

PVP Watch Newsletter – October 2, 2014

To Our Friends and Supporters

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Will You Vote on November 4th?

A tragic situation is the large number of Peninsula residents who fail to vote. Many in our community have absentee ballots but fail to complete and return to the LA County Election offices. Many opine on the problems with the US Government but fail to vote on local issues where each vote can have an impact.

One critical local matter is the 66th AD (Assembly District) which includes the Peninsula. Candidates are Al Muratsuchi a Democrat and David Hadley a conservative Republican who, in our opinion, is the superior candidate. Hadley will bring integrity to the position while Muratsuchi is but a pawn of the Sacramento public sector unions.

Muratsuchi opposes Prop 13 and voted “Yea” for Legislative Bill **ACA 8** that, according to HJTA (Howard Jarvis Taxpayers Association), would **REPEAL** Prop. 13’s *requirement that local “special taxes” (taxes intended for a specific purpose or purposes) be approved by a two-thirds vote*. Instead, special taxes imposed for the repayment of local bonded indebtedness would be reduced to 55%. The ostensible justification for ACA 8 is to make it easier to finance local “infrastructure.”

You may have noted Muratsuchi advertisement on the front page of Sunday’s (Sept. 28th) Daily Breeze. Where are Muratsuchi’s campaign funds coming from? You’re right, the Sacramento public sector unions. Muratsuchi provides a super majority for union control of Sacramento. The unions contributed some \$2 million to Muratsuchi two years ago and it appears they are spending more this year. David Hadley can win but to do so Peninsula residents MUST vote. David Haley’s website is www.davidhadley.com. Please support the Hadley campaign. David Hadley is endorsed by the Howard Jarvis Taxpayers Association as well as most South Bay elected officials.

Another contested office is the Congressional District 33 being vacated by Henry Waxman. Ted Lieu, currently a California State Senator is the anointed Democratic candidate. The Republican candidate, Elan Carr is a LA County Deputy District Attorney. Although this district has a high percentage of “Progressives” in the Santa Monica / Westside area, a high turnout from the Peninsula would make Mr. Carr very competitive. Mr. Carr’s website is www.elancarrforcongress.com. Please visit his website for more campaign information.

G. Rick Marshall is a candidate for the California State Board of Equalization District #3. Rick is a long time South Bay resident active in conservative issues. Rick's website is www.grickmarshall.com. Rick's reason for entering this race is "*I'm running to be your voice for tax simplification, lower taxes and delivery of efficient government services on the California State **Board of Equalization.***" PVP Watch supports Rick Marshall for this office. Please visit his website for more campaign information.

It is now October and election campaigns are into full campaign mode and absentee ballots are only a few weeks away. HJTA will be providing updated election information at CAInitiatives2014.org and we suggest that everyone go to that website for the latest and current election data.

The following is an excerpt from Jon Coupal's, President of the Howard Jarvis Taxpayers Association, Commentary posted on September 29th. Hopefully you will find this of interest and pertinent to the current California election campaigns.

"The majority of candidates for reelection will be bragging that they and their colleagues have achieved a balanced, on time budget and the state is on the right track. Their accomplishments, they will claim, entitle them to continue in office.

However, here are some things that most will not mention. California continues to have one of the highest unemployment rates in all 50 states. Our state ranks first in marginal income tax rates, state sales tax and gasoline tax. Businesses, and the jobs they provide, continue to flee the state. Even firms like Tesla and SpaceX that have been provided massive tax subsidies by Sacramento, have chosen to expand their facilities outside of California – Tesla to Nevada and SpaceX to Texas. And the Legislature continues to support subsidies to Governor Brown's bullet train that may end up costing taxpayers nearly \$100 billion.

Another topic that most incumbent lawmakers will not want to discuss is their efforts to pass ACA 8, an amendment to the California Constitution that would make it much easier to increase property taxes to pay for infrastructure bonds. Passage of this, and other proposals that fell just short of approval this year, could have resulted in increased property taxes totaling billions of dollars, once again putting homeownership in jeopardy as it was prior to Proposition 13, when there were no limits on annual increases in the tax bill.

It is also unlikely they will want to discuss their rejection of legislation that would have slowed the implementation of carbon fees, fees that are likely to add somewhere between 15 and 40 cents to the cost of a gallon of gas after the first of the year. This is no less than a war on the poor, who already can barely afford to put fuel in their cars due not only to high prices, but also to the highest gas tax in the nation. And California has plenty of poor. We lead all 50 states in the percentage of those living in poverty. Voters, who have the opportunity to meet candidates for office, whether they are incumbents or aspiring challengers, should be prepared to ask a few questions.

Here is a good question for all candidates, "Do you believe it is fair that Californians pay the highest tax rates in nearly every category?" An excellent follow-up question would be, "Where do you stand on an extension of the Proposition 30 income and sales tax increase, set to expire in the next several years?" And, of course it is always revealing to get answers to this question, "Do you support the governor's bullet train that could cost taxpayers a hundreds billion dollars or more?"

Honest answers to these questions would provide a good gauge of how well a candidate understands that their actions have real consequences for average Californians. Some may show that they genuinely respect those they serve, while others, who are likely to equivocate when responding, will reveal that they are motivated by self-interest."

RPV – Telecom Utilities Tax

As readers will recall, a claim seeking reimbursement for improper collection of the telecom portion of the Utilities Tax (UUT) was filed with RPV City Hall. In that the Council denied the claim, a lawsuit has been served on the City. RPV has recognized that the City has been collecting an unapproved tax for some years but believes the liability is for only one year with the claimant believing the City is accountable for the entire period of approximately seven or eight years. Should the Court decision favor the claimant, RPV's liability could be as much as \$5 million or so. Attorney fees could be added to the damages.

To stop the ongoing liability, at the August 19th Council meeting, the Council approved the suspension and further collection of the telecom portion of the Utilities Tax. An unresolved issue is whether RPV should attempt to refund the one year accepted liability (~\$700,000) or wait for the lawsuit matter to be resolved before taking any actions to refund any funds to RPV residents. It seems clear from City Attorney Lynch and staff reports that they were aware for some time that the RPV was illegally collecting the telecom portion of Utility Tax. The question now, what is the City Council going to do in regards to staff, City Attorney Lynch and others for having placed RPV in this precarious position?

RPV - Sewers

Posted on the April 24th 2014 PVP Watch Newsletter - *Item G (Consent Calendar) on the April 15th Council agenda was for the Council to approve an almost \$200,000 project to validate that five (5) sewer lines were "under capacity" meaning that the pipes were not large enough for sewerage demand. Included in the projects was development of plans to upgrade sections of these pipes when the "under capacity" issue has not been investigated. First of all this is a significant expenditure and should have been on the Public Hearings section of the agenda. It is PVP Watch's understanding that this "crisis" to increase the size of certain sewer lines is based on a 2009 Report. Would it not be more prudent to first make a capacity analysis before proceeding with developing a sewer line replacement plan? The good news is that Mayor Jerry Duhovic pulled this item from the agenda and anticipates that it will be rescheduled for a future meeting.*

A "slimmed down" project that was limited to inspection only of the five sewer line sections was subsequently approved by the Council on May 14, 2014. On September 10th the Public Works Department reported that the five sewer sections had been inspected and there were **NO** capacity problems that dictated that these sewer

line sections had to be replaced. Some did need cleaning of tree roots which is merely a maintenance matter that will be performed by LA County per the existing maintenance agreement. Inspection cost approximated \$30,000 thus a **\$160,000 savings** in project design costs.

Not yet included in this discussion is that Staff had budgeted **\$1,852,275** in FY 2013 / 2014 Capital Improvement funds for replacing these five sewer line sections. Eliminating this unneeded project resulted in **saving over \$2 million dollars** that staff, Finance Director McLean and Senior Engineer Dragoo had insisted were critical to RPV infrastructure maintenance. Unfortunately this is but one example of staff mismanagement of RPV resources. Hopefully RPV's new Public Works Director Michael Throne will use this success as cause to thoroughly examine the current CIP plan, eliminate the fluff and nonsense, and present a meaningful plan to the Council and residents for consideration.

RPV – “IT” Services

The latest *brouhaha* going on down at PV Net is the reality that RPV will, in not a too distant future, being seeking competitive bids for “IT” services. PVP Watch followers will recall that we have been long posting commentary on the relationship between PV Net owner Ted Vegvari and RPV Finance Director Dennis McLean. Succinctly, services provided by PV Net to RPV have never “gone to bid,” costs and deliverables are questionable, many question PV Nets IRS status as a 501c3 not for profit business entity, as well as supposedly having a “staff,” long standing issues concerning insurance coverages and other matters as well.

The decision to seek competitive bids is fairly recent although Management Partners, a consulting firm, first recommended in 2009 that RPV was poorly managing it's IT services and hardware owned by PV Net was intertwined with RPV hardware and services and there was limited documentation of what belonged to RPV. The Management Partners report is 164 pages and is posted on the PVP Watch website, Current Issues page.

PV Net currently occupies two buildings at the RPV City Hall complex. One is a modular building “out back” adjacent to the storage area. This building is owned by PV Net with the City providing space and utilities at no cost to PV Net. Our understanding is that this space is a computer laboratory. The other building is located adjacent to the Community Development building and is leased to PV Net at no cost for office space. We believe that in the past, prior to the Management Partners report, RPV's computer systems were housed here and possibly some hardware remains. The last few years RPV has been upgrading its computer systems including a new computer area in the main building at City Hall thus removing RPV hardware from the PV Net “leased” building. Astutely, staff recognized that the PV Net lease for this office space had a 16 month renewal option (PV Net must be notified by Sept 1 that they must be out by the end of the following year) and in accordance with the lease terms PV Net was given notice to be out of the building by year end 2015.

Back to the latest *brouhaha* is Vegvari's campaign to gather public support to rebuff the Council's decision to seek competitive bids for IT services. PV Net is attempting to gather public support that if PV Net does not have RPV contribute to PV Net a result will be that PV Net will have to terminate all of the "public good" that PV Net supposedly provides the community. There are a number of issues that should be of concern to RPV taxpayers. One, it is not RPV residents responsibility or duty to "support" PV Net which is an issue long questioned. Secondly, it is RPV City Hall's responsibility to ensure the services used to operate the City should be obtained at the best possible cost commensurate with quality and need. In so far as services provided by PV Net to the community are NOT UNIQUE and websites can be easily found at a cost of \$4 per month or less. We could go on but readers can see what a mess this is and that the *RPV Council needs our support if we wish to accomplish open and transparent government.*

PVP Watch

PVP Watch welcomes reader comments. Please send comments to info@pvpwatch.com

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One of the current email issues is overactive "spam" detectors and we urge everyone to enter info@pvpwatch.com and PVP Watch into their computer address book

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