortgage insurance requirement; if the home drops in value the District is the bank and owner. Will the next Superintendent also get the same deal? Will other unionized District employees, who make far less than Prader, also be offered a sweet deal like this?

According to education lawyers it is legal, and not a gift nor misappropriation of public funds. What else will the bond money be spent for? Welcome to San Luis Coastal Bank and Loan, your taxpayer-funded money tree for the exclusive use of the highest paid employee in the history of the District! And you thought that bond money was to build schools!

**4) THE LOS OSOS SEWER DEBACLE**

The dispute over the need for a sewer system, the type of system, the location of the treatment plant, the cost to hook up to the system, and who would pay for everything consumed Los Osos for nearly forty years. Grants were available from the state in the 1980s, and Nipomo got its wastewater system funded this way, but Los Osos Community Service District officials and the population in general simply could not get it together.

Factions of every stripe objected to every design; opponents questioned the science and findings of the sources of nitrates in the groundwater and thus the need for a sewer system; there were conflicts of interest everywhere from selection of engineers to pre-qualifying requirements for prospective contractors; the first people required to hook up to the system, allegedly chosen at random, all just happened to be opponents of it.

Poor people blamed rich developers for pushing the sewer and claimed hundreds of people would be displaced by sewer bills running up to $300 per month to pay for the sewer. The complete lack of trust and transparency, the personal vendettas and bureaucratic bungling delayed the project for years. The cost now exceeds $200,000,000 for the sewer system and treatment plant, to be located in beautiful downtown Los Osos, to serve 9,000 people.

**5) MORRO BAY SEWER PLANT**

Morro Bay and Cayucos have shared a sewage treatment plant near the Morro Bay High School and the beach for nearly 70 years. Flooding concerns, smells, and state-mandated upgrades resulted in the search for a new location. Among those considered was one near the California Mens Colony and another on Rancho Colina.

The bickering over the cost of moving the plant, laying pipes to the plant, pushing waste uphill, complying with the California Coastal Commission (who never voted on it thanks to the questionable pre-emptive actions of the Morro Bay Mayor and company), and determining the percentage of costs and ownership for Morro Bay and Cayucos, overshadowed every other issue in town.

Ultimately Cayucos decided to pull out of the partnership and go its own way, which will raise the costs to Morro Bay residents to at least $170,000,000, and Cayucos could end up using the existing plant for itself at far less cost than before.

**6) SLOCOG**

The San Luis Obispo Council of Governments was formed in 1966 through a Joint Powers Agreement to promote transportation coordination in what was then a very rural county. It has grown to an agency with over 20 employees who are transportation planners, Rideshare coordinators, and assorted administrators and public relations flacks.

In 2016 SLOCOG spent over $100,000 of taxpayer money on consultants to come up with a strategy to pass a 1/2% sales tax increase measure, allegedly for roads. SLOCOG also printed and mailed a 27-page booklet to “educate” locals about the bad conditions of their roads, in case they hadn't noticed, again at taxpayer expense. The executive director, while collecting his government paycheck, coordinated a campaign effort that raised and spent over $500,000 to support this tax increase. But as we all know, Measure J failed.

Even though his campaign was unsuccessful, Board members of SLOCOG were so pleased with the actions of their executive director that they awarded him a 5% raise for his valiant efforts to raise taxes. So much for the concept of merit pay!

The CCTA was instrumental in defeating Goliath with a mere $1200 and a grassroots campaign utilizing talk radio, letters to the papers, and word of mouth. Now the FPPC is investigating the coordination and the expense of public funds used on the measure.