Fiscal cliff would be costly to California

By Pamela Nonga Ngue and Michelle Murphy, California News Service

WASHINGTON – California stands to lose as much as $4.5 billion in federal funding and more than 200,000 jobs next year if Congress fails to reach a deficit reduction agreement by Dec. 31.

The automatic cuts, part of a larger package of steep spending reductions originally intended to pressure Congress to address the national debt, are now coming into sharper focus as the "fiscal cliff" deadline approaches, and some fear they could damage the state's economy.

Low-income Californians are especially vulnerable because they rely on federal programs for services ranging from child care and health screenings to education and family violence prevention.

"The cuts are going to be hitting just about every aspect of federal spending that might show up here in the state of California," said Robert Kleinhenz, chief economist at the Los Angeles County Economic Development Corp.

The Defense Department would lose $57 billion, costing California 135,000 jobs in 2013, according to a report by Stephen Fuller at George Mason University.

Southern California would be hit particularly hard by cuts in military spending. San Diego and Los Angeles counties could lose up to $2.1 billion, according to an analysis by the Center for Security Policy.

The same study found the Bay Area counties of San Francisco, San Mateo, Contra Costa and Alameda stand to lose up to $522 million in defense spending.

The looming cuts are the result of a compromise reached in the summer of 2011, which raised the U.S. debt limit but forced Congress to identify $1.5 trillion in spending reductions. If they failed to make those cuts, an automatic $1.2 trillion in cuts equally divided between domestic programs and defense would take place.

Congress can still avoid the cuts if it reaches a deficit deal by the end of the month. Obama met with top members of Congress 10 days after his re-election on Nov. 6, but a pact has not been reached.

Many economists fear the cuts will drag the United States back into a recession. The George Mason University study projected a loss of more than 2 million jobs and a $215 billion drop in the nation's gross domestic product.

Without department-by-department budgets, it is impossible to know exactly which programs will be cut and which will be spared. However, recent state analyses provide a glimpse into the potential consequences of the cuts.

Sen. Tom Harkin, D-Iowa, who serves on the Senate Appropriations Committee, projected that cuts in health, education and labor will total over $546 million in California alone.

Among the consequences for California, according to Harkin:

– 12,000 children from low-income families would lose access to Head Start programs.

– 2,000 fewer women would be screened for breast and cervical cancer.

– 7,000 victims of domestic violence would not have services.

– 8,000 fewer people would be tested for HIV.

– 296,000 students would lose the benefits of Title I grants.

– 143,000 fewer job seekers would be given assistance to find employment.

The University of California warns it could lose $335 million in research funding and $21.5 million in Medicare revenue for its health system.

“It would have a devastating impact on the nation, including California, and including the University of California.” said Gary Falle, the university’s associate vice president for federal governmental relations.

California’s economy is on the rebound. The Legislative Analyst’s Office projects a 1.8 percent increase in California’s gross state product in 2013. However, it projects the ripple effects of federal cuts would result in a 0.6 percent contraction.

Studies point to California’s vulnerability to defense cuts. The Pew Research Center estimates that $8 billion in California defense contracts would be lost over the next 10 years. The analysis by the Center for Security Policy projects nearly 1 in 5 California defense contracts would be lost next year alone.

All 58 California counties are at risk. Even Mariposa County, with only one defense contract – worth $6,072 – is projected to lose $571.

Not everyone in Washington is overly concerned about $109 billion in cuts in light of the government’s $3.6 trillion budget. California Rep. Tom McClintock, R-Elk Grove, said it pales in comparison to the huge increases in federal spending over the past decade.

In an interview, he noted that the cuts would amount to barely one quarter of 1 percent of total federal spending, “which frankly underwhelms me.”

Economists warn the failure to reach a compromise could send the United States back into a recession with grave implications for California.

“That would mean job losses at the national level and the reversal of the job gains that we saw here in California over these last few months,” Kleinhenz said.

The loss of income due to job cuts would reduce consumer spending by over $11 billion in California alone, according to the George Mason University report.

The expiration of Bush-era tax cuts is another element of the fiscal cliff negotiations between President Obama and Republicans.

Obama is pushing for a deal to maintain current tax rates for a majority of Americans, but raise rates on households with taxable income above $250,000. That would affect as many as 750,000 California households – 6 percent – according to the 2010 census.

McClintock expressed concern over how tax increases would hurt California.

“If the taxes are allowed to go up … it will be very negative for the state’s economy,” McClintock said.

North Shore biomass facility passes health study

By Ed Fletcher, Sacramento Bee

A health study on the effects of a planned biomass energy facility near Lake Tahoe has given the project positive marks.

The report, released Monday, found the proposed 2-megawatt facility turning forest slash into energy would have positive health impacts, with few negative effects.

After getting community pushback on a proposed Kings Beach location, officials turned their attention to county-owned land off Highway 89 between Truckee and Squaw Valley.

The report found that the project "will likely benefit community health" by reducing wildfire fuels, diverting open pile burns to a less polluting environment and diversifying energy sources.

Placer County's planning commission will consider the proposed facility Dec. 20 at the commission's Auburn chamber, 3091 County Center Drive.

Red Hawk Casino murder suspect arrested

A suspect in the Red Hawk Casino killing has been arrested.

Juarez Estephen, 33, was taken into custody Dec. 3 at 10pm at a residence on Cothrin Ranch Road on the West Slope.

He is accused of killing 19-year-old Gene McArn on Nov. 21.

Deputies said they surrounded the residence and Estephen surrendered peacefully. However, while they were leaving the residence a dog attacked an El Dorado County sheriff’s K-9. The aggressive dog was fatally shot.

— Lake Tahoe News staff report

Nevada ruling on gay marriage may impact California’s Prop. 8

By Scott Shafer, KQED-TV

Four days before the U.S. Supreme Court met to ostensibly discuss California’s Proposition 8, a Nevada District Court issued a ruling upholding that state’s ban on same-sex marriage. The ruling by Judge Robert C. Jones, a George W. Bush appointee, holds that Nevada’s law does not violate the Equal Protection Clause of the 14th amendment.

That decision is at odds with Judge Vaughn Walker’s 2010 decision that struck down Proposition 8 as a violation of both the Equal Protection and Due Process clauses. Walker also found that marriage is a fundamental right protected by the U.S. Constitution.

Lambda Legal, which represented the 16 plaintiffs in Nevada, will appeal Jones' decision to the 9th Circuit Court of Appeals.

Earlier this year, the 9th Circuit upheld Walker's decision but narrowed it considerably, declining to rule on his broader findings that marriage is a fundamental right. Unless the U.S. Supreme Court acts first, a new panel of 9th Circuit judges would consider the appeal to that Nevada ruling.

One well-placed legal observer told KQED that makes the Proposition 8 case something of a moving target for the Supreme Court.

Could it increase the likelihood that the Supreme Court will send the Proposition 8 case back to the 9th Circuit and ask them to address the fundamental questions addressed by Walker, but skirted by 9th Circuit Judge Stephen Reinhardt in his Prop. 8 decision?

The answer may come Friday when the Supreme Court is expected to issue its decision on whether it will review the Proposition 8 case.

Vail Resorts posts 1st quarter loss, slow start to ski season

By Jason Blevins, Denver Post

Vail Resorts on Tuesday announced a $60.6 million loss for the August-October quarter, compared to $55.7 million in the same period last year. The resort company's total net revenue for the quarter was $116.4 million, almost identical to the revenue from the same quarter of last year.

Vail Resorts always posts a loss in its first fiscal quarter, when its ski areas are not open and summer business fades in the fall. But the company has worked to offset that loss with season pass sales, and earlier this year acquired Kirkwood ski area to bolster sales of its now-seven resort, two-state Epic Pass.

Season pass sales through Dec. 2 were up 5 percent in units and 8 percent in revenue, compared to the same period last year and adjusted as if Kirkwood was already in the company's quiver of ski areas. Pass sales for its Tahoe resorts and international pass sales are fueling the increase, even though the spike is less than expected after strong sales in the spring, said Vail Resorts chief Rob Katz. Pass sales now account for 45 percent of the company's lift ticket revenue, which reached $342.5 million in fiscal 2012.

Vail Resorts' Colorado ski areas are in need of snow. Photo/LTN file

Vail's earnings from resort operations — including its mountain and lodging businesses — was $54.5 million for the quarter, compared to $50.2 million in fiscal 2012. The company cited increased summer business at its resorts for the increased earnings, with increased group business at Keystone helping to stem first-quarter losses.

All seven of Vail Resorts’ ski areas are open, with its three Lake Tahoe resorts — Heavenly, Northstar and Kirkwood — enjoying healthy snowpacks. The company’s Colorado hills, however, are still waiting for winter. Katz said winter reservations are slightly down compared to last year but Keystone is pacing ahead of last year thanks to the resort’s new Kids Ski Free program. Historically, less than half of Vail Resorts reservations are booked by early December.

“It is important to remember that it is still very early in the season with plenty of time for things to improve before the holidays,” Katz said.

Still, Katz said the previous earnings announcement in September, when he offered guidance of 27 percent to 32 percent growth in resort earnings, would be revisited after the holidays and warned analysts to expect a smaller window for resort earnings growth.

“When we issued guidance back in September, it was predicated on normal weather,” said Katz, saying he was being “upfront and transparent” with the fact that Colorado’s warm start to winter has impacted bookings. “We are seeing trends that could affect that range.”

Some analysts on Tuesday’s earning calls queried Vail’s interest in the Tuesday announcement that Denver-based KSL Capital had acquired a 24 percent share of Whistler-Blackcomb ski area, the most visited ski area in North America.

Katz said Vail Resorts avoids deals that provide the company only a minority position. Katz said the company is continuing its “aggressive approach” in looking for opportunities that help drive its season pass sale business, like last February’s $18.2 million deal for Kirkwood.

KSL, which owns Squaw Valley, could develop a Whistler-Squaw pass deal that would compete with Vail Resorts' dominant Epic Pass. This season Aspen, Squaw, Alta and Jackson Hole ski areas joined forces with a $349 Mountain Collective pass designed to compete with Vail's eight-hill, $649 Epic Pass.

Katz said those kind of multi-mountain pass deals helps sway skiers into realizing that the new model for skiing involves a season pass. He said that if KSL comes out with a season pass deal, that would be positive.

"That ultimately speaks to the fact that our strategy is the right strategy for creating long-term growth and stability in the industry," Katz said. "That helps continue to increase overall season pass penetration and I'm quite comfortable that our collection of resorts and what we offer will always be competitive."

Buyers show interest in Lake Tahoe luxury housing market

By Dan Spano

Go back in time two years, when the housing market was experiencing low sales, high volume of inventory and high interest in buying foreclosures and short sales. Skip forward to today when the housing market is seeing high sales, low volume of inventory and high interest in buying luxury homes.

News out of Reno shows that rich Californians upset about the passage of Proposition 30 (a tax on those making $250,000 or more) are looking to move to the Silver State. Agents are getting numerous calls from disgruntled taxpayers who would like the prospect of no state income tax.

Even before the passage of the proposition we had already been seeing an increase in interest of Lake Tahoe's homes priced more than $500,000 in California and Nevada. In October, closed home sales of homes priced above $650,000 rose 20 percent, and homes priced between $435,00 and $649,999 saw an increase in sales by 33 percent.

Inventory of homes in these two higher price ranges has decreased just as the lower priced homes have. There are 33.9 percent fewer homes for sale priced $650,000 and above and 38.9 percent fewer in the $435,00 to $649,999 range.

There are currently 49 homes for sale in South Lake Tahoe in this price range, with nine in escrow. There are currently 97 Nevada Lake Tahoe homes for sale in this range. Out of the 40 homes in escrow on the Nevada side of Lake Tahoe, nine are homes priced $650,000 or above.

The five most expensive homes for sale on the South Shore in California:

833 Stateline Ave. $4,950,000

271 Beach Drive $4,699,000

2428 Tolteca Way $4,350,000

789 Fallen Leaf Lake Road $3,900,000

319 Beach Drive $2,895,000.

The five most expensive homes for sale on the South Shore in Nevada:

525 Highway 50 $75,000,000

1494 Highway 50 $29,500,000

18 Golf Links Road $12,995,000

1028 Skyland $12,000,000

416 Bitler $11,995,000.

Dan Spano is a real estate agent with Paradise Real Estate.

Parent company of Squaw-Alpine buys part of Whistler

By Kathryn Reed

KSL Capital Partners, the owners of Squaw Valley and Alpine Meadows, now owns nearly one-quarter of Whistler Blackcomb in British Columbia.

The deal is expected to be completed today.

Denver-based KSL will acquire Intrawest's 9,092,500 common shares of Whistler Blackcomb Holdings, which amount to about 24 percent of the corporation's issued and outstanding common shares, for $12.75 per common share for almost $116 million.

Whistler is now partly owned

by the same people who own Squaw Valley and Alpine Meadows. Photo/LTN file

Intrawest has long been a financially troubled enterprise. In fact, just before the 2010 Vancouver Winter Olympics folks at Intrawest threatened to not be able to stage some of the events at Whistler. That threat never materialized.

Intrawest built the village at Squaw. That development was sold to former Squaw owner Nancy Cushing in January 2010. It was then sold to KSL when it took over the Squaw Valley ski report the following November.

With the transaction comes a shakeup of the management team and board of directors.

Bill Jensen has resigned as a director and CEO of Whistler Blackcomb Holdings. Directors Wes Edens and Jonathan Ashley will be off the board when the transaction is done. Current president and COO Dave Brownlie will continue as president, but will also be the CEO and a director. Eric Resnick and Peter McDermott, both of KSL, will be directors.

In a statement to shareholders, KSL said it plans to hold the purchased shares for investment purposes. However, they added that KSL and its affiliates expect to evaluate on an ongoing basis the financial condition and prospects of Whistler Blackcomb Holdings and its interest in the corporation, and may from time to time acquire additional common shares of Whistler Blackcomb Holdings or may dispose of all or a part of their shares.

Whistler is the largest ski resort in North America.

Competitors become partners to lure skiers, snowboarders to both ends of Lake Tahoe

By Kathryn Reed

No ski resort is going to please all of the people, but it is possible one pass can please most of the people.

That is the hope of officials at Sierra-at-Tahoe, Alpine Meadows and Squaw Valley. (Alpine and Squaw have the same owners.) All three resorts are unique – in terms of terrain, amenities, and vibe. It’s not about becoming a homogenous, non-descript corporate (though all are corporate entities and not indie resorts) mountain.

“What it’s about is the different experiences. The differences and variety each can offer customers,” Andy Wirth, who runs Squaw and Alpine, told *Lake Tahoe News*.

Squaw is legendary. After all, it hosted the 1960 Winter Olympics. Terrain is steep. Cliffs are rugged. The mountain is sprawling. Alpine is definitely more laid back. It’s known more for its bowls than traditional ski runs. Sierra is all about the mountain – no village necessary – exceptional terrain parks and being a place all ages can feel comfortable.

When it’s windy at Squaw, those pass holders will find plenty of sheltered area at Sierra. Photo/Provided

Squaw and Sierra are home to a slew of past and current Olympians and X Gamers – think Tamara McKinney, Jonny Moseley, Julia Mancuso, Travis Cabral, Hannah Teter, and Jaime Anderson. So their mountains aren’t just for the recreational skier – though that is mostly who is schussing down their slopes.

“We are partnered with two of the best resorts in the United States,” John Rice, general manager of Sierra, told *Lake Tahoe News*. “I have had days at Squaw Valley in terms of quality that don’t compare to anything else in the U.S. It’s got it all.”

Rice has intimate knowledge of Squaw, having worked there early in his career. He started as an intern and left as director of all outdoor operations, which included managing a staff of 350.

What he believes Sierra will offer Squaw and Alpine pass holders is terrain parks like they aren’t used to.

“I think we will see a huge sampling from their youth to see what we are about,” Rice said.

The three-in-one pass is a one-year deal – at least to start with. Head honchos and money crunchers will assess how the partnership is working throughout the winter and figure out what to do for the 2013-14 year.

(Both resorts have limited deals with other ski resorts that are separate from this offer.)

While resort officials can't completely attribute the bump in season pass sales to the Nov. 12 announcement of this promotion, they know people are excited about it.

Wirth said, "Since the announcement we have seen an overwhelming response from the marketplace. We've clearly seen a lot of new customers through our season pass sales."

He said people have upgraded their passes so they can ski at Sierra.

"On opening day we had 12 Squaw people," Rice said. This was Thanksgiving Day and Squaw was open.

For most pass holders at Squaw-Alpine, it means being able to ski at Sierra throughout the season. For most Sierra pass holders, it means access to Squaw-Alpine until Dec. 21 and after April 15.

With Squaw and Alpine during normal snow years having closing dates in May, this will mean another month of skiing (for free) for Sierra pass holders.

Having a north-south option was appealing to Rice because he had it before when Booth Creek also owned Northstar. He saw the benefit to a deal like that even if skiers are apt to predominately be at one end of the lake.

Wirth likes that Sierra attracts a sizeable crowd from the Sacramento area. Now he hopes they'll take Interstate 80 a few times instead of Highway 50.

Once a rider is at a resort there's more money to be spent beyond having bought the pass. There's food, gear, rentals, lessons, preferred parking and more. That’s one way the resorts will cash in on the deal.

It’s also about the perceived value of the pass. Even if people don’t take advantage of skiing the multiple resorts, the possibility always exists.

Gardnerville couple doesn’t show up after leaving Sac area

By C. Johnson, News-10

Ground and aerial searches have not turned up any signs of a missing couple who left Citrus Heights last Thursday for Gardnerville.

Roderick Paul Clifton, 44, of Citrus Heights/Gardnerville and Paula Lane, 46, of Gardnerville were reported missing by relatives when they didn’t answer their cellphones and didn’t return to Nevada by that night, according to Citrus Heights police Detective Sgt. Lee Harrington.

Considering the stormy weather and the couple’s usual route from Highway 50 to Highway 89 to Highway 88, police classified the missing couple as at-risk and notified California and Nevada law enforcement.

Over the weekend, Herrington said searchers with the El Dorado, Alpine County and Douglas County sheriff's departments, the California Highway Patrol and relatives and friends of the couple retraced the route. Monday, the CHP flew a helicopter over El Dorado and Alpine counties. Searchers also used a snowmobile to look along roads closed by snow.

Herrington said no sign of the pair was found and their credit card and cellphone records do not show activity.

They drive a dark blue, 1989 Jeep Cherokee, California license plate number 4VPB789.

Anyone with information about Clifton and Paul is urged to contact Citrus Heights police dispatchers at (916) 727.5500.

Superstorm has California hospitals testing emergency preparedness

By Chad Terhune, Los Angeles Times

Two nurses examined an earthquake victim writhing in pain inside a yellow triage tent recently on the lawn of Redlands Community Hospital.

They suspected the woman had head trauma, a broken leg and internal bleeding as part of a disaster drill that morning for a magnitude 7.9 earthquake.

The 229-bed facility was running on two generators after losing power, and the nurses needed to get her inside the hospital and into intensive care. Trouble was the hospital gurneys were too heavy for the damp grass and they couldn’t roll them to the triage tent.

In the weeks since Superstorm Sandy crippled some of New York’s best-known hospitals, many California health officials are reexamining their own disaster planning.

“If hospitals in a city like New York that is generally very well-prepared for emergencies weren’t up to snuff for Hurricane Sandy, how well will other hospitals do under similar circumstances?” said Arthur Kellermann, director of Rand Health, a nonprofit think tank in Santa Monica. “You want your hospitals to serve as a pillar of strength rather than a site of disaster in need of rescue.”

California’s 430 hospitals routinely test their preparedness, and many have had considerable experience responding to earthquakes, wildfires and other events over the years.

But Sandy’s toll has prompted officials to take a closer look at fuel and water supplies, the need for crowd control after a disaster occurs and the importance of recruiting volunteer help such as ham radio operators to bolster communication when mobile phones fail.

Sandy knocked out backup power to New York University’s Langone Medical Center in Manhattan and forced the evacuation of patients down darkened stairwells. Langone, Bellevue Hospital and the Manhattan Veterans Affairs Medical Center all remain partially closed a month after the superstorm hit.

In Southern California, a major blackout last year had already revealed some weaknesses at area hospitals, including Scripps Mercy and Sharp Memorial in San Diego County.

The backup generator at Scripps failed during the September

2011 blackout because of a mechanical problem in a fuel pump and the hospital lost power for about 90 minutes. The Chula Vista hospital said it evacuated some patients and relied on battery power for certain life-support systems.

Scripps Health said “no patients experienced an interruption in care.” Based on that experience, Scripps said, it made changes such as having at least two generators at each of its hospitals and expanding its supply of spare parts for fuel tanks and power equipment.

The state requires hospitals to test their backup generators regularly and have a fuel supply on-site for 24 hours of full operation.

A spokesman for the California Department of Public Health said regulators reviewed the power outage at Scripps Mercy and found “no deficiencies” in its emergency planning.

At Sharp Memorial hospital in San Diego, backup generators produced intermittent power during the blackout, but no patient evacuations were necessary, said Dan Gross, an executive vice president at Sharp Healthcare. In response, he said, Sharp upgraded its generators and made it easier to bring in additional power if needed.

Gross said Sandy may lead hospitals to think more about partnering with nearby gas stations on backup generators. It’s common during disasters for gas stations to have fuel but no power to pump it. Keeping access to water supplies for running a hospital’s heating and air-conditioning units is another key issue that’s often overlooked during a prolonged disruption, he said.

“If the HVAC system goes out, your intensive-care unit and operating rooms can become saunas, and you can only go so far before evacuation is necessary,” Gross said.

At Redlands Community Hospital, Kathi Sankey-Robinson, vice president of business development, oversaw the earthquake disaster drill two weeks ago looking for potential glitches.

When nurses couldn’t get the gurneys through the wet grass to the triage tent, she pointed to a shipping crate behind the hospital that could be taken apart so plywood could be put on the ground. She also noticed that a cart of emergency supplies needed bigger wheels to handle the outside terrain.

“We take this very seriously in California, but Sandy brings it to mind even more,” Sankey-Robinson said. “We are really looking for the bad and the ugly from these drills. Muddy grass won’t be the worst issue.”

Meantime, at the state level, officials are searching for about $1 million in outside funding to house and maintain three mobile field hospitals that can be deployed during a disaster. State funding is expected to run out next summer.

California purchased three of these 200-bed field hospitals for $18.3 million in 2006. They are designed to provide hospital beds, operating rooms and other medical equipment within 48 to 72 hours. They have been used in three disaster drills across the state, but no actual events thus far.

“We need to find a partner or we may lose this resource for California,” said Howard Backer, a physician and director of the California Emergency Medical Services Authority.

For hospitals, Rand Health’s Kellermann said, it can be difficult for them to look beyond their immediate financial pressures and invest in capabilities they hope to never use.

“It’s hard to get hospital boards and senior executives to focus on a ‘maybe, someday,'” Kellermann said, “as opposed to next year’s capital campaign, this month’s bottom line or a busy operating room schedule tomorrow.”