COLAB
San Luis Obispo County

The Coalition of Labor Agriculture and Business

Weekly Update
January 5 – 12, 2026

Happy New Year, and Happy 250th anniversary to our nation!

The first SLO County Board of Supervisors meeting of the year occurs on Tuesday, January 6. It looks like it will be a quick meeting, with only 17 agenda items, and all but 2 on the consent calendar. Most of the items are appointments to various boards or recognitions for public service, along with a couple minor construction projects up for approval. The next meeting won't take place until January 27. It is a slow start to what could become a high-pressure year.

WHAT TO EXPECT

The new year brings some changes, some new challenges and a number of old haunts to our San Luis Obispo Board of Supervisors. The first visible change occurs at the January 6 board meeting, where a new Chair of the Board will be selected. If the regular order is followed, it is expected that Supervisor Ortiz-Legg will pass the gavel to Supervisor Paulding.

We don't quite know what to expect with Paulding's Chairmanship. Will he be succinct and to the point or will he ramble with acknowledgement and thanks to everybody who appears before the Board? How will his reelection efforts impact his leadership? Will he drift more to the center in an attempt to better appeal to his purplish red district?

Several carryover issues linger and will continue to be a challenge in 2026.

PASO WATER BASIN the Paso Robles Area Groundwater Authority (PRAGA) will be attempting to put some sort of funding mechanism in place and develop a plan to achieve sustainability over the next decade or two. Absent a change in leadership and approach, local overlayers will resist and tensions will grow, stymying any real progress.

The **DIABLO CANYON POWER PLANT** achieved a victory with the California Coastal Commission approval of their Coastal Zone Management Act Consistency Certification and Coastal Development Permit for Diablo Canyon. But the approval came at a high transactional cost. PG&E was essentially required to hand over land and commit to establishing a $10 million endowment for the maintenance of the trails on that land in order to get the permit. This creates a number of headaches for our county government as that land gets dropped from the tax rolls and could end up requiring all sorts of management and liability costs. On top of that, the complicated Unitary Tax structure for the plant is in question, and sorting out the needed modifications may require state legislation. All, of course, on the rate payer's dime. After all that, the 20-year operating permit still needs to be finalized.

The **KPMG AUDITS** established in 2025 have yielded efficiencies with our Department of Health and are now doing so with our Department of Planning and Building. It is anticipated that one or two departments per year will go through an audit. So far, no scandals or outrageous abuses have been uncovered, and none are really expected. What has been a tremendous benefit, however, is a fresh look at the newest best practices, improved customer experience, updated technology and

improved communications. The likely next audit is the Department of Social Services.

HOUSING will forever be a challenge for San Luis Obispo County. Land and building costs are high, permitted building space is limited, and most communities have mixed feelings about new development. New state regulations designed to encourage low income and multi-family construction can confound local building codes that might otherwise seek to regulate density, height and style of housing in various neighborhoods. Without relief, we are pricing lower and middle income people out of our community. This impacts all sorts of jobs and services.

None of the **new challenges for 2026** come as a great surprise, but they all deserve our attention and a commonsense approach by county leadership. They include:

SUPERVISOR ELECTIONS Supervisor Gibson is retiring from his 16+ years of service on the Board, opening District 2 to an election between (so far) Michael Woody and Jim Dantona. It's a liberal district with the biggest standout issue being

offshore wind energy production which is still on the minds of the voters despite its doubtful future. Supervisor Paulding in District 4 is up for his first reelection and faces local business leader Adam Verdin. It's a fairly conservative district and Paulding may have a challenge justifying some of his left-leaning votes with the expectations of his constituents. Financial support will likely play a role in the outcome.

SERVICE PROVIDERS will be challenged to do more with less. The county budget is unlikely to provide the level of financial support that so many organizations have been relying on. Whether private organizations contracting with the County, or actual county services, operating costs seem to be increasing while county revenues and state funding could be faltering. Some providers may need to consolidate while others will need to find additional support within the community to continue at the same level. This will make the county budget process difficult for county staff and the Board of Supervisors as they interact with providers sharing compelling stories of the help that they provide to the needy.

PROPERTY RIGHTS are always of concern, but the pressure is increasing towards some form of rent control and/or restrictions. There are a variety of ways that this issue is developing. In the City of San Luis Obispo, efforts are underway to establish a Rental Registry where landlords are required to list details of their rental property. This is a first step towards rent control and could spread to other

communities throughout the county. Vacation rental restrictions are on the minds of policy makers. The County has already implemented a permit charge increase from about $50 to about $300 effective at the beginning of this year. Other restrictions, such as limits on the total number of vacation rentals in an area could also be on the table. A vacancy tax is also often discussed. This would charge more for homeowners who are not full-time occupants. There is a notion amongst some that if vacation rental owners were no longer allowed to rent their property on a short-term basis, they would just rent on a long-term basis (thus eliminating Transit Occupancy Tax revenue). We wonder how that would work out for people who invested in property when VRBOs were okay and developed a business and payment schedule accordingly.

SALES TAX MEASURES have been discussed for a while, but at least one is about to come to a vote. The "Local Roads First" half-cent sales tax measure will almost certainly appear on the November General Election Ballot. The San Luis Obispo Council of Governments (SLOCOG) has done a great deal of work to reflect the community's concerns in the crafting of the measure. Very little "extra stuff" is included, administration fees are capped at 1% and a great deal of oversight has been built in. Challenging the measure on its merits will be difficult. The biggest impediment to its passage may be the idea that the County Board of Supervisors do not count transportation as a high priority, why should taxpayers need to pay extra for services and roads that they should get in their regular tax payments?

A second sales tax measure has been proposed by the Board of Supervisors that would enhance public safety – primarily in Fire and Sheriff services. The window is closing to do the necessary prep work such as polling, economic forecasting, defining the layout of the measure and drafting the language. Many feel that having two measures on the same ballot would be disastrous and are suggesting that the measure be put off for future consideration.

We will follow both efforts closely and will be fascinated to see how SLO County voters react.

Sales taxes

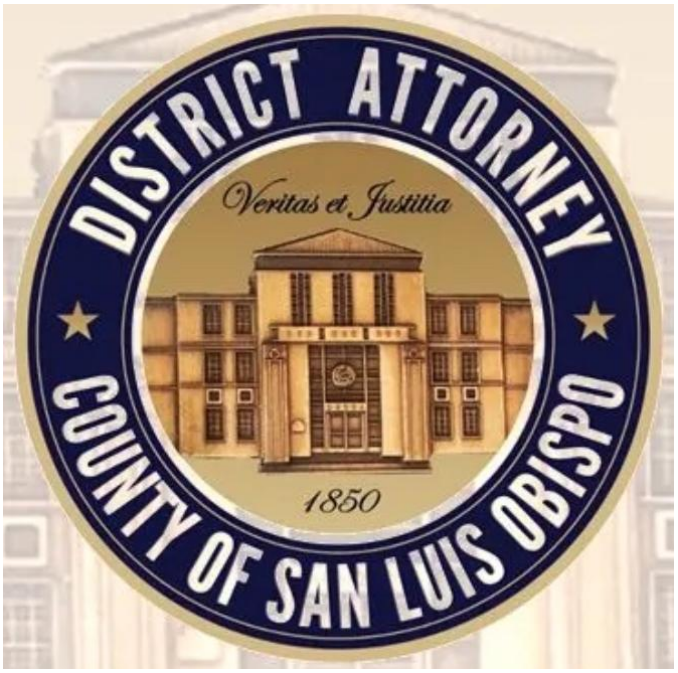
ECONOMIC DEVELOPMENT may be the new big thing in 2026. SLO County has potential to create revenue producing projects. County revenues are not keeping up with spending. The time has come to establish a plan that gets us moving in the right direction. Nothing can happen overnight, and some projects may take many years, but we need to start somewhere. The good news is that such projects usually involve jobs, investment and potential for local residents. Other counties around the state have made significant investments in projects and have seen strong returns as a result. They get a boost not only in tax revenue, but in other local economic benefits as well. Can we do the same? Will we do the same? Seems like the tighter our budget restraints become, the more likely such thinking will prevail.

COUNTY BUDGET issues are an ongoing challenge. Just a few months after the last budget is finally adopted, work begins on the new one. So, what's new about the budget for 2026? This will be the first full year under the "right sizing and rebalancing" plan adopted last year. Part of that plan was to establish data points for tracking what works, and what needs more work. The 2026 budget will be more fine-tuned, and changes will be made with additional and improved data that has not been available in the past. This is good news for those of us always looking for greater accountability and transparency.

Public Safety – Public Service

Two of our public safety leaders, Sheriff Ian Parkinson and District Attorney Dan Dow, are holding public meetings later this month that will be highly informative and useful.

The Sheriff meeting fulfills a requirement under California law that calls for the department to disclose interactions with Immigrations and Customs Enforcement (ICE). Parkinson has been very clear in his remarks at several public events that his department complies with state law, but a vocal group of community activists persist in suggesting that ICE is getting improper access to inmates at the county jail. This meeting will hopefully clear up some of the concern, but the fervor of the ICE protesters is so strong that it's doubtful that any information will completely satisfy their frustration. We hope that others from the community will attend in support of the Sheriff.



Fraud has become an industry in our current culture. Online scams, credit card fraud and real estate theft are just a few of the many means of theft that occur every day, and often many times per day in our own county. The main theme is the unsuspecting or unaware victim. Dow's office is working to change that with information about what to watch for, how to recognize a scam and how to protect from becoming a victim.

Below are details of each meeting. We highly encourage attendance and thank both the Sheriff and the District Attorney for offering these helpful events.

NOTICE OF PUBLIC HEARING

Public Notice of Truth Act Report

Transparent Review of Unjust Transfers and Holds (TRUTH) Act California Government Code Section 7283.1 (d) Tuesday, January 27, 2026

San Luis Obispo: NOTICE IS HEREBY GIVEN that the Annual TRUTH Act Report and community forum will be heard by the Board of Supervisors of the County of San Luis Obispo on Tuesday, January 27, 2026. The meeting starts at 9:00 a.m. in the Board of Supervisors Chambers at the Katcho Achadjian Government Center, 1055 Monterey Street, San Luis Obispo, CA, 93408. The TRUTH Act Report will happen in the morning session with more specific timing determined when the agenda for that meeting is finalized.

This hearing is held pursuant to the Transparent Review of Unjust Transfers and Holds (TRUTH) Act, which requires public reporting and community input regarding local law enforcement cooperation with federal immigration authorities.

Live in-person Spanish translators will be made available to interpret public comments that may come in in-person.

The TRUTH Act Hearing will be broadcast on the Board of Supervisors live meeting at: https://www.slocounty.ca.gov/

Members of the public who wish to address the Board during the meeting must appear in person.

Written public comments may also be submitted by email; however, virtual public comments will not be accepted. All correspondence will be distributed to each member of the Board of Supervisors and will become part of the official record of the meeting. To submit a written public comment, email: Boardofsups@co.slo.ca.us

To determine the specific placement of this item on the Board of Supervisors agenda and to review the TRUTH Act report, visit the County's website at www.slocounty.ca.gov on the Wednesday prior to the scheduled hearing date.

FREE 2-Hour Seminars

Learn How to **Identify**, **Prevent**, & **Respond** to Fraud

FRAUD SCHEMES

Prevention & Awareness Forums

January 30, 2026

Katcho Achadjian Government Center

Board of Supervisors Chambers

1055 Monterey Street | San Luis Obispo, CA 93408

Three Separate Presentations Offered

Session #1

Open to the Public

9:00 am - 11:00 am

Exposure to current fraud schemes aimed at local residents

Session #2

Real Estate Professionals

12:00 pm - 2:00 pm

Identifying fraud schemes targeting real estate sales professionals

Session #3

Small Business Owners

3:00 pm - 5:00 pm

Learn how to protect your small business assets

Hosted by

San Luis Obispo County District Attorney

Dan Dow

Connect With Us

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@SLOCounty_DA

The COLAB Annual Dinner will take place on March 26 at the Madonna Inn

We will have an exciting speaker (to be announced shortly), great food, an open bar and an opportunity to mix and mingle with practically all of the movers and shakers in our community. Mark your calendars so that you don't miss one of the biggest events of the year. We hope to see you there.

Last Eddition

Merry Christmas and Happy Holidays to all of our COLAB members and friends.

This is our last newsletter of 2025. Our next edition will be out on Jan 5, 2026

The December 16 San Luis Obispo County Board of Supervisors meeting had a dense agenda of action items to address on their last meeting of 2025.

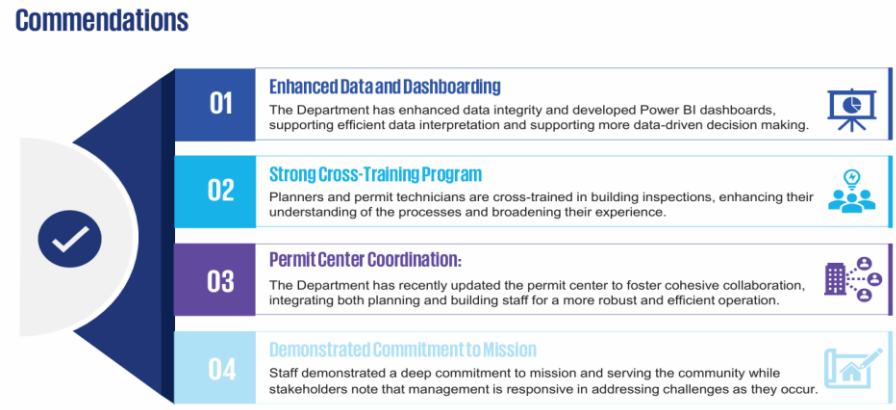
In addition to the Board meeting being the last of the year, it was also the last for Supervisor Ortiz-Legg as Chair of the Board. Supervisor Paulding will take the gavel on January 6, 2026 for the first meeting of the new year.

We thank Ortiz-Legg for the respect and patience she has shown to all types of speakers and wish Paulding the best as he assumes the Chair.

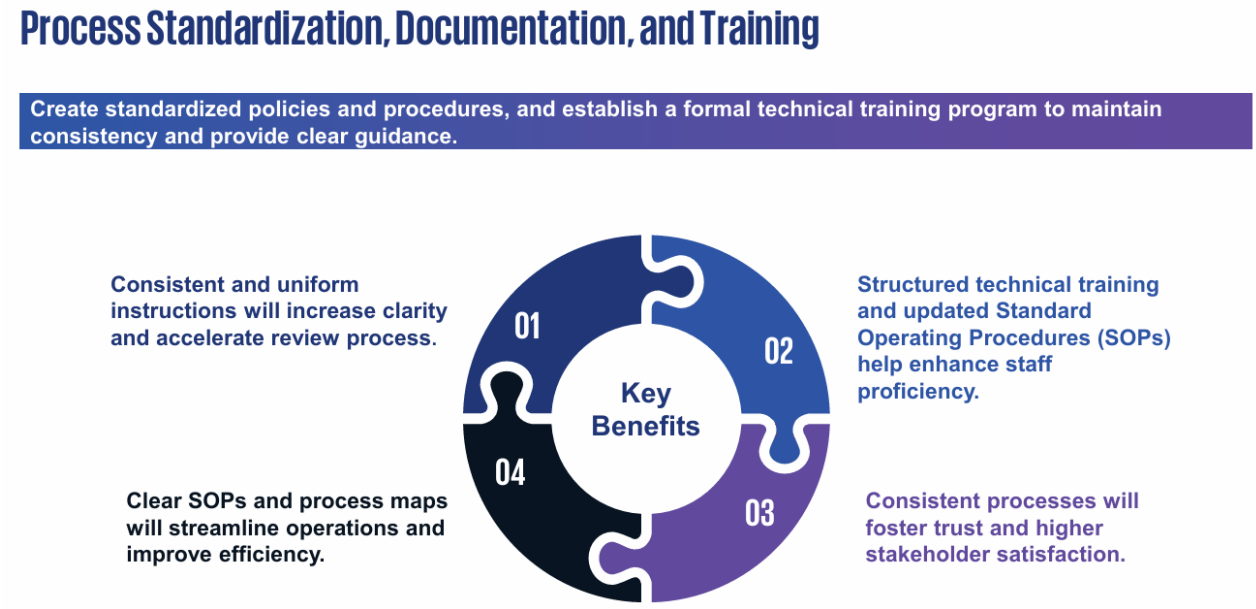
Keeping the meeting running on schedule, putting up with sometimes desperate and other times rude and/or disorganized speakers, while keeping track of motions and rules of order along with exercising personal restraint so as to avoid dominating the proceedings with one's own opinions and remarks is a challenge. Always appreciated when done well and deeply missed when not.

Audit leads to Tune Up

The KPMG audit of the Planning and Building department has resulted in several significant recommendations for changes in procedures. Item 32 on the agenda was a report from the auditing firm. The report's findings began with strengths found in the department as are illustrated here:



Recommendations for increased performance are found in the following five KPMG slides:



Increasing Cross-Departmental Collaboration

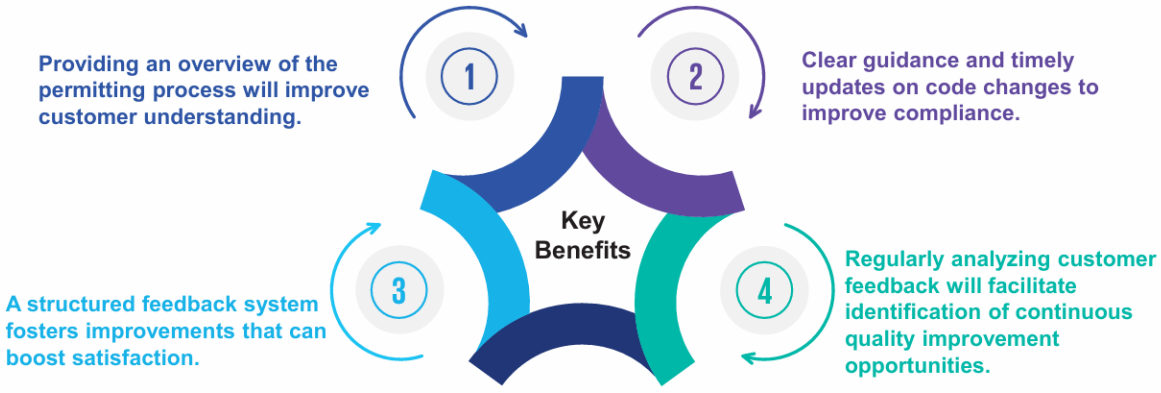
Enhance collaboration with complementary departments by implementing consistent use shared systems for permit reviews, increasing coordination with cross-departmental finance teams, and offering a more unified approach to the permit center.

Key Benefits

1. **Improved efficiency**
   Streamlined processes and shared electronic systems will reduce manual tasks and support faster permit reviews.
2. **Enhanced communication**
   Instituting kickoff meetings and improving cross-departmental coordination will support alignment from project outset.
3. **Enhanced customer satisfaction**
   A unified permit center will provide customers with consistent and accurate information.
4. **Reduced errors and redundancies**
   Leveraging shared systems may decrease duplication and opportunity for error.

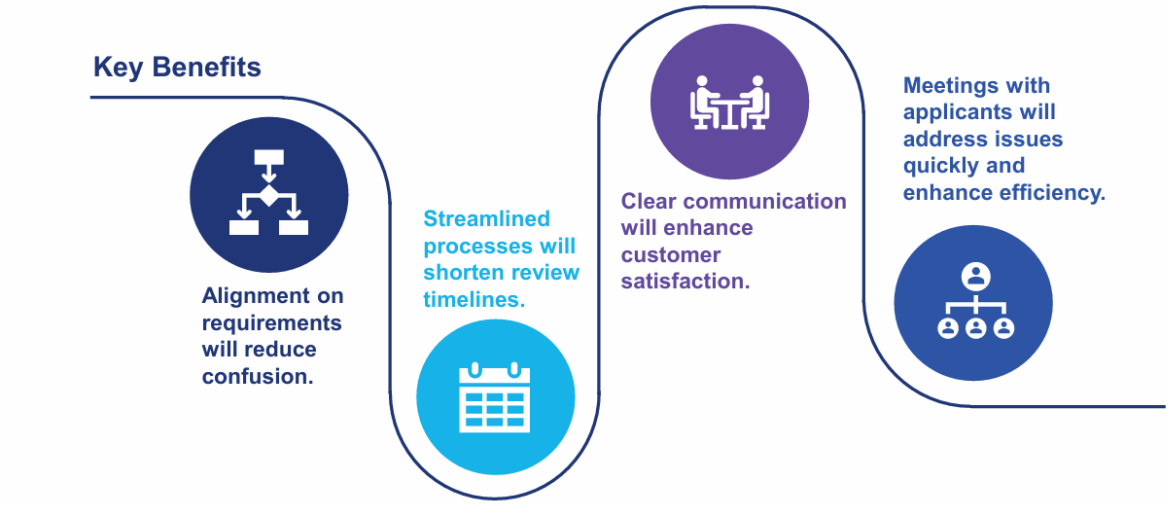
Enhancing Customer Expectations and Feedback

Create an online development guide and develop a process for communicating updates while implementing a feedback system to gather insights and drive continuous improvement.



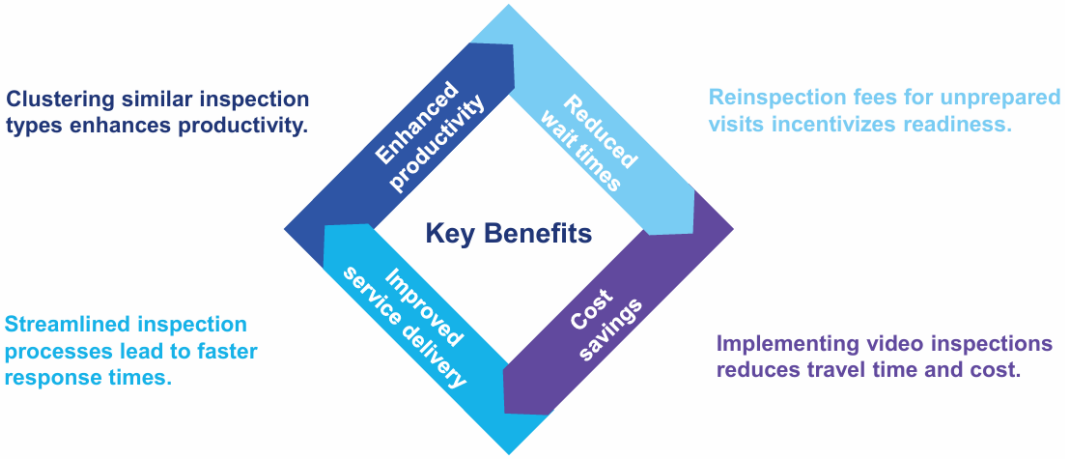
Improving Communication with Applicants

Enhance the Planning and Building review processes by implementing meetings with applicants to discuss requirements in detail and provide clear guidance for applications requiring multiple reviews.



Increasing Building Inspections Efficiency

Cluster similar inspection type visits, implement video inspections where possible, and establish reinspection fees for unprepared visits.



Following the KPMG report, the department made a presentation that incorporated many of the recommended changes that have already been put in place or will be soon.

The Department is addressing our Regional Housing Needs Assessment (RHNA) by establishing the numbers in each category needed in order to meet the needs.

RHNA Objectives

The County's quantified housing objectives for the 2019–2028 planning period are as follows:

- Very Low-Income: 801 units
- Low-Income: 505 units
- Moderate-Income: 585 units
- Above Moderate-Income: 1,365 units

The Department is prioritizing a series of projects that it believes will assist in meeting the RHNA numbers. The following three charts illustrate just the tier one projects:

Tier 1 Priority Projects

Recommended Tier 1 Board Projects	FY2026 Q3	FY2026 Q4	FY2026 Q1	FY2026 Q2
Annual Minor Ordinance Amendment Package	BOS hearing			
Safety Element Update and Implementation	BOS hearing	Implementation (Evacuation mapping)	Target completion	
Los Osos Community Plan Implementation	Water conservation program update			Growth rate setting
Los Osos Habitat Conservation Plan Implementation	Ongoing			
Next RHNA Cycle Coordination and Housing Element Update	RHNA distribution methodology setting			

Sea Level Rise Plan Preparation	Existing policies and programs review		Stakeholder and agency collaboration	Grant application process
Housing Element Implementation – Action 1 (Encourage Multi-Family Dwelling Development)	CCC certification process		Target completion	
Housing Element Implementation – Action 2 (Develop Strategic Housing Incentive Program)	Implementation	SLO Council of Governments Agreement	PC hearing (Coastal Zone only)	BOS hearing (Coastal Zone only)
Housing Element Implementation – Action 3 (Preserve Housing Stock)	On pause until further Board direction			
Housing Element Implementation – Action 4 (Encourage Accessory Dwelling Development)	CCC certification process		PC hearing (Coastal Zone SB-9)	BOS hearing (Coastal Zone SB-9)

Housing Element Implementation – Action 5 (Expand Density Bonus Program)	CCC certification process		Target completion	
Housing Element Implementation – Action 6 (Update Nipomo Community Plan)	Community engagement	PC hearing	BOS hearing	Implementation
Housing Element Implementation – Action 7 (Streamline Permit Processing)	BOS Study Sessions for project scoping		Community engagement	Project scope finalization
Housing Element Implementation – Action 8 (Amend Land Use Categories)	BOS Study Sessions for project scoping		Community engagement	Project scope finalization
Housing Element Implementation – Action 9 (Align Infrastructure, Funding, and Resource Goals with Housing Goals)	Affordable housing grant process alignment and Countywide Public Facilities Fee Study support			

As discussion covering the many steps that the Department is undertaking to improve outcomes, the idea of a study session came to light. The concept seemed popular among all the Supervisors. However, it soon became clear that the subject matter would need to be somewhat limited to ways the Department could better serve the public, and avoid tangential topics that could send the whole process down a rabbit hole.

For instance, Supervisor Gibson brought up the question of whether policy development for vacation rentals could also be covered in the study session. He pointed out that if half of the vacation rental properties in the county could be converted to permanent housing, much of our housing shortage could be addressed. Discussion quickly devolved to vacancy taxes, where second homes not permanently serving as primary residences would be taxed at a higher rate than full time residences. Finally, it became apparent that such an issue might overshadow the main proceedings of a study session and the decision was made to stick to the quality-of-service topic.

Exactly how a house currently serving as a vacation rental would be “converted” to a full-time residence was not covered. The difference in revenue for the landlord apparently isn’t of concern to the folks trying to convert other peoples’ properties. It seems it isn’t just Other Peoples’ Money that gets squandered, now we have to worry about other peoples’ property.

As the presentation was finishing, Supervisor Paulding brought one of his "pet peeves" that he wished could be addressed. He noted that several user groups throughout the county parks have grown to understand "our culture of austerity" and have privately fundraised for pickleball courts. He went on to suggest that those groups should be afforded a fast track for any projects that require permits.

No mention of people that are trying to build a home and are making payments on a vacant lot while watching construction costs increase each week and each month that they wait for a permit. No mention of someone trying to create a business and losing money each week and each month that they wait for a permit. No mention of the employees of that business waiting to begin drawing a paycheck when the permit is finally granted. No mention of the contractor, sitting with an idle crew waiting for a permit.

By golly, we really should take care of the pickle ballers before working on "other" people's pesky permits!

This is the kind of attitude that average people find so very offensive. It's who you know – not what you know. Its rules for thee – not for me. It's special treatment for those that send off the right virtue signals to the special people.

Whether it's Bruce Gibson feeling no shame for hiring his wife or Jimmy Paulding asking that pickle ballers be put in the front of the permit line, we are witnessing a twisted form of rationalization by people who are perfectly comfortable arbitrarily using their position to subjectively pick winners and losers.

And, with a $1 billion annual budget, how can anyone say we are living in a culture of austerity? We may not be in a position to throw money at frivolous items, but we should have sufficient funding to cover our basic needs and priorities. For most, pickleball is not a high priority. Living within your means and exercising a little fiscal restraint does not equate to austerity. The comment is an insult to those who really do live in true austerity.

Dam Possibilities

Does San Luis Obispo County want to assume the liability for the Salinas River Dam? This is a question that may be recurring for the next year or two as a feasibility study is conducted.

The Salinas River Dam was built by the War Department in 1941-42 in a rushed project to supply water to camp San Luis Obispo. However, the final component of the dam, a steel spillway gate, was never installed. Without the gate, capacity is down by about half of the original anticipated capacity.

The dam is now owned by the U.S. Army Corps of Engineers ("USACE") who jointly holds water rights permits with the City of San Luis Obispo through the County of San Luis Obispo Flood Control and Water Conservation District. USACE leases the Dam to the District for its operation and maintenance, which includes water delivery to the city.

The reservoir behind the dam is known as Santa Margarita Lake.

USACE has been evaluating options for removing the Dam from their books, including transferring ownership to a local agency such as the District. Such a transfer is an opportunity to secure existing and/or additional water supplies to address needs in the County of San Luis Obispo.

In order to evaluate the transfer, a feasibility analysis of dam ownership, condition, and retrofit/improvement ("Feasibility Study") would be required.
The State of California has provided a grant to the District in the amount of $500,000 ("State Grant") to partially fund the Feasibility Study.

The Salinas Dam was built start to finish in six months.

Item 20 on the agenda was a request to accept the grant and further fund the feasibility study. The measure reads as follows:

Request to: 1) approve and execute a 2-year professional consultant services contract with Tetra Tech BAS, Inc., in an amount not to exceed $1,175,884, to develop a Salinas Dam Feasibility Study; 2) authorize the Director of Public Works, or designee, to approve amendments to the contract in an amount not to exceed a contingency of $117,855, and to execute extensions for good cause and to delete scope, provided County Counsel approves said amendments as to form and legal effect; and 3) approve A) a Reimbursement Agreement between the City of San Luis Obispo and the San Luis Obispo County Flood Control and Water Conservation District for a portion of the cost to develop the Salinas Dam Feasibility Study, and B) a corresponding budget adjustment for FC 450 - San Luis Obispo County Flood Control and Water Conservation District for an amount up to $600,000 using reimbursement revenue, by 4/5 vote.

Supervisor Peschong noted that he, along with several county officials, has been working with USACE for 10 years trying to get them to update structural concerns

and explore installing a spillway gate. He suggested that USACE should follow through with their efforts and also indicated that maintaining the dam could create an enormous liability for the county.

Four other Supervisors saw no harm in conducting the study and the motion passed 4-1.

Restorative Justice

Almost anytime the word justice is part of a social term, like environmental justice or economic justice, it usually calls for an injustice where some people are held accountable for other people's wrong doings just to provide a benefit to a group of folks who may or may not be actual victims of said wrongdoings.

This is clearly not the case with one of the early items on the agenda which was a "Request to 1) approve a six-month extension of the one-year Restorative Justice conferencing (RJC) for adult probationers pilot program operated by Restorative Partners to increase rehabilitation, reduce recidivism, and increase victim satisfaction".
This innovative pilot program is funded through the District Attorney from 2011 Public Safety Realignment (AB 109) funding.

District Attorney Dan Dow spoke of the success of the program in reducing repeat offender crimes while giving crime victims some satisfaction that their plight is not being ignored. The program requires participation from both the offender and the nvictim. Results of the pilot program are listed below:

Results have been modified to include a more comprehensive and detailed analysis of projected results after the restart of the program. Successful implementation of Adult RJC Program Pilot in San Luis Obispo County is anticipated to lead to the following results:

1. Of referrals received by Restorative Partners from the Probation Department, at least 70% will complete an intake assessment.
2. Of those assessed for RJC by Restorative Partners, at least 50% will participate in at least one Restorative Justice Practice, including a Restorative Conference, family mediation, pre-conference meeting, or the creation and completion of an amends agreement.
3. Of those assessed for RJC by Restorative Partners, at least 20% will complete a Restorative Conference between the referred individual and the harmed party with their support participants, or a community representative to be provided by Restorative Partners.
4. Among program participants, both harmed parties and those who caused harm, maintain a 75% satisfaction rating.

The motion passed unanimously.

Out with the Old – In with the Same Old?

For San Luis Obispo County, 2025 was a pivotal year. Casual observers may not have noticed the significance, but the hire of Matt Pontes as the new County Administrative Officer (and later promoted to Chief Executive Officer) brought a level of structure, accountability and transparency that has been lacking for far too long.

Pontes immediately fortified the budget process which he called a “rebalancing and realignment effort”. That process trimmed a significant amount of fat from the budget and set in motion a series of audits that are continuing to increase productivity and transparency while reducing inefficiencies. In other words, higher value to the taxpayer.

We face another challenging budget in 2026, but at least we are more prepared than we have been in the past.

A related major development in 2025 has been the careful look at service providers that contract with and/or depend on county funding. These are primarily in the Health and Human Services category and include homeless services, drug and

alcohol treatment and mental health practices. Many have had budget cuts and have needed to re-evaluate their programs as well as their funding sources.

In the category of tax revenue, SLO County voters will face at least one and possibly two sales tax measures in 2026. One, for a half-cent, is designated as a roads and transportation tax and put forth by SLOCOG will appear on the November ballot. The other, a one cent public safety tax for fire and sheriff services could also be on the same ballot. It's too early to tell, but many are wondering if our county voters have an appetite for tax increases.

Each member of the Board of Supervisors, and the Board as a whole, has repeatedly stressed that service providers need to find private supplemental funding and internal efficiencies.

Offshore wind energy continues to die by a thousand cuts. Offshore leases are in question as the Trump Administration reevaluates their future. Vistra, the company that was planning to construct a battery storage facility has announced that it does not anticipate continuing with the project.

If the prospect of offshore energy production has diminished considerably, the issue has not. The local grassroots group React has grown stronger and more organized as the battle has gone on. Now they are behind John Woody, a local Civil Engineer, who is running to fill the Bruce Gibson Supervisorial seat. Many perceive Jim Dantona, the candidate endorsed by Gibson, to be the front runner. However, others question whether Dantona's close association with Gibson will help or hurt. Dantona is taking a job on Gibson's staff in a controversial move that leaves many questioning the judgment of both Gibson and Dantona in what has become a growing discussion across party lines.

The other Supervisorial race is the reelection of Supervisor Paulding. The district is more red than blue, but Paulding has pursued a deeply blue agenda in his first term. Adam Verdin, a local business leader, is challenging and appears to be establishing a formidable campaign. Paulding is taking the reelection seriously and working hard on behalf of constituents. One of his biggest foibles is that he tries too hard to be

everything to everyone. His voting record aligns tightly with Gibson, but he wants to be seen as a centrist. Fundraising will play a key role.

It's impossible to predict just how, but the second half of 2026, once the winners from the June 2 Supervisors races are announced, could take on a very different tone. How will a lame duck Bruce Gibson conduct himself in his final dozen Board meetings? If Paulding is defeated, what will be his agenda for his final months? How will the current Board anticipate at least one, and possibly two new members?

The Paso Water Basin continues to be a contentious topic. The loss in a Prop. 218 vote signaled a deep lack of trust in the current leadership of the Paso Robles Groundwater Authority. Now PRAGA is casting about looking for alternative funding methods to continue its long record of spending millions of dollars doing practically nothing towards real sustainability. Watch for this issue to flare up again in 2026.

The cost of the pay to play deal that the California Coastal Commission extracted from PG&E for the extension of the permit for the Diablo Canyon Power Plant was high and restrictive. Of course, all of the "mitigation" costs associated with committing land for conservancy and creating a very generous endowment will be passed on to ratepayers. It will be fascinating (and probably a bit painful) to see how the deal impacts the cost of doing business for PG&E. At least we will have a more stable economic situation while the plant is in operation.

Aside from revenue, housing remains the sharpest thorn in the side of our Board of Supervisors. Every Supervisor claim to be for housing. Everybody realizes that the housing market has too few homes available and too high a demand. Further, lower cost housing is at a critical shortage. This all means that its very difficult for lower income people, middle income families and even higher income professionals to be able to afford to live in San Luis Obispo County. It explains why restaurants can't find enough personnel and why we have so few medical professionals.

However, as demonstrated in the recent Dana Reserve permit vote, Supervisors Paulding and Gibson seem to have an entirely different approach to encouraging

housing. They both voted no, and Gibson went so far as to try to involve County Council in private matters with the developer in an attempt to quash the project.

The challenge of attracting housing construction will not diminish in 2026 and could become even more complicated as new state mandates take effect. The Board of Supervisors keep talking, but they will continue to struggle to find ways to walk the talk.

Finally, 2026 is a big election year for our state. Each of our statewide constitutional offices are up for election, with the Governors race being the headliner. So far, the primary field is chock full of candidates with no clear frontrunner for either party. The primary election will be important to establish the nominee from each party, but the "Top Two" system could easily result in a general election runoff between two Democrats, leaving Republicans out of the November Governors race. Will any candidate from either side become a coalescing force, or will the races cause division?

For COLAB SLO, 2025 was a big year as we congratulated Mike Brown on his well-deserved retirement. We are glad to see him get to relax but miss him tremendously. Greg Haskin is enjoying trying to fill a pair of very big shoes and looks forward to the trials and tribulations that 2026 is already presenting.

So, the new year will bring some exciting changes, but it will also drag along a few of the old ones that we would all be happy to see go away.

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THE PUBLIC PURPOSE PROGRAM: CALIFORNIA'S HIDDEN TAX DRIVING UP UTILITY BILLS

MITCHELL G. BAHNSEN

December 18, 2025

After several rate hikes implemented in the last few years alone, Californians are asking why their energy bills keep climbing when they use the same amount of electricity or gas. According to a 2023 report from the Transparency Foundation, residents of California pay up to 67% more for electricity and 30% more for natural gas than the U.S. average, with many customers seeing bills double or triple during peak months.

Although utility company profits often come under scrutiny when rates increase, the increase in customer bills is driven by numerous hidden charges imposed by the state government.

One of these hidden charges is a result of the "Public Purpose Program," which builds a state-created surcharge into Californians' utility bills to fund multiple statewide programs. These include assistance for low-income households, energy-efficiency upgrades for some customers, and "diversity" or "underrepresented community" programs. These programs may be well-intended, but funding them through utility bills makes energy costs higher for all households, including middle-class residents who do not reap the benefit of the programs but incur much of the cost. Most families don't even know they're paying it.

California's Public Purpose Program (PPP) charges have their roots in the mid-1990s, when the Legislature passed AB 1890 (1996), creating the first "Public Goods Charge" on electric bills beginning in 1998 to fund low-income assistance, energy-efficiency, and renewable-energy programs. A few years later, the Legislature again took the lead with AB 1002 (2000), which added a similar public purpose surcharge to natural-gas bills. The CPUC administers and adjusts these surcharges, but the authority to create them originally came from the Legislature, not the Commission acting alone.

Because utility companies are required to collect it, it acts like a tax, but is exempt from the normal tax process, and doesn't appear as a clear tax line on most bills. Instead, it is bundled inside the rate structure approved by the California Public Utilities Commission. According to the TF report, hidden taxes and mandates together add at least one-third to the average bill, with PPP being a major part of that, with the CPUC allowing companies to pass costs fully onto customers.

These hidden costs fall hardest on retirees and households on fixed incomes. Families already dealing with high grocery and housing costs see utilities rising faster than their paychecks, and many households do not qualify for the programs they are forced to fund. The surcharge isn't transparent, so most people cannot see what they're being charged for. In a year when budgets are already tight, hidden charges like the PPP tax make it even harder for families to keep up.

There are a multitude of remedies for this problem, many of which do not require the cancellation of the various PPP-funded programs. The legislature could choose to fund these programs through the general fund, financed primarily by direct income and sales tax, instead of utility bills. Furthermore, lawmakers could require clearer labeling of all taxes and surcharges on bills, known as "truth in billing," which would increase transparency for utility companies passing costs onto consumers. This solution would solve the "hidden" problem, but would not reduce the ultimately redistributive outcome of the program itself. Whatever the remedy might be, families deserve to know what they're actually paying for, and who decided to impose those charges.

New year may entertain political junkies, but California's sluggish economy deserves the spotlight

BY DAN WALTERSJANUARY 1, 2026

Gov. Gavin Newsom discusses the state's economic conditions during a press conference on the 2025-26 budget in Sacramento on May 14, 2025. Photo by Fred Greaves for CalMatters

As the new year begins, there's no shortage of political trends to keep Californians preoccupied, entertained or perhaps appalled — particularly the state's transcontinental feud with President Donald Trump.

There is Gov. Gavin Newsom's all-but-announced campaign for president, centered on his self-appointed role of resistor-in-chief to Trump. As Newsom continues to troll Trump this year we may learn whether it continues to advance Newsom as a White House frontrunner or becomes tiresome and off-putting.

As 2025 ended Axios, a news website, reported that Newsom's potential rivals are ratcheting up efforts to undermine his bid, arguing that, as a California progressive, he's unelectable.

Another point of political fixation is Newsom's successful effort to gerrymander California's 52 congressional seats to help Democrats recapture control of the House in 2026. Whether it works is a question hanging over his presidential ambitions.

Still another is the campaign to choose a successor to Newsom. It so far has attracted a large contingent of Democrats without, as yet, a clear leader. There's a theoretical possibility that with as many as a dozen Democrats in the field, the two Republicans could finish first and second in the June 2 primary and face each other for the governorship in November, despite the GOP's very weak standing among voters.

California lawmakers found money for these pet projects even as they slashed the budget

BY RYAN SABALOWNOVEMBER 7, 2025UPDATED DECEMBER 16, 2025

Despite facing a $12 billion deficit this year, California's Legislature still managed to spend at least $415 million for local projects to help lawmakers win their next elections.

CalMatters found close to 100 earmarks inserted into just one of the state's budget bills for local projects and programs that had little apparent benefit to anyone outside the lawmakers' districts.

Some of the earmarks raise concerns about legislative priorities in a difficult budget year, such as lawmakers spending millions from the general fund on museums, trails, parks and other amenities in wealthy communities.

The spending includes $5 million in general fund money for a LGBTQ+ venue in high-cost San Francisco, $2.5 million for a private day school in Southern California and $250,000 for a private farm-animal rescue on the North Coast.

Around $250 million of the local-project earmarks were funds taken from the $10 billion Proposition 4 climate bond California voters approved last year.

Some of the Prop. 4 earmarks included:

- $26 million to programs paying farmers for private land conservation.
- $20 million to help the public access a Southern California beach gated off by a wealthy community.

$15 million for "geologic heritage sites" including the La Brea Tar Pits — whose fossils have been used to study climate change in the last epoch.

The earmarks were approved at the same time Gov. Gavin Newsom and lawmakers left state worker positions unfilled, suspended some health care benefits, forewent raises for firefighters, filled budget holes with high-interest bond money and took billions of dollars from the state's "rainy day" emergency fund.

Kristen Cox, executive director of the Long Beach Community Table foodbank, said the money lawmakers spent this year to enhance communities in their districts — often for projects that some would consider frills — isn't going to the neediest Californians.

"It's misprioritization," she said. "My priorities are to help the people that need it the most. Their priorities seem to be 'Let's make this city look gentrified and pretty and beautiful.'"

A secret process that benefits lawmakers

Many of the earmarks — one-time allotments of cash for a specific purpose or project — are fairly benign and went to local infrastructure needs such as fire stations, parks, public schools and environmental projects.

They also represent just a small portion of the state's $321 billion budget, which pays for programs and services that typically are intended to help all of California.

But inside the notoriously secretive budget negotiation process, lawmakers also have the ability to set aside sizable chunks of money to benefit their districts through an even more opaque earmark system.

It allows them to direct money to their pet projects without leaving a fingerprint — at least until they issue a press release touting a new community perk or show up for ribbon-cutting and check-passing ceremonies.

Such spending, disparagingly called "pork-barrel spending" or "pork" for short, is hardly new or unique to California, said Thad Kousser, a former legislative staffer and political science professor at UC San Diego. He has extensively studied equity in how politicians divide up budgets for local needs.

There's a reason it's pervasive: When politicians keep the cash flowing back home, it helps them get re-elected, he said.

"Politicians across generations — and in every country — try to use some portion of the budget on these clear signals that they're directing the flow of government dollars to real people and real organizations right at home in their district," he said. "Voters reward that."

Eyeing higher office? Send pork home

The biggest recipient of the earmarks in Senate Bill 105 appears to be the North Coast Senate district of Democratic Senate President Pro Tem Mike McGuire. After losing his legislative leadership seat this year, he seems to be positioning himself for a congressional bid, according to The Santa Rosa Press Democrat. If he does run, he'll be able to tout all the cash he brought to his Senate district this year.

His district was the recipient of more than two dozen earmarks totalling more than $100 million, accounting for a quarter of the earmark funds CalMatters identified. They went to fund a regional hospital, harbors, habitat projects, schools and fire stations. His district also received $250,000 for the farm-animal rescue.

His largest earmarks included $50 million in Prop. 4 funds for a redwood trail that's to run 320 miles across his district.

McGuire's office didn't make him available for an interview. McGuire instead sent an emailed statement defending the earmarks.

"Our state's budget includes smart, one-time investments across California," McGuire said. "Many in our state have been working on these projects for years to make California safer, stronger and more resilient."

Sen. Scott Wiener, the powerful Senate Budget Committee chairperson from San Francisco, is definitely running for higher office. Wiener announced last month he's running for Nancy Pelosi's congressional seat.

The budget included at least $9 million in general fund earmarks benefiting the voters of San Francisco who will decide whether to send him to Washington, D.C. The money went for parks, restroom improvements and "to support the preservation and revitalization of a historic LGBTQ+ venue" in the city's Castro neighborhood, according to the budget bill which doesn't name the venue.

San Francisco is also slated to receive $1 million for a new oncology clinic and chemotherapy center for Chinese Hospital and $250,000 for "accessibility improvements" to Wah Mei child development center.

Wiener's office didn't respond to interview requests.

Lawmakers complained of earmarks

None of the earmarks have a lawmaker's name on them, making it extremely difficult for members of the public — or even other lawmakers — to decipher whose they are and which districts benefited. The governor's administration is responsible for some.

Legislative staff told CalMatters while reporting this story that earmark requests sent to budget committees aren't public records.

CalMatters instead used the Digital Democracy database's 'Find your legislators' tool to triangulate which pork projects are in which lawmakers' districts from earmarks inserted into SB 105. That's one of 40 budget-related bills Newsom signed this year.

There are almost certainly more earmarks buried in the other budget measures.

The secretive nature of earmarks — and the number and size of them this year — became a source of contention in September at the Senate Budget and Fiscal Review Committee.

Some Democratic lawmakers complained that so many last-minute earmarks had popped up in the spending bills. They questioned whether the earmarks were being fairly distributed to communities with the most need.

"For the climate bond money, the general fund money, the Medi-Cal money, the Department of Education money, across the transit money, in almost every one, there is at least one — sometimes 40 — specific allocations," West Sacramento Sen. Christopher Cabaldon told the committee.

"The broader concern about equity and balance in those earmarks is certainly a point really well taken," said Sen. Ben Allen, a Democrat representing the El Segundo area.

Nonetheless, none of the 90 Democrats who control the Legislature voted against the budget this year, according to Digital Democracy.

Newsom also signed it into law. His office didn't respond to an interview request.

Susan Shelley of the Howard Jarvis Taxpayers Association blasted the pork-project spending as hypocritical, especially as some liberal groups and lawmakers support raising taxes or turning to voters to pass new bonds to prop up the state's shaky finances.

Politicians, she said, like to say, "'We need money for everything in California.' And what are they spending the money on now? Basically gifts to the districts that make the elected representatives look good and that are not essential or not *as* essential."

Pork in Prop. 4

About $275 million in Prop. 4 funds also went to backfill the state's general fund budget covering existing environmental, fire and energy programs and for expenses such as deferred maintenance at state parks.

Using bond funds to pay for existing expenses in the general fund means there's less bond money available to pay for the new expenditures voters thought they were supporting. The separate bond earmarks from lawmakers reflect their priorities and may not necessarily be what voters wanted either.

Some of the lawmakers' earmarks include:

- $40 million to secure public access to a beach blocked off by the wealthy gated Hollister Ranch community in Santa Barbara County and for a separate

dam-removal project. Both projects are in the district of Sen. Monique Limón, who is replacing McGuire as the Senate Democratic leader next year. She shares a district with a handful of assemblymembers who may have sought the earmarks.

- Limón's district also received $1 million for a museum in Santa Barbara "for an interactive water exhibit." Limón replied to an interview request with an email from her spokesperson, Christina Montoya. "While the senator was not involved in Prop. 4 allocations," Montoya said, "she is glad to see projects funded that advance the goals of the state."

- $1 million went to the UC Davis Integrative Center for Alternative Meat and Protein, primarily at the request of San Jose Assemblymember Ash Kalra. UC Davis isn't in Kalra's district, but he's a vegan and the chair of the Assembly Select Committee On Alternative Protein Innovation.

- The $15 million earmark "for geologic heritage sites" including the La Brea Tar Pits in Los Angeles was from Democratic Assemblymember Isaac Bryan. His office didn't make him available for an interview.

Taxpayers will pay at least $6 billion in interest and other expenses to finance Prop. 4 over the next four decades.

Using Prop. 4 to pay farmers

An example of how earmarks lock up Prop. 4 funds can be found in this year's budget for the Wildlife Conservation Board. The $10 billion bond is supposed to provide $1 billion for the board to give out as grants in the coming years. The board uses a competitive process that prioritizes habitat project proposals to provide the most ecological benefits for California.

This year, the Legislature gave the board $339 million in Prop. 4 money to spend. But about a quarter of it — $88 million — is going to projects the board must now fund because of lawmakers' earmarks.

Gregg Hart, a Santa Barbara Democratic assemblymember, got one of the biggest earmarks from the board's funds — $16 million for a conservation easement on Rancho San Julian, a 13,000-acre private ranch in his district. Conservation easements are legal agreements that ensure private lands don't get sold and turned into environmentally unfriendly developments.

In an interview, Hart said preserving the ranch's habitat in perpetuity is in line with what voters intended when they voted for Prop. 4.

"In my district, this is a signature ranch that is an environmental gem," Hart said. "And preserving that is a very high-value project."

The conservation board also must allocate $10 million in Prop. 4 earmarks to programs that will pay farmers and private wetland landowners in the Central Valley to flood their fields to provide habitat for waterbirds.

Central Valley farmers already have received hundreds of millions of dollars in federal crop subsidies over the decades.

The flooded-field earmarks came from Democratic Sen. Jerry McNerney, who represents the Stockton area, and Assemblymember Cecilia Aguiar-Curry representing the Davis area.

In an emailed statement, McNerney called the $10 million expenditure a "win-win for farmers and for wetlands … ensuring that migratory birds have places to rest and refuel on their long journey on the Pacific Flyway."

The total number of earmarks relying on Prop. 4 funds has Senate Republican Leader Brian Jones of San Diego saying, "I told you so." He urged voters to reject the bond last year.

"It was going to be pork," he said. "It was going to be earmarked projects that the legislators are going to be able to move …. into things that really didn't have anything to do with the story that was being told to the voters when they voted."

Jones' district was the recipient of some pork, though he said he made no requests for Prop. 4 money. His earmarks were from the general fund. They include $1.4 million for San Diego County dam repairs and $615,000 to the San Diego Mountain Biking Association "for building and maintaining public trails for mountain biking."

'What did we get?' from the general fund

Other notable earmarks from general fund dollars, separate from the climate bond, include large one-time allocations for projects to benefit the state's Jewish community. The Legislature has an 18-member Jewish Caucus.

The funds include $15 million for the Museum of Tolerance and the Holocaust Memorial in Los Angeles as well as $5.4 million for the Jewish Community Center of the East Bay.

An earmark for $2.5 million also went "for security and other infrastructure" at Milken Community School East Campus, a private Los Angeles Jewish school with annual tuition of nearly $55,000.

The school is in Assemblymember Jesse Gabriel's and Sen. Henry Stern's districts. Stern's office said the earmark for the private school wasn't his. Gabriel co-chairs the Legislative Jewish Caucus with Wiener. Gabriel also oversees the Assembly Budget Committee. He didn't return messages. Neither did the school.

Gabriel this week attended a check-passing ceremony at the Discovery Cube in Los Angeles. He and two other local lawmakers touted getting the children's museum a $5 million earmark from Prop. 4 funds.

Other earmarks using general fund money included at least $1.7 million for trail improvements and an urban garden in Democratic Sen. Catherine Blakespear's wealthy coastal district, as well as $3.6 million for the Oceanside Museum of Art.

Blakespear responded to an interview request with an emailed statement.

"I'm grateful that these impactful community projects were funded through the state's general fund," she said. "I know they will provide immense value to these communities and their residents and are deserving of funding."

She announced this week she would be appearing at a check-passing ceremony for one of her earmarks: $1.2 million to the city of Mission Viejo for the Oso Creek Trail Improvement Project.

Former Stockton-area Democratic state Sen. Susan Talamantes Eggman said such earmarks are hardly surprising. She was proud to bring back to her district $10 million in her last term to reopen two dilapidated community swimming pools.

"I mean, that is fantastic for my district," she said.

But she acknowledged it is a lot harder for lawmakers to justify those sorts of expenses when there are so many of them in a difficult budget year.

"I think you either hope that (people) won't find out, or they see what stuff they're getting, and they're like, 'Oh, all right, well, as long as we got ours,' right?" she said. "What people are more concerned about is equity. 'What did we get?'"

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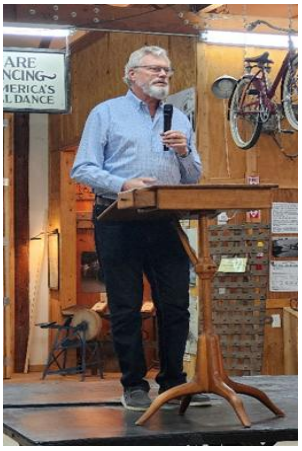

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