California winemakers have eye on China’s tariffs

By Julian M. Alston, Daniel Sumner and Olena Sambucci, The Conversation

California’s vintners and grape growers are among the latest potential victims in the escalating trade spat between the U.S. and China.

Responding to U.S. plans to impose import duties on goods from China, the Chinese Ministry of Commerce reciprocated by introducing new tariffs on 128 U.S. products, including an additional 15 percent import tariff on wine.

Wine producers in California are concerned about the immediate and longer-term implications of this new tariff, on top of those already in place. Reports have already begun to circulate about orders being canceled, redirected or renegotiated as a result.

How worried should U.S. winemakers be?

The U.S. wine industry

The U.S. is a major player in the global wine industry both in terms of consumption and production.

Americans consumed 3.59 billion liters of wine in 2016, or about 11.1 liters per person. About a third of that was imported.

In terms of production, the U.S. ranks fourth after Italy, France and Spain – making more than 3 billion liters in 2016. California produced about 85 percent of that.

While the vast majority of U.S. wine is consumed domestically, about 10 percent is shipped overseas. In 2017, the U.S.

exported 380 million liters of wine worth $1.46 billion. Canada was the top destination, importing 28 percent of the total, followed by the U.K. with 15 percent, Hong Kong at 8 percent and Japan with 6 percent.

China's small share

China, for its part, imports quite a bit of wine. Very little, however, comes from the U.S.

China imported about $2.37 billion worth of wine in 2016, most of which came from the European Union. Only $76 million, or 2.2 percent, was American.

That puts China sixth among top destinations for U.S. wine exports, with a share of about 5 percent.

These figures underestimate the true value somewhat because more than half of Hong Kong's imports are then shipped or smuggled to China. Even allowing for these adjustments, Chinese consumption of U.S. wine makes up less than 1 percent of the total value of American production.

It's clear that at the moment China is not all that important to most California wine producers. Why then are U.S. wine producers anxious about new tariffs disrupting trade to this relatively minor market?

It's all about the future. Although per capita consumption of wine in China remains very low, China is the world's fastest-growing wine market and is expected to soon become the second largest, after the U.S.

From 2000 to 2016, Chinese wine consumption soared from 219 million liters in 2000 to 1.24 billion liters in 2016. Some observers estimate growth was even higher. Much of that consumption was imported – especially in the premium wine segment.

Economists who have studied these markets project further significant growth in China’s demand for wine, including premium wine imports.

This would make getting pushed out of China especially troubling at a time when global per-capita wine consumption has been declining, especially in Europe.

Already at a disadvantage

Even without the new tax, U.S. exporters were facing a tilted playing field that would have constrained the potential for increasing California’s market share.

Without the new tariffs, China already collected a tariff of 14 percent on most U.S. wine – though it can reach as high as 20 percent in some categories. In contrast, wine from some countries, such as Chile, Georgia, New Zealand and, starting next year, Australia, enter China duty-free.

With the new tariff in effect, most American wines will incur duties of 29 percent.

Hong Kong, however, does offer a back door to U.S. wine. The China-governed island phased out its own steep tariffs on wine imports a decade ago. This has created an incentive for smuggling.

So what does all this mean?

Given the small share of total U.S. wine currently going to China, the new tariff would not likely have a material effect on the American wine industry, whether in terms of domestic prices or producer bottom lines. Still, it will be disruptive for particular businesses especially in the near term.

The real concern for American wine producers is that high tariffs applied today may make U.S. wine too expensive and cause them to miss out as hundreds of millions of Chinese middle-income consumers increase their wine consumption over the next decade.

More broadly, if the trade spat escalates to a trade war, serious damage will be done to all of U.S. agriculture, including grape and wine producers. Even more troubling, if the loss of trade causes broader damage to the U.S. economy, it could even affect demand for California wine in its most important market: the United States.

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Calif. commercial pot revenue projections fall short

By Brad Branan, Sacramento Bee

In the first two months of cannabis legalization, consumers bought an estimated $339 million worth of marijuana products from retailers in California, 50 percent less than state projections, according to a leading analytics firm.

The state has estimated that retail cannabis sales for the year would be $3.4 billion, or $570 million every two months.

Read the whole story

SLT’s dysfunction stalls recreational marijuana

By Kathryn Reed

Recreational marijuana, while not extinguished in South Lake Tahoe, is having a hard time getting out of the starting gate.

At the March 27 City Council meeting Sergio Rudin with the law firm of Burke, Williams and Sorensen said he had all he needed to write an ordinance that would be ready for the council’s review on April 17.

The issue was brought back two weeks sooner – and without an ordinance to dissect. Mayor Wendy David has asked for recreational marijuana to be on every agenda until the issue is resolved.

The council on April 3, with the absence of Brook Laine, talked in circles – again. In the end, they told Nira Doherty, attorney from the same law firm, not to bring back an ordinance. Instead, David said she would meet with Councilmember Jason Collin and acting City Manager Jeff Meston to get their questions answered.

For more than three hours last week Collin, David, Meston, Doherty, Police Chief Brian Uhler and planning director Kevin Fabino talked. A lot of questions were answered, but the council members are not completely sure where they stand on everything.

Collin appears to want information spoon fed to him. At the April 3 meeting he admitted, “I’m probably the least educated on this.” He later said, “This is not the biggest priority of my life. I am not going to do homework on my own." Then he added that he has read some things about recreational marijuana.

The reality of being on any elected body is that everything on the agenda is supposed to be a priority because the electeds are doing the public's work and their job is to do what the public asks. The public is asking for a recreational marijuana ordinance. The electeds are the ones who set policy, not staff, so they must come up with the substance of the ordinance.

Part of the delay is that recreational marijuana is new to California. And while other states have legalized it, each state has its own rules. And being in Tahoe, the city has to deal with constraints imposed by the Tahoe Regional Planning Agency.

The uncooperative working relationship among the five electeds is also impacting the process. They also all don't seem to trust staff. This is bogging down the process.

Then the council is being told by one attorney that an ordinance can be written, while a different person sitting in that chair at the next meeting says more information is needed.

Complicating matters is city staff is not in agreement and let their differences be known for all to hear at the last council meeting. Doherty and Fabino are in disagreement about zoning laws, especially when it comes to micro businesses. This just adds to the confusion for the council when it comes to being able to make a decision, and for the public to trust the process and future decisions.

Micro businesses are a hiccup in the process that still needs to be addressed, and in large part will dictate how any ordinance is written. While the community working group recommended not starting with micro businesses on Day 1, members said revisiting the issue in a year or so would make sense.

Councilman Austin Sass has advocated for them since the get-go, saying this is a better route for South Lake Tahoe and the individual businesses. It means the businesses would be able have multiple licenses bundled into one, and essentially be self-contained. One example is that they could grow, distribute and sell the product.

Recreational marijuana will be back on the April 14 agenda. The ultimate goal is to have an ordinance that will stand up in court. It remains to be seen when an actual ordinance will be forthcoming.

Study: Nevada struggles to close gender pay gap

By Yvonne Gonzalez, Las Vegas Sun

Women in Nevada earn an average of 81 cents for every dollar made by men, according to an analysis published Monday by the American Association of University Women.

The data was released to coincide with Equal Pay Day on April 10, which marks how far into the new year women have to keep working on average to match what men earned in 2017. Nevada ranks 22nd in the country, with Utah taking last place at 70 cents on the dollar.

“It’s only decreased a nickel in the past 20 years,” association CEO Kim Churches said of the pay gap. “That type of bottleneck and lack of progress means that we’re on the current trajectory for more than 100 years."

Read the whole story

SnowGlobe working to curtail unwanted noise

By Kathryn Reed

It may be impossible to ever completely satisfy those who are against SnowGlobe.

Even though the promoter of the three-day music festival has agreed to shorten the hours, eliminate a day of sound checks, cover the entire ball field with a protective material, use an independent sound engineer and other concessions, opponents want more.

"Most of our issues are not with SnowGlobe; they are with policy and planning," Scott Ramirez told the South Lake Tahoe City Council.

The 2018 SnowGlobe contract includes:

• Vendors/sponsors will agree to preapproved tent/structure specifications. Non-compliance will result in a fine of $1,000 per violation.
• Seven (instead of six) California Highway Patrol officers will be used to patrol Al Tahoe Boulevard.
• A site plan for Bijou Community Park must be submitted, including citing activities for that site; as well as listing location for off-site box office.
• Putting in writing the fire department can cancel the fireworks.
• The field, pending weather, will be ready for use by June 1.
• Music will end at 10pm on Dec. 29 and Dec. 30, and at 12:45am Jan. 1.
• Speakers and subwoofers will be placed according to a sound engineer so as to create the least disturbance for residential areas.
• Sound checks will start after 11am on festival days, and will be from 11am-8pm on Dec. 28.
• South Lake Tahoe Drug Coalition will receive a

free booth.

• Removing snow before the entire field is covered with a product that is the same material the San Francisco Giants and 49ers use.

• Per the existing contract the city is paying up to $35,000 for promotional materials, and $15,000 for transportation and garbage. Another $75,000 is provided in kind services/labor. SnowGlobe will put up at $250,000 bond in case the field needs replacing/repairs.

He is part of the No Globe Alliance. This is a group of South Lake Tahoe residents who are fed up with the bass that has rocked their homes since the festival started in 2011. While they contend they don't want to shut down the festival, they want more. They want enforcement. They want fines. They want their concerns to be heard as loudly as the noise they complain about.

The problem is there are no guarantees that what will be implemented for this December's event will do enough to satisfy those who are upset.

Nonetheless, the three-day festival that features electronic dance music will be back this year.

Chad Donnelly, the promoter of SnowGlobe, has a lot riding on his plans to mitigate the sound disturbance. He wants a long-term contract with the city and this is the last year of the existing deal. The number of complaints and what the field looks like will be key factors the council will consider in the future.

While noise has been an issue since the first year, every year seems to have come with some other negative component – a death, remnants of the festival left for months because of snow, and a field needing to be replaced. The latter is being taken care of now so it will be ready to be used in the summer.

And while the naysayers are a vocal ensemble each time SnowGlobe is on a council agenda, as was the case last week, there is an equally passionate group that supports the festival. Those people see it from the economic point-of-view.

It’s no longer a given that South Shore hotels will be full on New Year’s Eve. The lack of snow is a constant worry. Plus, SnowGlobe brings guests who usually stay a minimum of three nights because most of the nearly 20,000 attendees attend each night.

At last week’s meeting the council, with member Brooke Laine absent, agreed to tighten a few rules that staff recommended. Also incorporated into the amended agreement were aspects of the deal worked out between the promoter and “no globers.”

Permanently escaping the Bay Area for Tahoe-Truckee

By Michelle Robertson, San Francisco Chronicle

“Every day I wake up here is a vacation,” says 46-year-old Ricardo Garcia. He and his wife moved to Truckee in 2005, after years of hopping around San Francisco’s neighborhoods in an effort to make the city feel like “home.” The endeavor was complicated by an expensive real estate market.

Unable to find the house they wanted in the Bay Area, they looked east, to Tahoe.

“Everything we enjoyed doing was here,” he said — hiking, boating, skiing, climbing and other -ings.

Garcia is one of an unquantifiable number of Bay Area ex-pats who’ve turned the vacation destination of Lake Tahoe into a permanent home. The place can suck you in quick.

Read the whole story

VHRs — from alternative to mainstream lodging

By Jason Hildago, Reno Gazette-Journal

Lake Tahoe’s vacation home rental scenario is a microcosm of a massive movement with global legs. Estimated as a $100 billion industry in 2016, the vacation rental market is projected to grow to $169.7 billion worldwide by next year, according to international data provider Research and Markets.

Europeans, with their long history of holiday home use, have especially embraced vacation rentals. In 2015, half of travelers in Europe used private accommodations, according to Phocuswright, an international travel, tourism and hospitality market research firm. Private accommodation is a term that encompasses rentals such as park lodges, vacation rental management company offerings, privately owned homes, rooms or even couches that are rented out to travelers.

Another big player in the space is the United States. In 2011, one in 10 U.S. travelers used what was then called "alternative accommodations," said Douglas Quinby, Phocuswright senior vice president of research, at last year's Phocuswright Europe conference.

Read the whole story

LimeBikes expanding program in S. Lake Tahoe

By Kathryn Reed

LimeBikes are coming back to South Lake Tahoe – and for a longer period.

They are expected to start showing up in mid-May to be ready for the Memorial Day surge and will be scattered about until mid-October.

These bikes were introduced here last summer on a pilot basis backed by the League to Save Lake Tahoe. The goals were to give cyclists an inexpensive way to get on a bike, get people out of their cars and reduce pollutants.

What hasn't been disclosed is how much driving is done by the company to redistribute the bikes, or pick ones up that need servicing.

From the get-go these bikes were a bit controversial. People complained they were garish, looked like trash as they were left in random locations, and competed with established bike shops. (Sensors have been added to the bikes to monitor when they've been tipped over.)

As for the company, they believed last year was a success. Thus the reason to bring the bikes back for a longer duration, and the possibility of adding motorized scooters and bikes. The scooters would cost $1 to unlock and then 15 cents per minute. In cities where scooters have been introduced they are used eight times more often than bikes, officials said.

Sam Dreiman, director of strategic development for LimeBikes, told the South Lake Tahoe City Council last week that tourists and locals were on the bikes. He said a substantial number of casino workers used them as their main mode of transportation to get to and from work.

The state line area is where ridership was the heaviest. Participation grew through the summer, with spikes on the weekends.

The bikes have GPS in them, allowing for the company to track the whereabouts of the bikes, but also know the locations people visited.

Expanding business partnerships is a goal as a way to encourage taking bikes to LimeBike-friendly establishments. That concept is still in the works.

As for competing with brick and mortar bike outlets, Dreiman said, “In other cities they don’t see this as competition. It is a different use.”

In part this conclusion is based on the duration people tend to use a Lime Bike – 10 minutes on average in South Lake Tahoe. Tourists renting a bike want it for an hour or all day.

With there being no docking locations for the bikes, they can be left almost anywhere.

While the South Shore likes to consider itself one community, each jurisdiction has its own laws and rules.

LimeBikes wound up in Douglas County, Camp Richardson and on

U.S. Forest Service property. The Bay Area-based company does not have agreements with those entities.

"We have discussed the LimeBikes program and feel that a bike share program does add value to the community. However, greater engagement with local bike rental and bike shop businesses would be desired. We believe there is room for improvement," Melissa Blosser with Douglas County told *Lake Tahoe News*. However, she added, "We are not in a position to regulate or ban them."

The USFS has strict rules about making money on federal lands. If someone were to pick up a LimeBike on USFS land could be construed as making money, compared to if someone were to ride to a Forest Service beach, stay a bit and then leave with the bike.

"We have not issued a competitive permit for the commercial use of LimeBikes as of yet, as we are working with the community to explore the idea of their utilization, a test program. There were some issues last year as to where the bikes were left, however it did not cause any substantial problems," Heather Noel with the Lake Tahoe Basin Management Unit told *Lake Tahoe News*. "LimeBikes could be confiscated if found abandoned on National Forest System lands and impounded five days after a notice has been mailed."

Nev. looks to learn from past

mistakes in health platform switch

By Yvonne Gonzalez, Las Vegas Sun

CARSON CITY — The state’s health exchange under the Affordable Care Act is moving off the federal platform for signing up for insurance, relying on lessons learned in the past and in other states.

Vendors have until 2pm April 13 to file proposals with the Silver State Health Exchange and must adhere to strict requirements. The goal is to avoid mistakes made the first time around, said Heather Korbulic, the exchange’s executive director.

Korbulic said only about a handful of companies have built successful platforms under the Affordable Care Act.

Read the whole story

Institutional investors an issue in Calif. housing

By Matt Levin, CalMatters

Astronomical prices are forcing a rising share of California families to postpone buying a house. As a result, the state’s record-low homeownership rate has been a boon to one growing segment of California’s housing market: single-family home rentals.

Between 2005 and 2015, the number of owner-occupied homes in California shrunk by nearly 64,000 units, according to the Public Policy Institute of California. Meanwhile the number of renter-occupied homes increased dramatically. California now has 450,000 more homes used as rentals than it did a decade ago. Compare that to the 1990s, when the number of rented homes grew by less than 120,000 while the state added 700,000 homes owned by the people who live in them.

The rising tide of single-family rentals has renewed attention on who actually receives the rent payments that nearly 2 million Californians make each month. Lawmakers and first-time homeowner advocates have been scrutinizing a relatively new form of landlord: private investment firms that snapped up thousands of homes during the foreclosure crisis and now rent them out. With nearly one in four California homes now purchased in all-cash, these well-financed institutional investors have also been blamed as unfair competition against families bidding on starter homes.

So how much are institutional investors impacting California's housing prices? The data says not so much now.

Institutional investors accounted for less than 2 percent of California single-family home sales last year.
Typically the term "institutional investor" refers to private investment firms that buy dozens of residential properties with the explicit aim of generating a steady income stream through rentals. Often they invest the money of wealthy individuals and public pension funds, like those established for California state workers and teachers.

The best example is Blackstone, a publicly traded Wall Street firm that barrelled into the country's single-family home market in the depths of the Great Recession in the late 2000s. Through its residential investment-focused subsidiary, Invitation Homes, Blackstone is now the largest owner of single-family homes nationwide. In California, they own about

13,000 homes.

But firms such as Blackstone have stopped buying wide swaths of California homes. According to the real estate data firm ATTOM Data Solutions, which defines institutional investors as entities that buy 10 or more homes in a given year, institutional investors accounted for less than 2 percent of the state’s single-family home and condo sales in 2017.

That’s a pretty steep drop from as recently as 2012, when institutional investors accounted for about 7 percent of sales.

Why the decline? California no longer has a glut of cheap houses that can be easily gobbled up in foreclosure auctions. A sustained economic recovery and a lack of construction of new housing has sent housing prices skyrocketing. It’s now too expensive for institutional investors to buy lots of California homes. Blackstone’s Invitation Homes bought only 82 California houses last year.

“The low inventory and homeownership rates are good (for investors) if they own the property—it means more renters,” says Daren Blomquist, senior vice president at the real estate data firm ATTOM. “But it’s bad if they’re trying to acquire more properties.”

Those all-cash offers beating out would-be homebuyers aren’t coming from large investment firms anymore. Wealthy “mom-and-pop” landlords—families that can afford to buy another house and rent it out as an investment—now dominate the single-family rental market. Among all single-family rentals nationally, about 80 percent are owned by individuals that rent out just one or two homes, according to ATTOM.

But aren’t institutional investors keeping houses off the market—and doesn’t that drive up prices?

Institutional investors aren’t keeping enough homes off the market statewide to blame them wholesale for California’s astronomical housing prices. But in certain local markets—especially in areas hit hard by the foreclosure crisis, such as the Central Valley and Inland Empire—it’s impossible to pretend they have no influence.

Among cities with at least 100,000 residents, Sacramento has seen the most properties sold to institutional investors since 2007, according to ATTOM’s data—about 6 percent of all homes sold in the city during that time span. San Bernardino and neighboring Rialto have seen the largest share of their housing stock bought by institutional investors, at roughly 10 percent. Firms have largely stayed away from Bay Area cities, where the foreclosure crisis was less acute and where housing prices are among the most expensive in the country.

“We do not believe our activity impacts prices at any level,” a spokeswoman for Blackstone subsidiary Invitation Homes wrote in response to questions.

Institutional investors have targeted the typical starter home in these cities—three bedroom, two bath houses at a price point that a few years ago could have been afforded by younger families. So in some cases, would-be first-time homebuyers are now renting in places they may have bought just a few years ago.

Still, investment firm ownership in these areas is much lower than in Atlanta or Phoenix, where they’ve made nearly one in four home purchases. And young families are more likely to rent homes from smaller landlords.

Reports of institutional investors making all-cash offers on California homes caught the attention of state Sen. Ian Calderon, D-Whittier, when he was attempting to move out of his apartment and purchase his first house last year. While the 32-year-old lawmaker acknowledges that institutional investors don’t own a large chunk of California’s housing stock, he says he’s concerned their influence is yet another hurdle for young homebuyers to overcome.

“I just want to be able to have more information about these firms, and ultimately I want to advantage first-time homebuyers,” said Calderon. “I want to make sure that people aren’t getting screwed.”

Multiple attempts by Calderon to impose more transparency on institutional investor activity while blunting their ability to make all-cash offers have not gone far in the Legislature. Two years ago, a bill that would have forced homeowners to wait 90 days before selling to large institutional investors failed to clear both chambers with that provision intact.

Last year, a bill that would have required investors who own more than 100 properties in California to register with the state and provide detailed information on their activities again failed to reach the governor’s desk. Caldeorn says there’s a good chance that bill will be resuscitated this year.

The California Apartment Association, which represents landlords across the state for both multifamily and single-family units, has opposed much of Calderon’s legislation, arguing that much of the information it seeks is available in public stock exchange filings. That’s mostly true, but that only applies to publicly traded firms, and the data is not in the most accessible format.

Landlords also says Calderon’s bill doesn’t address the root cause of the problem.

“The bottom line here is about supply,” said Debra Carlton, lobbyist for the California Apartment Association. “There’s just not enough housing to go around so you end up in these unfortunate situations where people can’t buy and can’t afford a place to rent.”