Magazine industry dependent on survival of USPS

By Lauren Kirchner, Columbia Journalism Review

Early on a February morning, in a glass-walled conference room high up in the Hearst Tower in Manhattan, Postmaster General Patrick Donahoe spoke in a careful, reassuring tone. “We can do this; I know that we can do this,” he told the audience, which included representatives from magazine-industry heavyweights like Condé Nast, Hearst, and Time Inc. “Hang in there with us.”

Donahoe’s talk was a keynote at a “Postal Summit” organized by The Association of Magazine Media (MPA, formerly the Magazine Publishers of America) to address the inarguably dire situation currently facing the United States Postal Service, and the complications that situation is causing for the businesses that depend on its survival.

Despite Donahoe’s assurances, his audience couldn’t be blamed for being skeptical. In the past decade, the postal service has been hit by a perfect storm of technological and cultural shifts, economic recession, and political gridlock. Since 2000, the USPS has seen a precipitous decline in the volume of mail. From 2006 to 2011, as people have increasingly sent e-mails instead of letters and paid bills online, first-class mail volume has dropped 25 percent. As the housing and financial sectors sank, so did the amount of direct mail they sent to prospective customers. The country’s second-largest civilian employer (after Walmart), the USPS has been squeezed by rising health-care costs for its half-million employees, plus the requirement to pre-fund their pensions.

While the service has often run a deficit during its 237-year history, it now faces the possibility of insolvency. Following a loss of $5.1 billion in fiscal year 2011, the service reported a $3.3 billion loss in the first quarter of fiscal 2012 alone—a period that's typically the most profitable of the year because of mail sent in the winter holiday season. The USPS's total deficit as of last December was already $12.9 billion, and in February, the agency projected that it may run out of cash completely by October.

All of this is alarming news for the magazine industry, which, despite its recent forays into digital publishing, still depends on the postal service to deliver almost 90 percent of its circulation. Some publishers at the summit wondered aloud just how worried they should be. What would happen if the USPS actually shut down?

"The one thing I will not do is cry wolf," said Donahoe as he wrapped up his speech. "I will not say 'We're not going to deliver mail.'…If I say that, you will say, 'I need some alternative solution.' And once you go to that alternative solution, we may never get you back. So that's not going to happen."

The magazine industry's fate and that of the USPS have always been inextricably linked. Since the very beginning of the postal service in 1775, periodicals have enjoyed an extremely favorable shipping rate, an agreement rooted in the Founding Fathers' conviction that the spread of information and opinion across the country was vital to democracy. "Magazines and newspapers accounted for nearly all of the weight of the mail in the first half of the 19th century—as much as 80 to 95 percent—and they only paid five to 15 percent of the revenue," said Richard R. John, a historian of communications at the Columbia University Graduate School of Journalism. "And that was almost never a controversial issue."

The postal service, meanwhile, needs to keep magazines in the mail. As mail volume decreases, Donahoe explained in his keynote, advertising (a.k.a. junk mail) becomes an ever-larger portion of it; magazines keep people coming back to their mailboxes, which in turn keeps the postal service in business. "They need us as much as we need them," agreed James Cregan, executive vice president of government affairs for the MPA. Both Donahoe and Cregan said that it is unlikely that the preferential pricing scheme for periodicals will end, though some above-inflation price hikes are possible as the postal service tries to quickly reduce its debt. What is perhaps more of an immediate concern, though, is the impact of worsening service. **Read the whole story**

Man stabbed in arm, suspect at large

South Lake Tahoe Police responded to a report of a stabbing in area of 11th Street and Eloise Avenue earlier today.

Police and South Lake Tahoe Fire Department found a 22 year-old male who had a stab injury to his arm. He was transported to Barton Hospital for treatment.

The suspect was described as a white male adult wearing a Boston Celtics hat, blue plaid shorts and a back pack, and riding a skate board. The suspect was last seen running west across Emerald Bay Road and up into the area of 10th Street and Roger Avenue. With assistance from El Dorado County Sheriff and California Highway Patrol, police searched for the suspect for about an hour but were unable to locate him.

Lake Tahoe News calls to the police for more details were not immediately returned.

Electric power a big component of water delivery

By KQED

When you open that faucet, it’s more than water that’s flowing.

A few years back, number crunchers at the California Energy Commission tried to add up how much electrical power (and other forms of energy) goes into using water in California. The bottom line number they came up with: 19 percent. That is, nearly a fifth of all the power generated in California – as well as huge quantities of natural gas and diesel fuel consumed in the state – goes into water-related uses. You might call that report, entitled California’s Water-Energy Relationship, as The Great Wake-Up Call. The idea that so much power could go into this one vital activity—moving and treating and using water—is both stunning and captivating. And it has spurred both state agencies and water and power utilities into action.

The California Public Utilities Commission, responsible for overseeing the activities of the state’s big investor-owned electric utilities on one hand and numerous small water providers on the other, responded to the 19 percent number by authorizing a series of pilot projects to assess how to cut the amount of power used in connection with water. Since the CPUC is supposed to make sure that utility investments are cost-effective and don’t burden ratepayers with excessive charges, the focus of most of the pilots was on areas where utilities could get the most bang for the buck. Mostly, that turns out to be water conservation.

Read the whole story

Students being taught with public money that Loch Ness Monster is real

By Valerie Strauss, Washington Post

This would be funny if it weren't so, well, not funny.

A biology textbook used by a Christian school in Louisiana that will be accepting students with publicly funded vouchers in the fall says that the Loch Ness Monster in Scotland is real. And it isn't just any monster but a dinosaur – an effort to debunk evolution and bolster creationist theory.

The story, reported in the Scotsman newspaper in Scotland, says that Eternity Christian Academy in Westlake is one of the many Christian schools in the United States that uses these books published by Accelerated Christian Education.

The Biology 1099 edition includes a passage about the Loch Ness Monster that says, in part, according to the newspaper:

"Are dinosaurs alive today? Scientists are becoming more convinced of their existence. Have you heard of the 'Loch Ness Monster' in Scotland? 'Nessie' for short has been recorded on sonar from a small submarine, described by eyewitnesses, and photographed by others. Nessie appears to be a plesiosaur."

Marie Carrier, principal of Eternity Christian Academy, was quoted by the *New York Daily News* as saying that she would like to accept 135 voucher students for next year to join the

38 children already attending the school in grades 1 through 8.

The reason all of this matters now to the public is that Louisiana Gov. Bobby Jindal recently signed a law that sets up the largest voucher program of any state in the country. Some 125 private and religious schools from across the state are qualified to participate in the Louisiana Believes program, which gives families public money to pay school tuition for their children.

Read the whole story

California nonprofit pot clubs flush with cash

By Joe Mozingo, Los Angeles Times

In the first raid, Orange County sheriff's detectives hit a Dana Point marijuana storefront, the San Clemente home of its director and a "stash house" he allegedly maintained nearby.

In the two homes, they found cash stuffed everywhere: in buckets in the garage and attic, in an Igloo cooler in a bedroom, under a mattress, on an ironing board, in a dresser. According to a search warrant affidavit filed in November, they recovered more than $700,000.

At the shop, investigators found spreadsheets showing sales over 10 months totaled $3.17 million, according to the affidavit, with $2.47 million "cash on hand." Paperwork indicated that a silent partner, a convicted drug dealer named John M. Walker, controlled the shop and six others in Orange and Los Angeles counties.

A subsequent raid of one of Walker's properties recovered a Beretta handgun, a shotgun, a Chinese AK-47 with a bayonet and grocery bags filled with four dozen rubber-banded bundles of cash; one of the bags contained a note with calculations totaling $99,324.

The discoveries and many others like them across California are starkly at odds with the image presented by medical marijuana providers, who label themselves as "compassionate caregivers" and say they work on slim margins, give away cannabis to the poor and comply with the law.

Many medical marijuana dispensaries have been making huge sums of money even as they claim to be nonprofit, according to court and law enforcement records, industry insiders, police and federal agents. The Times found a cash-infused retail world unlike the one pitched to voters who passed the Compassionate Use Act for "seriously ill Californians" in 1996.

Few would suggest that everyone in the industry is making huge profits; many dispensaries do struggle to stay afloat. Nor do the court cases capture the relief truly ill patients ascribe to high-quality marijuana they might have difficulty getting if these shops did not exist.

Read the whole story

Edgewood Lodge wants to be driver in high-end market

By Kathryn Reed

STATELINE — With a history in Lake Tahoe that dates to 1896, the Park family's Edgewood Companies is poised to build the first high-end lodging establishment on the South Shore.

Thursday marked the final day people could comment on the draft environmental impact statement for the Edgewood Lodge. Testimony was taken during the Tahoe Regional Planning Agency's Governing Board meeting, to which only people in support of the 154-room hotel spoke. There will also be 10 fourplexes, or casitas.

The League to Save Lake Tahoe had submitted a letter on June 27 praising the environmental improvements that would accompany the project if it were to be permitted. But the League does have concerns.

Edgewood Companies expects the TRPA Governing Board to vote

on the lodge project in
September.

The letter says, "… the League remains concerned with the expansion of the urban boundary that was necessary on recreation land to allow development such as the proposed project."

Lew Feldman, the attorney representing Edgewood, told the Governing Board there would be no impact to the urban boundary.

"We absolutely disagree it is a legal issue," Feldman said.

It's possible the final EIS will be released in late July, with the Governing Board taking action in September. If the green light is given, Edgewood Companies could start by rerouting hole 9 on the golf course and working on the other affected holes.

The hotel will take two construction seasons, so the earliest anyone could book a room is fall 2015.

Patrick Rhamey, vice president of real estate for Edgewood Companies, told *Lake Tahoe News* the other factor is obtaining financing and making sure the economy is ready for what his company wants to deliver.

For the area, it is expected to bring in $24 million a year to the local economy from what guests spend, $1.7 million a year in sales tax, and $2 million annually in hotel tax.

"I hope this becomes the model for our community as we go forward," Carol Chaplin with Lake Tahoe Visitors Authority told the board.

She said NBC is ready to highlight the project during the American Century Celebrity Golf Championship that is at Edgewood Tahoe each July.

Bill Chernock, who used to have the job Chaplin has but is now head of the Carson Valley Chamber of Commerce and Visitors Authority, said, “The hole in Tahoe’s tourism product is the lack of high-end lodging. It’s what separates Tahoe from the Aspens, Montereys and La Jollas of the world.”

Gone will be the parking lot with a view of Lake Tahoe.

“I call it the world’s most scenic parking lot. It needs to go,” Rhamey said at the June 28 meeting.

At the lodge will be parking. Plus, there will be a few spaces for day use.

Of all the thresholds TRPA deals with, noise is the only one this project will not address.

Environmental gains include stopping a half million pounds of sediment from reaching Lake Tahoe and stopping fertilization on 24 acres of turf. Edgewood Creek will flow into Lake Tahoe naturally, not via a pipe. This will improve the fish habitat. It’s estimated the amount of nitrogen reaching the lake will decrease by 13 percent and phosphorous by 26 percent. Those two elements contribute greatly to the loss of clarity.

The beach at this Stateline property will be open to the public – which it isn’t now. No retail, other than sundries for guests, is planned. A spa, though, will be on site.

Expansion of the current clubhouse is also in the works.

Suspected cockfighting ring on West Slope broken up

By Andrea Gallo, Sacramento Bee

About 75 game birds that appear to have been bred for cockfighting were discovered by El Dorado County Animal Services and the El Dorado County Sheriff's Office at a Shingle Springs residence Tuesday.

Cockfighting is illegal throughout the country and California arrests can lead to jail time and fines up to $5,000 for a first offense and $25,000 for a second offense.

After a member of the public tipped them off about the possibility of a breeding ring, animal services and the sheriff's officials obtained a search warrant and investigated the property, where they found game birds with signs of cockfighting activity. They removed all of them.

"Some of the birds could be saved," said Henry Brzezinski, Chief of Animal Services, in a news release. "Unfortunately, some of the birds had to be humanely euthanized because their behavior was too aggressive for them to be rehabilitated."

Read the whole story

Nevada businesses sue to stop 'Education Initiative'

By Sean Whaley, Nevada News Bureau

CARSON CITY – The Committee to Protect Nevada Jobs filed a lawsuit this week against the “Education Initiative” (margin tax initiative) charging that the petition’s description of effect is deceptive and incomplete and that it violates the single-subject rule.

The complaint was filed in Carson City District Court.

“From the title on down, the initiative is deeply flawed and misleading,” said Josh Hicks, of Brownstein Hyatt Farber Schreck, the attorney for the Committee to Protect Nevada Jobs. “The initiative has nothing to do with education and includes many aspects that are not mentioned in the initiative’s description. We believe that as written, this initiative violates Nevada law.”

The complaint notes that the 26-page “Education Initiative” mentions education only once in its description of effect and that it makes no provision for requiring that education funding be increased over current levels by “even a penny.”

The complaint also notes that the petition’s terms allow for a decrease in classroom funding, which would be an “unpleasant surprise” to Nevadans who sign it.

The Nevada State Education Association filed its petition with Secretary of State Ross Miller on June 6. It would levy a 2 percent tax on companies making gross revenues in excess of $1 million a year.

NSEA President Lynn Warne said at the time the tax would bring in an estimated $800 million a year from large Nevada corporations. She also said the petition is expected to withstand any legal scrutiny.

Hicks said the initiative imposes a margin tax on businesses and increases the size of the Nevada Department of Taxation, a multi-million dollar government agency, to administer and audit the new tax.

"The petition's title and description of effect will confuse Nevada voters and mislead them into signing a petition that does not do what it purports to do and that does do many things that are hidden from view," he said.

As an example, Hicks noted that the description of effect makes no mention that taxpayer information will be posted on the internet in clear violation of taxpayer privacy rights guaranteed by Nevada law since 1979. In addition, the complaint notes that the description does not mention that even unprofitable and failing businesses that are losing money will still be subject to the tax and that "an increased taxation on failing businesses is certainly not going to improve the unemployment rate."

"Quite clearly, this initiative is designed solely to increase general tax revenues and to take advantage of citizen's concerns about education in order to mislead them into signing the petition and, later, into voting for it," Hicks said. "Nevada law is quite clear in prohibiting such deceptions."

Brown signs budget based on November ballot issues passing

By Kevin Yamamura, Torey Van Oot and Jim Sanders, Sacramento Bee

California state budgets rarely look better than on the day they are signed.

With the fiscal year starting Sunday, revenue has yet to fall short, cuts face no legal challenges and polls show a multibillion-dollar tax initiative clinging to a slim majority of voter support.

Gov. Jerry Brown signed a spending plan Wednesday that he hopes will put California's budget troubles to bed for good. One of his demands was that Democrats send him a plan that not only eliminates the current $15.7 billion deficit but maintains a balanced budget in years to come.

But it will take a hefty dose of optimism to believe California will avoid budget struggles hereafter.

For starters, the budget plan relies on voters passing a temporary tax hike on sales and high-income earners to raise $8.5 billion in the current budget cycle.

If that fails, K-12 schools face classroom reductions, while universities and community colleges also stand to lose funding. Few believe education groups would take such cuts lightly, setting up another battle over school funding next spring, if not beforehand.

Read the whole story

Grand jury wants El Dorado County to take over S. Tahoe

By Kathryn Reed

Having South Lake Tahoe be absorbed by El Dorado County, and turning the ice rink into a private enterprise are the two issues the El Dorado County Grand Jury wrote reports on involving the city.

While South Tahoe Public Utility District was a target of an investigation, grand jury foreman Ted Long said no report was made.

The entire grand jury report is expected to be available within a matter of days.

Lake Tahoe News has received advance copies of some of the reports.

Long said he is the one who initiated the query into consolidating the city into the county.

“What is the city doing that is so earth shattering?” Long said to *Lake Tahoe News*. “I think it would be better to get rid of the city.”

The report says, “This grand jury is suggesting that a dialog should begin to reinvent the meaning of local government. What are our priorities and how can they best be paid for? Have we outgrown the traditional notions? Are we using technology to its maximum benefit?”

If South Lake Tahoe wanted the county to take over, first it would have to dissolve, as in no longer being an incorporated city. This requires LAFCo (Local Agency Formation Commission) to be involved.

Long should know all of this because when he was on the South Lake Tahoe City Council he was the city’s rep to LAFCo.

With the voters in the mid-1960s agreeing to incorporate, it takes the voters of South Lake Tahoe to unincorporate. Only two cities in California have done so. That was in the 1970s – one did so because it was broke, the other because of rampant corruption.

The grand jury report says money would be saved by consolidating city and county resources and getting rid of the city. Long said this would happen by not having duplicate top administrators.

But consolidation isn't that easy because of labor agreements, debt the city has and assets it owns.

City Manager Nancy Kerry said if dissolution was so easy cities like Stockton would be looking at doing so instead of filing for bankruptcy. Plus, the difficulty in actually dissolving redevelopment agencies in California proves the process is convoluted.

"I think we should look at the broader picture. Should we leverage resources? Sure. We are talking to the school district and everyone," Kerry told *Lake Tahoe News.*

This week the city met again with Lake Valley fire officials to discuss creating a partnership. While no decisions have been made, the city is looking at ways to save money and get rid of duplicate resources.

While the civil grand jury wants the city to save money, having a private company operate the taxpayer built ice rink is not a good thing, according to the second report. This, despite the fact the city is saving in excess of $100,000 by not operating the rink. That figure does not include the profit margin the operators are to pay the city.

The grand jury issued five recommendations regarding the ice rink. The main one is to go back to the voters to see if they are OK with the rink being operated by a private company. The other recommendations are things like mandating the council respond to grand jury emails. But protocol would be to have the city attorney respond to legal matters.

"Private-public partnerships have been legal for a long time," Kerry said in regards to the flap involving the piece of ice.

She said when the city receives a copy of the report City Attorney Patrick Enright will review any legal issues that are brought up and the findings will be in the city’s response to the grand jury.

When the grand jury report is officially out, it will be accessible online. This June 25 *LTN* article is about the Pioneer Fire Protection District hiring a political consultant with taxpayer dollars and the ties El Dorado County Superior Court Judge Steven Bailey has to the consultant.