



WEEKLY UPDATE MAY 26 - JUNE 1, 2024

READ THIS FIRST READ IT IF YOU READ NOTHING ELSE

PROTECTING AMERICA'S PROMISE BY RONALD S. LAUDER

On combating anti-Semitism & anti-Americanism.

Editors' note: The following is an edited version of remarks delivered at The New Criterion's gala on May 2, 2024, honoring Ronald S. Lauder with the eleventh Edmund Burke Award for Service to Culture and Society.

Right now, we are living through one of the darkest hours in our nation's history. You see it with your own eyes. We have enemies who want to change and weaken America, with the ultimate aim of destroying our freedom here at home and our place on the world stage—that is, our way of life. If we don't stop them, they may succeed.

The danger comes from the far Left and from those individuals who are spending fortunes trying to undermine America, as well as foreign countries using these groups to advance their own cause. This is not just an attack on America; this is an attack on Western civilization. Our enemies are not even hiding what they are trying to do; they are wreaking havoc in broad daylight, because no one is stopping them. Why is no one stopping them?

This is what I want to talk to you about tonight: the assault on America's promise, and why we must defend that promise with all our might.

Let me begin with a story that took place right here in this great city 141 years ago. In December 1883, a young Jewish American woman wrote a poem to help raise money for the base of a statue to be constructed in New York Harbor. Emma Lazarus wanted to explain why this country, this experiment, was different—different from any other country, different from any other idea the world had ever seen.

Her sonnet "The New Colossus" shines today like a beacon of freedom. You will remember its closing lines:

*“Keep, ancient lands, your storied pomp!” cries she
With silent lips. “Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tost to me.
I lift my lamp beside the golden door!”*

Lazarus’s poem doesn’t simply capture America’s promise; it tells the truth about this country’s history. For 247 years, beginning even before those words were written, America has made good on its promise. Millions of human beings have entered our gates, but they have had to become Americans. They have had to assimilate and become part of our society. And they have had to come into this country legally—but, once citizens, they have the same rights as anyone whose family came here two or three hundred years before.

Among the many millions who came were my grandparents. They saw America as the future, as their future, and felt its promise. Every single one of you has a similar story, perhaps dating back even further, or perhaps you yourself came here. But everyone is here today because of

America’s promise: millions have wanted to become Americans, to add their story to America’s story, to help build this great land of ours.

The United States of America was started as an experiment. In the entire history of the world, nothing like it had ever been tried before. Entrusting the country not to a king, a ruling family, or a religious sect, the Founding Fathers believed that every citizen should decide his own destiny, and so they should all participate in their own government. It made no difference if that citizen was a rich merchant or a dirt farmer.

We now take this for granted, but in all of human history such an experiment had never been tried before, much less on such a scale. It is truly a remarkable concept. And let me make one thing perfectly clear: all of this came together in 1776, *not* 1619. Of course there were flaws, but the Constitution, hammered out in Philadelphia in 1787, created a democratic method to correct them. Those corrections included constitutionally ending slavery in 1865, giving women equal voting rights in 1920, and fulfilling the promise of voting rights for African Americans in 1965. Did this experiment work? It worked like nothing the world had ever seen—and not just for us.

Yes, we created the strongest economy and the highest standard of living in world history, but America has also liberated millions of human beings held captive by totalitarian regimes in other countries, and has helped feed and rebuild entire continents ravaged by war—and unlike any country before, we have done so and then left. We even fed and rebuilt our enemies.

America’s genius, which allows anyone with an idea to try it out, has created scientific and medical advancements that have saved hundreds of millions of lives.

It was the American promise that lifted the entire world from the ashes of the World Wars and elevated human beings. It is a promise that we always thought would be as timeless as it was strong—until today.

In our streets, in our great universities, we are watching the unraveling of that promise. For the first time, people are arriving who don't want to assimilate; they want to turn this land into the places they came from. It is not happening by accident: when protesters shout "Death to America," do you think they are kidding? Do you think they don't really mean it? We know the phrase is chanted on the streets of Tehran, but now we hear it in Michigan, we hear it on the Columbia University campus right here in New York City. Right now, they are shouting "From the river to the sea." Soon the chant will be "From coast to coast."

And yet many are surprised by the vicious anti-Semitism we are witnessing daily in colleges across the country. As the president of the World Jewish Congress, I have spent much of my adult life defending the Jewish people throughout the world and in Israel, and I am not surprised.

I've seen this hatred towards Jews, Israel, and America for more than twenty-five years. Like so much else, it is the result of radical and foreign professors indoctrinating students, who are taught to be anti-American as well as anti-Semitic and anti-Christian.

Always remember that anti-Semitism is anti-Americanism. There is absolutely no difference. It is the same hatred of our institutions and our way of life. It may be directed against Jews at the moment, but it is really directed at everyone in this room.

But anti-Semitism is not the only form of the anti-Americanism now rampant. A slew of pernicious forces coming from both outside and within are set on undermining our institutions, disrupting our way of life, and terminating this great experiment. In colleges and universities, they have infiltrated every single department. It's not just history and sociology that have been distorted, but also law, science, and medicine, even math and engineering.

The destruction of our great public-education system was at least fifty years in the making, as a generation of radical professors from the Vietnam era quickly took over their departments and cut off any opposing views. Remember the name Bill Ayers—the Weather Underground bomber from the 1960s? Ayers became a professor of education at the University of Illinois at Chicago and has had a huge impact on the courses our children take in grade school, not to mention the books they read. With instructors like this, you can't even call it education; it's indoctrination. Instead of the bus in the popular kindergarten song, it may as well be the wheels on the tank going round and round.

We see the results of this radicalization beyond our universities. We see it in our news media, in our legal system, in government—we are seeing it everywhere. The anarchy, the lawlessness on our streets is against America. Cancel culture—that is, shouting down anyone with a different view—is against America. Promoting wide-open borders, with no checks on who is coming in, is against America. Supporting diversity, equity, and inclusion policies that pit Americans against other Americans is against America. Dishonest journalism that poses as factual reporting is against America. Dishonest education, education that teaches the history of our great country not

as a triumph, but as imperialistic, racist, and evil, is against America. Vilifying success in this land of opportunity is not simply against America—it is also irrational and creates discord.

Defunding the police is not just against America; it defies even basic common sense. All of these notions align with a Marxist ideology that has destroyed other countries, enslaved and killed hundreds of millions of human beings, and not once worked. But Marxism isn't the only threat—look at where the foreign money is coming from that has been flowing into our universities for decades. Follow the money. Do the sources of these donations share our values?

Europe has already been hobbled by these forces. The United States stands alone as the defender of Western civilization. If our beacon is extinguished, then a darkness will fall upon this earth. Mark my words: climate change will not destroy the earth, but unchecked radicalism certainly will.

There is another, related issue: America is no longer a trusted ally. Henry Kissinger—a good friend of mine, a brilliant man with a wicked sense of irony—once worried that “it may be dangerous to be America’s enemy, but to be America’s friend is fatal.” The entire world has watched us abandon our friends, and this has weakened our standing in the world. It must stop now. We must stand by our friends.

America has always been strongest when we have been united. We have been a two-party system all along, and that has always worked for us. But now we are fighting each other and far from united. Look at it like a marriage. If the husband sues the wife and the wife sues the husband, one thing happens for sure—the family is destroyed. We are destroying our family. One recent president, who got a lot wrong, was nevertheless right when he said that we are not red or blue states, but the United States of America.

We must take back our institutions. Americans must rebuild our country from the ground up, and it has to start in kindergarten: our children must be taught the true and good parts of our history and not the woke history that anti-American teachers are forcing on them today. We have immigration laws, and those laws must be followed and obeyed: immigrants who want to build our country and continue its genius should be welcomed, but they must want to become productive Americans. An absolute meritocracy should be reinstated so our very best and brightest minds can help move us forward, and the color of their skin or their parent’s names should not be relevant, only their skillset. Our great universities must stop accepting foreign money—period—and students who break the law should be not just arrested but expelled.

It is not we who stand to benefit from all this so much as our children and our grandchildren. Just as Americans who came before us did their part, we must now do ours. We often look at our great achievements and assume they were always here. They were not. They had to be created, maintained, and defended by generations before us. Over a million Americans have given their young lives so we could live in peace and security. Over a million Americans never lived to fall in love, have families, and enjoy their freedom. How awful it would be if we simply discarded their sacrifice without even a thought of the precious gift they gave us.

I am an optimist by nature, and I look to other optimists for inspiration. Perhaps our nation's greatest optimist, Ronald Reagan, pointed to the answer to today's problem: American resilience will bring us back and will, no doubt, help us find our way back . . . back to the principles that have made us the greatest experiment and triumph in governance in human history.

I have always seen myself as a bridge-builder. During the last ten years, I have spent a great deal of time in the Middle East, working with many countries toward one goal: to bring these Arab Muslim countries together with the Jewish State of Israel. We have seen amazing progress, and I believe the Abraham Accords are just the beginning; there are other countries that want to join. What happened on October 7 happened for many reasons, but one of the attackers' goals was to disrupt these peace efforts. We must bear this in mind and make sure that these positive efforts will not be disrupted.

I'd like to end with one more quote from Reagan, spoken as he left the White House to fly back to his home in California after serving in his country's highest office for eight years:

I've spoken of the shining city all my political life, but I don't know if I ever quite communicated what I saw when I said it.

But in my mind it was a tall, proud city built on rocks stronger than oceans, windswept, God-blessed, and teeming with people of all kinds living in harmony and peace; a city with free ports that hummed with commerce and creativity. . . .

After two hundred years, two centuries, she still stands strong and true on the granite ridge, and her glow has held steady no matter what storm. And she's still a beacon, still a magnet for all who must have freedom, for all the pilgrims from all the lost places who are hurtling through the darkness, toward home.

If Reagan saw what is happening today, there would be a tear in his eye, because that shining city on the hill is in danger of losing its luster.

But he would also have unbounded determination to right our great ship. That is now up to all of us. We absolutely must and we will right our ship of state, and send it on its course of destiny.

A MESSAGE FROM THE EDITORS

Support our crucial work and join us in strengthening the bonds of civilization.

Your donation sustains our efforts to inspire joyous rediscoveries.

Ronald S. Lauder is a leading philanthropist, art connoisseur, and businessman.

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<https://newcriterion.com/article/protecting-americas-promise/>



**THIS WEEK
SEE PAGE 9**

NO BOARD OF SUPERVISORS MEETING

SLOCOG MEETING

ZERO EMISSION VEHICLE ACTIVITY

**BAN EVS? 15 REASONS ELECTRIC CARS SHOULD BE OFF OUR
ROADS FOREVER**

RHNA PROGRESS - 2023 ANNUAL “PROGRESS” REPORTS

*The County and 7 cities are slowly grinding away at meeting their Regional
Housing Needs Assessment (RHNA) requirements*

LEGISLATIVE UPDATE
HOW THE LARGE STATE BUDGET DEFICIT DEVELOPED

LAST WEEK
SEE PAGE 17

SLO PENSION TRUST

GOOD NEWS - WILL NOT NEED TO LOWER THE INTEREST ASSUMPTION RATE NEXT YEAR - LESS PRESSURE ON BUDGET

BOARD OF SUPERVISORS

MINOR CHANGES TO THE PROPOSED BUDGET AND REVIEW SCHEDULE

**SAN JAUN WATER DISTRICT ANNEXATION MYSTERY ITEM
(NO MATERIAL)**

**SLO CLERK RECORDER: LIMIT BALLOT INFORMATION
APPROVED BY BOARD ON 3/2 VOTE**

HOMELESSNESS PREVENTION & REDUCTION STATUS

**“WELCOME HOME VILLAGE” FOR THE HOMELESS
NOT SO WELCOME BUT APPROVED**

**END OF BOB JONES TRAIL? - CONDEMNATION & DEADLINES
(NO RESOLUTION)**

PLANNING COMMISSION

36 NEW UNITS IN SAN MIGUEL APPROVED

COLAB San Luis Obispo is seeking an experienced Executive Director to lead the organization’s advocacy and education efforts. This position will report directly to the Board of Directors, and will oversee administration, staffing, scheduling, and communications in addition to being COLAB’s principal advocate for a stronger business environment in our region. Qualified candidates will have experience in government, public policy, advocacy, and/or law, experience managing employees, and exemplary communication skills. (This is a

1099 Misc. position.) Interested parties may submit questions, or resumes and cover letters to colabslo@gmail.com.

EMERGENT ISSUES
SEE PAGE 25

***ANOTHER NEW GAS TAX: CA GAS PRICES TO INCREASE
ANOTHER 50-CENTS WITH ‘CLEAN AIR TAX’
THE CARB WILL CONTINUE RAISING GAS TAXES, ILLEGALLY, BECAUSE
MORE IS NEVER ENOUGH***

**HOW ONE OBVIOUS MISTAKE CREATED
CALIFORNIA’S BUDGET CRISIS**

THE “ENERGY TRANSITION” WON’T HAPPEN
*Foundational innovation in cloud technology and artificial
intelligence will require more energy than ever before—shattering any
illusion that we will restrict supplies*

HAPPY EQUITABLE MOTORING!
CAL TRANS LAUNCHES ROAD TAX PILOT PROGRAM

COLAB IN DEPTH
SEE PAGE 41

**TAKING BACK CALIFORNIA – PART FOUR:
ABUNDANT ENERGY**
*Possibly the most powerful and unifying political opportunity in
California today is to promote policies that will restore abundance and
reject policies that involve rationing*
BY EDWARD RING

SPONSORS



THIS WEEK'S HIGHLIGHTS

ALL MEETINGS ARE AT 9:00 AM UNLESS OTHERWISE NOTED

No Board of Supervisors Meeting on Tuesday, May 28, 2024 (Not Scheduled)

SLO County Council of Governments (SLOCOG) Meeting of Wednesday, May 29, 2024 (Scheduled) 9:00 AM

C-1: Zero Emission Vehicle Activity. The report does not seem to have a table indicating how many EV charging stations have been or are being installed as a result of SLOCOG or other governmental action. It is actually a discussion of some of the governmental grant programs that are available. The real metrics would include how many are needed by year, how many are funded by government, and how many are privately provided.

A real analysis would also forecast how many megawatts are required over the years as the all-electric vehicle mandate is phased in.

This could have been an interesting item, but is essentially useless.

The SLOCOG and its member agencies refuse to expose the myths of the so-called electric vehicle revolution in discussing and formulating policy. Check out the article below from the May 25, 2024 *Money and Investing Magazine*.

Ban EVs? 15 Reasons Electric Cars Should Be Off Our Roads Forever
Story by Money + Investing

With the increasing discussion surrounding electric vehicles (EVs), it is important to look beyond their environmentally friendly reputation. As the world focuses on sustainability, there are doubts about the actual expenses involved in shifting to electric transportation. This investigation reveals the various issues linked to electric cars, including environmental consequences, technological difficulties, and economic and infrastructure obstacles, providing a thorough insight into the intricate issues involved.

1. The Cost of Replacing Electric Vehicle Batteries

Although electric vehicles typically have fewer moving components compared to traditional internal combustion engine vehicles, their batteries can be quite costly to replace. This expense can significantly impact the total cost of owning an electric vehicle, potentially outweighing any savings that come from lower fuel and maintenance expenses throughout the vehicle's lifespan.

2. Socio-Economic Inequality

The transition to electric vehicles has the potential to widen socio-economic disparities. The increased price of EVs, along with the requirement for charging infrastructure, may hinder accessibility for individuals with lower incomes, leading to a possible rift in transportation accessibility. Furthermore, the shift to EVs could impact employment opportunities in sectors associated with traditional internal combustion engine vehicles, such as manufacturing, maintenance, and fuel distribution.

3. Environmental Cost of Battery Production

The manufacturing of electric vehicle (EV) batteries is a highly energy-intensive process that requires the extraction of rare earth metals. This extraction process has substantial environmental and ethical consequences. It results in the release of CO₂ emissions and can cause destruction to habitats and pollution of water sources. It is crucial to take into account these environmental costs when assessing the overall sustainability of electric vehicles.

4. Limited Range

Electric vehicles often have a shorter driving range on a single charge compared to gasoline vehicles with a full tank. This can be problematic for long-distance trips as drivers need to carefully plan their routes around charging station locations and factor in extra time for charging stops. The limited range and the need for additional planning may deter consumers who regularly drive long distances.

5. Limited Resale Value

Electric vehicles are often thought to have lower resale values compared to traditional cars, mainly because of worries about battery deterioration. Even though EV batteries are built to be long-lasting, there is still doubt surrounding their durability and expenses for potential

replacements. This doubt can result in accelerated depreciation rates for EVs, causing them to be less appealing for customers who prioritize the vehicle's future worth.

6. Increased Electricity Taxation

The rise in popularity of electric vehicles (EVs) presents a financial dilemma for governments, as they currently rely on fuel taxes to finance infrastructure projects. With the growing number of EVs on the road, there is a possibility of a significant decline in fuel tax revenues, prompting the government to consider implementing higher taxes on electricity. This potential change could impact not only EV owners but also the overall cost of electricity for households, as the tax system may struggle to differentiate between electricity consumption for vehicles and for residential use.

7. Dependency on Power Source Greenness

The impact on the environment from electric vehicles is largely determined by the type of electricity used to power them. When electricity is generated from fossil fuels like coal, the carbon dioxide emissions from EVs can be just as high as, or even exceed, those of traditional gasoline cars. This reliance underscores the importance of having a sustainable energy grid in place to fully realize the environmental advantages of electric vehicles.

8. Increased Electricity Demand

The rise in popularity of electric vehicles (EVs) is expected to cause a notable rise in electricity demand. This could potentially overwhelm current power grids, especially during peak charging periods like evenings when drivers recharge their vehicles after work. To handle this escalating demand, substantial upgrades in grid infrastructure and capacity will be necessary, along with advancements in smart charging technologies to spread out the load more evenly.

9. High Purchase Price

Electric vehicles often come with a higher initial price tag compared to traditional gasoline vehicles, mainly because of the costly batteries they require. While some incentives and tax credits can help offset these expenses, they are not universally offered and may not completely close the gap in cost. This disparity in price could limit the accessibility of electric vehicles to a wider audience, potentially hindering their widespread adoption. Additionally, the higher upfront cost may not necessarily result in equivalent savings in fuel and maintenance expenses, which could discourage potential buyers.

10. Insufficient Charging Points

The lack of charging stations has not kept up with the increasing number of electric vehicles on the road, causing difficulties in accessibility and convenience. This problem is especially problematic for people who are unable to install a home charger because of their living arrangements, such as those living in apartments or with street parking. The shortage of charging options can hinder the feasibility of owning an electric vehicle for many people.

10. Technology Obsolescence

The fast development of electric vehicle technology may render current EVs obsolete in a short period of time as newer models with enhanced range, quicker charging, and improved performance are introduced into the market. This rapid obsolescence can result in a rise in electronic waste and could potentially discourage consumers from purchasing current EV models, as they are aware that superior alternatives may soon be available.

11. Disposal and Recycling of EV Batteries

The disposal and recycling of electric vehicle (EV) batteries is a pressing environmental issue. These batteries contain hazardous materials that can pose serious risks to the environment and human health if not handled properly. Currently, the infrastructure for recycling EV batteries is inadequate, and there are technical challenges in effectively recycling the diverse materials found in these batteries. To address this issue, it is crucial to improve battery design to facilitate recycling, invest in recycling facilities, and develop more advanced recycling technologies.

12. Resource Intensive Manufacturing

The production of electric vehicles, especially their batteries, involves a large amount of resources such as rare earth elements and other materials that are often obtained from environmentally fragile areas or under questionable circumstances. The extraction and treatment of these materials can lead to considerable environmental harm, including deforestation, water contamination, and the release of greenhouse gases. Moreover, the energy consumed during these procedures is frequently derived from non-renewable sources, adding to the carbon footprint of electric vehicle manufacturing.

13. Infrastructure Challenges

In urban and high-density areas, the current EV charging infrastructure is frequently inadequate to handle the demand, resulting in lengthy wait times at charging stations. This issue is exacerbated by the fact that charging an electric vehicle takes much longer than filling up a gasoline car. These bottlenecks can occur, particularly during peak travel hours, and might discourage potential EV purchasers who are worried about the ease of charging.

14. Impact on Power Grid Stability

The growing popularity of electric vehicles (EVs) is expected to have a significant impact on the stability of the power grid. The current infrastructure is not equipped to handle the surge in electricity demand that would accompany widespread EV adoption, particularly during peak hours. This could result in more frequent power outages and necessitate substantial investments in upgrading and expanding the grid. To effectively manage this transition and maintain a reliable electricity supply, it will be crucial to develop and implement smart grid technologies and demand response systems.

15. Conclusion

When thinking about the future of transportation, it is clear that electric vehicles will play a crucial role in helping us move towards a more sustainable world. However, the shift to EVs comes with challenges in environmental, economic, and infrastructural areas. Addressing these issues requires a comprehensive approach that balances innovation and sustainability, ensuring that the advancement of electric transportation contributes positively to our global environmental objectives and societal needs.



D-1: RHNA Progress–2023 Annual Progress Report. The County and 7 cities are slowly grinding away at meeting their Regional Housing Needs (RHNA) requirements. The Commission letter states in part:

This report gives an update on jurisdictions’ progress towards completing their Regional Housing Needs Allocation (RHNA) in the San Luis Obispo Region. The 6th Cycle RHNA is 2019-2028. Data for permitted units by jurisdiction is available up to December 2023, marking halfway through Cycle 6th. Assuming progress at a steady rate, jurisdictions should have around 50% of their allocation permitted. Region wide, 5,419 housing units have been permitted out of 10,810 allocated units (52%)

Figure 1: 6th Cycle RHNA Allocations by Jurisdiction and Income Level

Jurisdiction	Total Allocation	Very Low	Low	Moderate	Above Moderate
Arroyo Grande	692	170	107	124	291
Atascadero	843	207	131	151	354
Grover Beach	369	91	57	66	155
Morro Bay	391	97	60	70	164
Paso Robles	1,446	356	224	259	607
Pismo Beach	459	113	71	82	193
San Luis Obispo	3354	825	520	603	1406
County of SLO	3,256	801	505	585	1365
Regional Total	10,810	2,660	1,675	1,940	4,535

Figure 1 shows the number of housing units allocated to each jurisdiction by income level. Allocations are spread by income levels of “Very Low” (24.6%), “Low” (15.5%), “Moderate” (18%), and “Above Moderate” (41.9%). The [2019 RHNA Plan](#) provides more detail on the 6th Cycle RHNA and SLOCOG’s role in the process.

G-1: Legislative Update. The item prepared by SLOCOG’s Legislative Lobbyist contains a good summary of the State Budget process so far. It also lists some of the likely impacts on

transportation and housing. It additionally provides a good summary of how the large State budget deficit developed.



May 40 24, 2024

TO: Board Members, San Luis Obispo Council of Governments
FROM: Gus Khouri, President
Khouri Consulting LLC

**RE: STATE LEGISLATIVE UPDATE – GOVERNOR’S FY 2024-25 STATE BUDGET-
MAY REVISE**

On May 10, Governor Newsom released his May Revision to the proposed FY 2024-25 State Budget, citing a \$27.6 billion General Fund deficit. Governor Newsom identified a \$37.9 billion deficit in January. The legislature took corrective action by passing AB 106 and SB 106 to find \$17.3 billion in solutions (borrowing, delays, reductions, and shifts), but lackluster receipts increased the deficit by \$7 billion. A \$28.4 billion structural deficit is also identified for FY 2025-26. Governor Newsom proposes a total of \$44.7 billion in solutions for FY 2024-25 (\$4.2 billion in reserves, \$3 billion in efficiencies, \$15.2 billion in reductions, \$14.8 billion in expansion pauses and shifts, and an additional \$7.5 billion in borrowing) to close the gap. For FY 2025-26, \$8.4 billion in Rainy Funds are used to balance the budget, leaving \$22.8 billion in reserves.

How Did We Get Here?

The May Revise cites \$201 billion in General fund spending, down from \$208.7 billion in January and \$288.1 billion overall when factoring in special funds (\$291.5 billion in January). This is a sharp turn from the past few years, following surpluses in the FY 22-23 State Budget (\$101.4 billion) and the FY 21-22 State Budget (\$74.3 billion) surplus, predominantly used for one-time expenditures rather than long-term obligations. This was attributable to a 55% increase in revenue from personal income tax, corporate tax, and capital gains revenue during the pandemic.

A portion of the deficit is attributable to the 33% reduction in capital gains, which contributed to the collection of only \$18 billion of the \$42.9 billion expected in tax receipts. Due to severe storms in 2022, the Internal Revenue Service delayed tax collection to November 16 in 55 of 58 counties, impacting 99% of all state taxpayers and the late estimates. Had the tax collection delay not been in place, most of the \$31.7 billion deficit for FY 23-24 would have been more significant due to lower tax receipts reflected in the May Revision and a smaller shortfall for FY 24-25. While the stock market rebounded and received nearly all its losses by the end of 2023, cash receipts for the year remained weak due partly to increased capital loss carryovers from 2022. New data for 2022 shows those losses grew by 62 percent, exceeding the 58 percent realized during the Great Recession in 2008.

Poor Forecasting

There is a disparity between forecasted and realized revenues. The “Big Three” revenues—personal income tax, corporate tax, and capital gains—were projected at \$210 billion in FY 2022-23 and \$220.9 billion in FY 2023- 24 but are not estimated at \$170.1 billion and \$177.7 billion, respectively. This represents a whopping \$83.1 billion difference (\$39.9B + \$43.2B) in revenue projection over actual.

Impact on Transportation

The 2022-23 Budget Act included \$13.8 billion for transportation programs and projects aligned with the state’s climate goals. The Budget maintains \$13.6 billion of these investments but includes \$200 million in reductions, \$791 million in fund shifts, and \$3.1 billion in delays across various programs.

Significant Budget Adjustments

- **Transit Intercity Rail Capital Formulaic Program** – A delay, from FY 24-25 to 25-26, of \$1.3 billion of formulaic Transit and Intercity Rail Capital Program funds provided in SB 125, leaving \$1 billion for this program in FY 24-25. Additionally, the Budget proposes to shift \$261.4 million of the remaining \$1 billion in FY 24-25 from the General Fund to the GGRF. This fund shift will have no programmatic impact.
 - **Transit Capital and Intercity Rail Capital Program** – A reduction of \$148 million in unused funds from Cycle 6, which is from the \$1.8315 billion balance dedicated to projects in Southern California, including the counties of Orange, Imperial, Los Angeles, Riverside, San Bernardino, San Diego, and Ventura.
 - **Active Transportation Program** – A reduction of \$399 million (\$300 million scored in FY 24-25 and \$99 million scored in FY 26-27), in addition to the \$200 million proposed in January, leaves \$451 million of General Fund, which is a 57 percent cut of the original contribution (\$1.05B). This likely impacts the California Transportation Commission’s ability to fund all projects awarded in Cycle 6, which covers FY 23-24 to FY 26-27. There are two projects that could be impacted: Niblick Road in Paso Robles (\$13.8M) and South Higuera Street in San Luis Obispo (\$6.9M). Applications for Cycle 7, which are due on June 17 and cover programming capacity between FY 2025-26 and FY 2028-29, could be delayed impacted. The ATP program annually generates \$275 million annually in funding, with Cycle 6 and 7 being exceptions. CalSTA Secretary Toks Omishakin noted that 980 million dollars over the next four years is programmed for biking and walking infrastructure improvements using SHOPP despite the cuts.
 - **Grade Separation Funding** – \$350 million in one-time General Fund revenues will be eliminated to fund seven projects statewide (\$251 million) and six port infrastructure projects (\$98.5 million). Secretary Omishakin stated that these high-priority investments would be a priority to backfill with federal funds from the Federal Rail Administration or the Federal Transit Administration, if possible.
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- **Transit Intercity Rail Capital Formulaic Program** – A delay, from FY 24-25 to 25-26, of \$1.3 billion of formulaic Transit and Intercity Rail Capital Program funds provided in SB 125, leaving \$1 billion for this program in FY 24-25. Additionally, the Budget proposes to shift \$261.4 million of the remaining \$1 billion in FY 24-25 from the General Fund to the GGRF. This fund shift will have no programmatic impact.
- **Transit Capital and Intercity Rail Capital Program** – A reduction of \$148 million in unused funds from Cycle 6, which is from the \$1.8315 billion balance dedicated to projects in Southern California, including the counties of Orange, Imperial, Los Angeles, Riverside, San Bernardino, San Diego, and Ventura.
- **Active Transportation Program** – A reduction of \$399 million (\$300 million scored in FY 24-25 and \$99 million scored in FY 26-27), in addition to the \$200 million proposed in January, leaves \$451 million of General Fund, which is a 57 percent cut of the original contribution (\$1.05B). This likely impacts the California Transportation Commission’s ability to fund all projects awarded in Cycle 6, which covers FY 23-24 to FY 26-27. There are two projects that could be impacted: Niblick Road in Paso Robles (\$13.8M) and South Higuera Street in San Luis Obispo (\$6.9M). Applications for Cycle 7, which are due on June 17 and cover programming capacity between FY 2025-26 and FY 2028-29, could be delayed impacted. The ATP program annually generates \$275 million annually in funding, with Cycle 6 and 7 being exceptions. CalSTA Secretary Toks Omishakin noted that 980 million dollars over the next four years is programmed for biking and walking infrastructure improvements using SHOPP despite the cuts.
- **Grade Separation Funding** – \$350 million in one-time General Fund revenues will be eliminated to fund seven projects statewide (\$251 million) and six port infrastructure projects (\$98.5 million). Secretary Omishakin stated that these high-priority investments would be a priority to backfill with federal funds from the Federal Rail Administration or the Federal Transit Administration, if possible.
- **Highways To Boulevards** – The program will receive a \$75 million reduction (a 50 percent cut). Secretary Omishakin stated that federal funds could be used to backfill the program.

Impact on Housing

Since 2019, the state has invested approximately \$5.2 billion in General Fund revenue into affordable housing and homeownership programs. To address the projected budget shortfall, the Budget proposes General Fund solutions to achieve a balanced budget. Adjustments include:

- **Multifamily Housing Program** – A reversion of \$75 million on top of the \$250 million General Fund cut proposed in January, which zeroes out the program.
- **Foreclosure Intervention Housing Preservation Program** – Eliminates the remaining \$236.5 million for the program, on top of January’s proposed reduction of \$247.5 million, for a total of \$484 million in cuts.
- **Homeless Housing, Assistance and Prevention (HHAP) Round 5 Grant Program** – A reduction of \$260 million.
- **Regional Early Action Plan (REAP)** – The \$300 million proposed cut (50 percent) to the Regional Early Action Plan (REAP) grants carries over as part of the Governor’s FY 24-25 January proposed budget.

LAST WEEK’S HIGHLIGHTS

SLO Pension Trust Meeting of Monday, May 20, 2024 (Completed)

Item 5 - March 2024 YTD Returns.

	1-month	YTD	2023	2022	2021	2020	2019
Total Fund (%) <i>(Gross)</i>	1.4	3.2	8.9	(8.0)	15.2	8.9	16.3
Policy Index (%)*	1.4	3.0	10.2	(9.7)	12.8	10	16.4

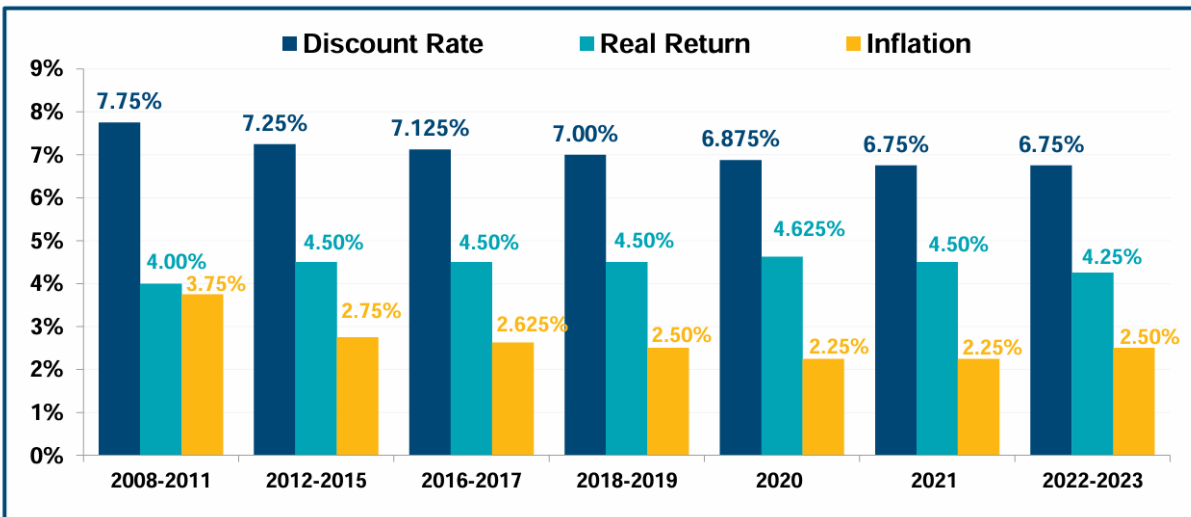
	YTD	2023	2022	2021	2020	2019
Market Value <i>(millions)</i>	\$1,737	\$1,694	\$1,614	\$1,775	\$1,552	\$1,446

Item 7 - January 1, 2024 Experience Study. The good news was that the consulting actuaries do not recommend a lowering of the overall interest assumption rate of 6.75%. This means that there will be no new pressure on the County Budget during FY 2024-25 for a large jump in the pension contribution. This is partially a result of the system meeting and/or exceeding its investment target over the past years.

There is pressure from overall salary increases, retirees living longer, and the buildup of Cost of Living Adjustment (COLA) banks. The latter are a formula based benefit designed as a hedge against inflation during retirement. In those years when the Southern California inflation rate increases, retirees may be eligible for anywhere from a 1% to 3% COLA. If the inflation rates

exceed their designated COLA, the overage percentage may be banked for use in years when there is a less COLA or no COLA. In recent years, the instances of these COLA bank designations have built up. The actuaries recommend that these accumulating obligations be incorporated into the liability calculations. This, in turn, along with longer lives, has resulted in the actuaries recommending that the pension contribution rate be increased an average of 2.4%.

Change in Unfunded Actuarial Liability (in thousands)	
Unfunded Actuarial Liability, January 1, 2023	\$ 942,632
Expected change in Unfunded Actuarial Liability	(12,807)
Decrease due to actuarial asset gains	(6,324)
Increase due to liability loss	29,435
Increase due to contribution experience and expenses	<u>2,496</u>
Total UAL change	\$ 12,800
Unfunded Actuarial Liability, January 1, 2024	\$ 955,432



Actual average returns on Market Value of Assets

5-year: 7.6%

10-year: 5.7%

For those readers who would enjoy a real understanding of how the actuarial assumptions are developed and the rates set, control click on the link below. When it opens scroll down to **Item 7**, the 2024 Experience study. It is fascinating and clear. It also provides insights to the economy.

January 1, 2024 Preliminary
Actuarial Valuation Results and
2024 Experience Study

May 20, 2024

Anne D. Harper, FSA, EA, MAAA
Alice I. Alsberghe, ASA, EA, MAAA

[May-20,-2024-SLOCPT-Board-Meeting-Materials.pdf \(ca.gov\)](#)

Board of Supervisors Meeting of Tuesday, May 21, 2024 (Completed)

Item 5 - Submittal of the FY 2024-25 Supplemental Budget to 1) publish the budget hearing schedule and 2) recommend adjustments to the FY 2024-25 Recommended Budget. There was no discussion nor any questioning by the Board members. These are final adjustments to the Proposed Budget, containing refinements that were developed after the book was presented. After various adjustments, the total budget increases slightly.

FY 2024-25		
	Governmental Funds	General Fund
Recommended Budget	\$851,776,290	\$741,183,885
Supplemental Budget	\$2,820,241	\$2,820,123
Amended Recommended Budget	\$854,596,531	\$744,004,008

Item 6 - Submittal of a notice to commence negotiations and a resolution accepting the negotiated exchange of property tax revenue and annual tax increment between the County of San Luis Obispo and the Shandon-San Juan Water District for Annexation No. 1 - Skyview. This was a mystery item, as there was no board letter or backup. In the end, the Auditor Controller told the Board that it was a ministerial item with no cost and no real policy consequences. The Board then approved it unanimously, even after a public speaker expert in water matters pointed out some problems.

Item 17 - It is recommended that the Board elect to opt out of the provisions of the Ballot DISCLOSE Act requiring the listing of supporters and opponents for county, city, district and school measures on the county ballot and future county ballots. After some public comment and considerable discussion, the Board voted 3/2 with Arnold and Peschong dissenting, to approve the Clerk's recommendation.

Background: This one seems like a reduction in service. Why wouldn't voters desire the information?

The Ballot DISCLOSE Act enacted in 2022 requires all ballot measures statewide to include a list of supporters and opponents to be printed directly on the ballot. As no funding was appropriated to support this requirement, the Ballot DISCLOSE Act creates an unfunded state mandate for counties, which already absorb most of the costs for state and federal elections. Logistical challenges also arise as the existing election timeline does not accommodate for the increase in operational demands to comply, including time and costs associated with verification, data input, proofreading, and translation.

Clerk Recorder Elaina Canto's Opinion?

Bizarrely, the County Clerk Recorder recommended omitting it on the basis that it is too costly, too much trouble, and too political. Huh?

Printing supporter/opponent lists could likely further politicize the ballot by increasing the potential for electioneering and promotion of candidates who may be on the ballot and are also signers of a measure. Including a supporter/opponent list on the ballot could also put the County Registrar of Voters in the position of accepting or denying abbreviations of supporters/opponents that may not be clear to voters due to the maximum character limit, which in turn may result in legal challenges to perceived unfair determinations or ambiguity.

Why wouldn't it be good to have the record on who is sabotaging **Proposition 13** for the casual voter? Why wouldn't be important for the casual voter to understand who is proposing tax increases?

While the intention of providing more information to voters is admirable, the more complicated and lengthy ballots become, the more likely they are to confuse voters and cause frustration. Simply printing the supporters and opponents of a local measure on the ballot does not provide the entire context of what a measure is, nor does it better inform the voter of the intent of the measure. Moreover, voters are provided with voter information guides (both state and local) and online election materials, which enable them to learn about candidates and measures.

It is estimated that implementing the Ballot DISCLOSE Act requirements could substantially increase the cost to conduct elections in the County of San Luis Obispo by approximately \$121,000 per election.

The Board should have rejected this one.

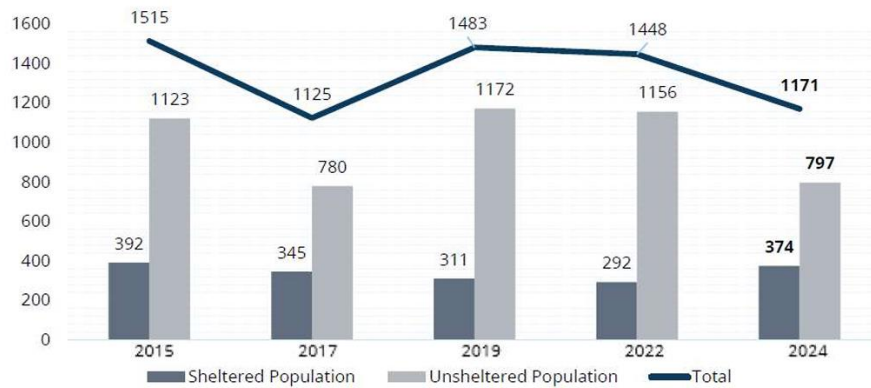
Item 37 - Request to receive and file a report on progress of County's Five-Year Plan to Reduce Homelessness and provide direction as outlined in the recommendation. The Board received an extensive report on progress toward reducing homelessness. The Board members expressed satisfaction with the effort so far. The data show a reduction so far. The report is not clear on how much the County is expending on homelessness prevention and reduction. Supervisor Peschong requested that staff develop a comprehensive report on the subject. It will need to contain a section on the direct County expenditures internally for both the direct and pass

through for the various for-profit contractors, not-for-profit contractors, municipal governments, and other local entities. The General Fund components should be displayed.

It will need a separate section on the State and Federal payments for SSI, general relief, food stamps, Cen Cal Health, Medi-Cal, Section 8 housing, and other entitlement type payments. In the end it will be over \$100 million per year when all components are included.

If the cost turns out to be around \$108 million, for example, the average cost for each of the 1171 homeless persons would be \$92,228 per year.

PIT Count snapshot



The proposed FY 2024-25 County Budget exhibits the table below for the Homelessness Division of the Social Services Department:

Funding Source	Amount
Community Development Block Grant (CDBG)	\$1,695,270
CDBG Covid Carryover	\$46,389
Encampment Resolution Carryover	\$102,670
HOME Investment Partnership (HOME)	\$1,066,054
Federal Emergency Shelter Grant (ESG)	\$149,655
State ESG	\$150,000
Continuum of Care (CoC)	\$1,328,143
Inclusionary Housing In-Lieu Fees (Title 29)	\$50,204
Homeless Housing, Assistance, and Prevention Program (HHAP) and California Emergency Solutions and Housing (CESH)	\$411,373
Permanent Local Housing Allocation (PLHA)	\$747,989
General Fund Contribution	\$4,909,148
Total Funding	\$10,656,895

Since some of these funds leverage other programs, the total impact is not known here. Many homeless persons also receive social security payments, housing assistance, food assistance, medical care, and other benefits that are not included here.

Control click on the link, below, to see the full report. It takes a minute to open.

<https://agenda.slocounty.ca.gov/iip/sanluisobispo/file/getfile/161507>

Item 39 - Submittal of a resolution approving the Welcome Home Village (WHV) Project, consisting of 46 permanent supportive residential housing units and 34 interim supportive housing residential units located at the corner of Johnson and Bishop Street in the city of San Luis Obispo, to reduce homelessness along the Bob Jones Trail encampment in the city of San Luis Obispo. As expected, there was a long hearing where area residents expressed reservations. The behaviors that underlie homelessness are threatening to some citizens and may lead to community deterioration over time. There were many promises about the controls that will be applied. In the end, the Board approved the project 3/1/0 with Arnold dissenting, Ortiz-Legg recused (she may have a property in the area), and Gibson, Paulding, and Peschong in favor. Under the circumstances, Peschong was the deciding vote. Staff and contractors will have to deliver or face difficulty in the future.

Background: The project will install small portable units for the homeless people on a parking lot across from the old County Hospital. There is mixed support and opposition from neighbors. The support seems to have been organized, as a number of the letters use the same structure and wording.

Site Location



A Similar Project



DRAFT
Conceptual
Site Plan



Item 40 - Request to receive an update on the scope change application and give staff direction on options to proceed with the Bob Jones Pathway Gap Closure Project in order to meet the grant funding timeline for the Bob Jones Pathway from the Octagon Barn to Ontario Road Project in Avila Beach. The Board received an update on the status and impasse. At this point, the staff will continue to attempt to work out some solution. The issues will be back on the Board's agenda soon.

The staff dropped this one in the Board's lap. This should also be an intense hearing. Bring your meals ready to eat and cocktails.

1. The County received an \$18 State million grant to complete a 4.5 mile section of the Bob Jones Trail, which connects San Luis Obispo to Avila Beach.
2. One of the owners of right of way has refused to sell a necessary segment to the County.
3. Some Supervisors are loath to use eminent domain for recreation purposes.

4. The alternative routes are less desirable and in some cases are not eligible for project funds, as they don't meet the State program requirements.

5. The project is deadlined by the state; unless the County spends the money timely, it will lose the grant.

Supervisors Arnold and Peschong oppose the use of eminent domain generally in this case. They should have surrendered their opposition in exchange for:

1. Reappointment to the Paso Basin Coordinating Committee.
2. Restoration of the Ag water ordinance, which provided water for small users in the Paso Basin.
3. Full Board support for preservation of Proposition 13 (Opposition to ACA 1 and ACA 13).
4. Permanent rejection of the Housing in Lieu Tax.
5. Increased percentage of the Budget dedicated to capital improvements and roads.
6. Rezone of 4,000 acres of unincorporated county land for homes.

In the end they simply reaffirmed their opposition to condemnation.

Item 41 - Any Supervisor may ask a question for clarification, make an announcement, or report briefly on his or her activities. In addition, Supervisors may request staff to report back to the Board at a subsequent meeting concerning any matter or may request that staff place a matter of business on a future agenda. Any request to place a matter of business for consideration on a future agenda requires the majority vote of the Board. There were no new initiatives or reports requested.

SLO County Planning Commission Meeting of Thursday, May 23, 2024 (Completed)

Item 4 - Hearing to consider a request by James and Debra Saunders for a Conditional Use Permit to (DRC2019 00252) to construct 36 multi-family residential units on a two-acre site APN: 021-371-002 and APN: 021-371 003. The project would consist of seven one-story buildings, onsite parking, and landscaping. The project will result in ground disturbance of the entire two-acre site. The project is within the Recreation land use category and located at 777 Monterey Road, in the community of San Miguel. The project was approved 4/0/0 with Commissioner Campbell absent.

Background: In a 3,500 square mile County, they have to site them in a triangle between the 101 and an off ramp. Heat and noise will impact these apartments.

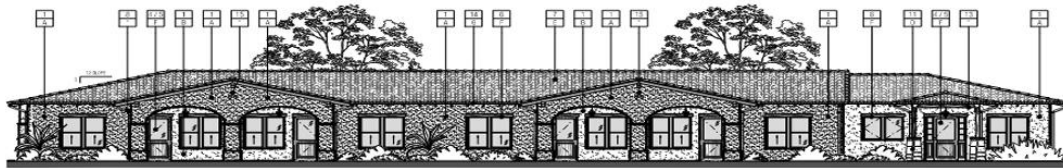
The proposed 36 market rate units would be configured within seven one-story apartment buildings, including five different building designs. The specific data of the buildings is

described below (Table 1). The proposed design for the project is Spanish style with red tile roofing and stone accents to resemble the design of the Mission of San Miguel. Additionally, the project includes a 6-foot-tall metal noise mitigation wall along the western side of the property line adjacent to Highway 101. The project is also proposing trees to be planted along the noise wall to help mitigate noise.

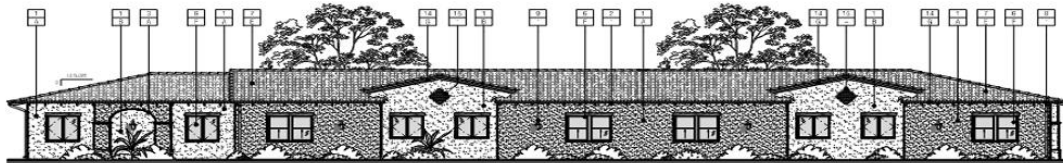
Table 1. Summary of Proposed Multi-Family Apartment Buildings

Building Design	Number apartment units	Total Bedrooms	Individual Building Square Footage (Gross square Feet)	Individual Building Square Footage (Net square Feet)
A	5	10	4,282	4,066
B	6	12	5,090	4,836
C	4	8	3,360	3,188
D	7	14	5,900	5,606
E	3	6	2,553	2,418
F	4	8	3,360	3,188
G	7	14	5,900	5,606
Total	36	72	30,445	28,908

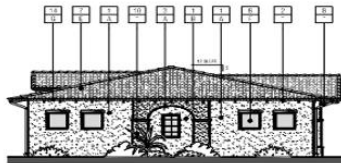




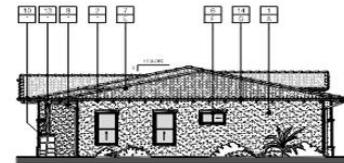
1 Proposed Building Elevation - Front (Entry)



2 Proposed Building Elevation - Back



3 Bldg Elevation - Side



4 Bldg Elevation - Side

EMERGENT ISSUES

Item 1 - Another New Gas Tax: CA Gas Prices to Increase Another 50-Cents with 'Clean Air Tax'

The CARB will continue raising gas taxes, illegally, because more is never enough
 By Katy Grimes, May 21,

I get the feeling that California drivers may just initiate a Sacramento Tea Party, but instead of dumping highly taxed tea into the harbor, this one may involve gas pumps.

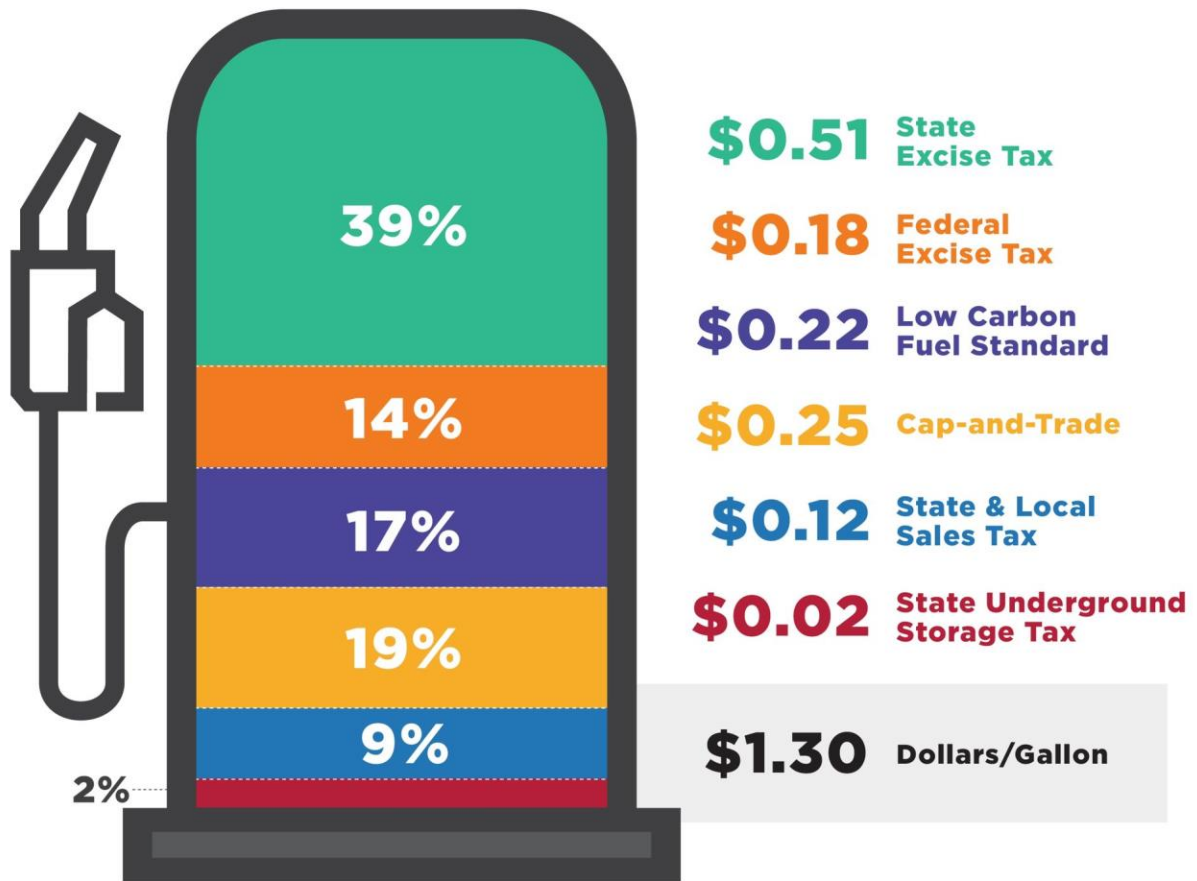
We already know that California's gas prices and gas taxes are the highest in the nation. Buckle up – they are going higher.

The California Governor, Legislature and State Air Resources Board are working hand in glove to restrict the availability of oil and gas and increase the cost of gas at the pump so severely, middle class and working class drivers will be making choices between groceries and fuel for the car.

The California Air Resources Board is mandating an additional 50 cents per gallon be added to the price of gas in California. This is all part of the goal to force California’s drivers out of their cars, and/or into electric vehicles. But ultimately, the Democrats’ goal is to ban petroleum-powered internal combustion engines by 2035 and gas-powered vehicles.

CA GAS PRICES

Effective March 15, 2022



Source: California Energy Commission, OPIS West Coast Spot Market Report

Disclaimer: This infographic shall not be constructed as a forecast of fuel prices. The basic rules of supply and demand have an impact on the price of gasoline. Additionally, local taxes and fees also account for the cost of gasoline to consumers.

California gas taxes, 2022. (Photo: cec.ca.org)

It is important to note that all tax increases are required to be voted on by the California Legislature. But the CARB – a state agency made up of political appointees – has been bypassing the Legislature for years and passing their own “clean air” and “climate change” taxes – obviously with the implicit approval of the Legislature.

The end goal is to price the middle class out of their cars. The left claims that it is all part of the goal to reduce greenhouse gas emissions by 85-percent by 2045.

	GASOLINE	DIESEL
FEDERAL	18.4	24.4
STATE	57.9	44.1

PLUS ALL OTHER APPLICABLE STATE AND LOCAL SALE TAXES AND FEES
(DIESEL FUEL NOT AVAILABLE AT ALL LOCATIONS)

Federal and State gas taxes, California. (Photo:

Katy Grimes for California Globe)

In a death-by-a-thousand-cuts measure, there is also a bill to further harm California’s oil and gas industry by allowing local governments to ban oil and gas operations.

According to the Western States Petroleum Association:

“Assembly Bill 3233 by Assemblywoman Dawn Addis (D-Morro Bay) and Sen. Scott Wiener (D-San Francisco), would authorize a local entity, by ordinance, to limit or prohibit oil and gas operations. In 2023, the California Supreme Court held that State law, and in particular Section 3106 of the Public Resources Code (PRC), preempts any contradictory ban or limitation imposed by a local authority on the methods of oil and gas production in its jurisdiction. The bill seeks to circumvent the recent California Supreme Court case law and Section 3106 PRC, and replace the comprehensive, longstanding State law with a patchwork of local ordinances that may ban or add unfeasible limits to oil and gas exploration, production and abandonment work.

By allowing local governments to adopt ordinances that may prohibit or significantly restrict an operator’s right to operate its existing oil and gas production wells or other facilities, AB 3233 has the potential to expose these local governments to significant liability. Operators hold valuable property rights in their existing oil and gas production operations. A local ordinance that results in a facial or de facto prohibition may result in an unconstitutional violation of the Takings Clause under the federal and state constitutions unless the local government pays just compensation for the taking of these property rights from the operator.”

Here are some of the costly taxation policies implemented in California by the Legislature, Governor and Air Resources Board that drive up the cost of gasoline:

- 59.6 cents – State gas tax – increases annually
- 28 cents – Cap and Trade (estimate)
- 23 cents – Low Carbon Fuel Standard (estimate)
- 2 cents – Underground Storage Fee

- 10-15 cents – California’s switch to summer-blend costs more to produce than other types of gasoline.
- 14.4 cents – State sales tax (estimate based on 6/20 average price)
- 18.4 cents – Federal Excise tax

California’s total gas tax is approximately \$1.43 per gallon today – on top of increasing gas prices, and will be nearly \$2.00 per gallon by 2026.



Janet Nguyen

State Senator Janet Nguyen (R-Huntington Beach) is on a mission to make sure voters and consumers know about this latest hit, which she calls a “secret” tax. She said in an email Monday:

Did you know that we have a carbon gas tax that will rise to 47 cents next year? For those of you who drive a lot, this will be several thousands of dollars a year in taxes you didn’t anticipate. I was shocked when I learned about it because neither the governor nor the California Air Resources Board – who is implementing the tax – has warned us.

In 2026, the carbon tax will be 52 cents and keep increasing each year. So I’m on a mission to let everyone know. This tax will promote electric vehicles on top the gas tax we already pay. Even Newsom’s own Energy Commission admits that California already adds \$1.25 in taxes/fees to the price of a gallon of gasoline.

I’ve had about a dozen appearances on TV, radio and in digital news discussing this. I also started a petition against this carbon gas tax that you can find [here](#).

Here is [one of her appearances on Fox News](#), and her YouTube message:

The [2023 CARB Low Carbon Fuel Standard amendments document](#) unabashedly outlines in black-and-white, the new gas tax increases through 2042 (page 57):

Table 22 presents a range of potential LCFS credit price pass-through for gasoline, diesel, and fossil jet due to the proposed amendments relative to the baseline. The range is based on staff's analysis described in the sections above. Once the proposed amendments are implemented in 2024, they are projected to potentially increase the price of gasoline by an average of \$0.37 per gallon, potentially increase the price of diesel by an average of \$0.47 per gallon, and fossil jet fuel \$0.35 per gallon based on the average change in estimated annual LCFS credit price and annual deficits from 2024 through 2030. On average, from 2031 through 2046 the proposed amendments are projected to potentially increase the price of gasoline by \$1.15 per gallon, potentially increase the price of diesel by \$1.50 per gallon and fossil jet fuel by \$1.21 per gallon.

Table 22: Gasoline, Diesel, and Fossil Jet Fuel Pass-through Cost

Year	Gasoline (\$/gal)	Diesel (\$/gal)	Fossil jet fuel (\$/gal)
2024	0.12	0.14	0.00
2025	0.47	0.59	0.44
2026	0.52	0.66	0.50
2027	0.49	0.62	0.47
2028	0.39	0.50	0.38
2029	0.38	0.48	0.38
2030	0.25	0.32	0.25
2031	0.47	0.60	0.47
2032	0.59	0.76	0.60
2033	0.66	0.85	0.68
2034	0.72	0.94	0.75
2035	0.79	1.03	0.82
2036	0.86	1.12	0.89
2037	1.25	1.63	1.31
2038	1.44	1.88	1.51
2039	1.69	2.21	1.78
2040	1.80	2.35	1.90
2041	1.83	2.40	1.94
2042	1.61	2.12	1.71

CARB

gas, diesel and jet fuel tax. (Photo: www2.arb.ca.gov/sites/default/files/2023-09/lcfs_sria_2023_0.pdf)

If unchecked, the CARB will continue raising gas taxes, illegally, because more is never enough.

Katy Grimes, the Editor in Chief of the California Globe, is a long-time Investigative Journalist covering the California State Capitol, and the co-author of California's War.

Item 2 - How One Obvious Mistake Created California's Budget Crisis , By: Lee Ohanian

California's budget went from an assumed \$98 billion surplus, in which there was so much cash in state coffers that Gov. Gavin Newsom was giving away \$50,000 to randomly selected individuals to get a COVID-19 vaccine, to a projected \$73 billion deficit in only about two years.

Much of this could have been avoided if, in 2022, California hadn't made obvious, enormously unrealistic revenue assumptions for future years that falsely painted far too optimistic a fiscal portrait for the state. In a nutshell, here is what happened: in fiscal year 2021–22, state tax revenues rose around 55 percent—about \$70 billion—over the previous fiscal year. This revenue windfall significantly reflected taxpayers realizing capital gains, particularly high-income taxpayers who were facing a marginal tax rate of 13.3 percent at the time.

For decades, California's revenues have been driven by a capital gains roller coaster in which revenues spike in years in which the stock market booms and investors sell stocks and other assets, after which capital gains revenues decline. The 2021–22 fiscal year was the mother of all capital gains roller coaster peaks. It seems obvious that the revenue roller coaster would decline after that, particularly with the stock market falling about 23 percent between the end of 2021 and mid-June 2022, when the 2022–23 fiscal year budget was signed.

However, Newsom's budget staff assumed that the revenue bonanza from 2021 would not just continue but would grow to an even bigger bonanza in future years. These revenue assumptions were patently unrealistic, particularly with the long-standing history of capital-gains revenue crashes following booms and with the stock market declining considerably in real time during the first half of 2022.

Despite this, Newsom's staff predicted revenues for fiscal years 2022–23 and 2023–24 that were roughly \$80 billion higher than what was realized.

To put the 2022–24 revenue prediction errors in perspective, New York is the only state that had a general fund budget at that time exceeding this error.

These unrealistic assumptions led Newsom in June 2022 when he signed the budget to state that “No other state in American history has ever experienced a surplus as large as this.” But when reality bit, it bit hard, and the ephemeral surplus morphed into a deficit.

In this year's budget proposal, Newsom's revenue assumptions for the future have declined enormously, by about \$40 billion less per year. And this is an important factor driving the Legislative Analyst's Office to forecast a \$73 billion budget deficit for fiscal year 2024–25.

Another key factor driving the deficit forecast is that our current budget, which ends at the end of next month, was based on these erroneous assumptions and consequently rose far too much. Spending increased about 63 percent in the last five years to over \$320 billion in the current fiscal year. By comparison, the 1964–65 state budget, which was during the heyday of California's population growth (California's population rose over 25 percent in the decade of the 1960s), was \$2.35 billion.

If the 1964–65 budget had grown to accommodate population growth and accounted for inflation, then it would be just \$38.6 billion today. Even tripling that amount to allow for higher quality and/or higher cost public goods and services now than were purchased back in the day

would leave the budget at about \$116 billion today, compared to the actual budget of more than \$320 billion.

Having substantially overspent in previous years, Newsom and the Legislature must now cut many programs to achieve a balanced budget for fiscal year 2024–25. Newsom’s latest budget proposal for 2024–25 calls for cutting hundreds of programs and using about \$12 billion in reserves, nearly half of the reserve account, in a \$288 billion budget. The latest budget proposal omits any discussion of how such enormous revenue assumptions were made in previous years. Newsom’s revised proposal cuts high-return investments in broadband internet for poor communities, which includes installing high speed internet for public libraries in rural areas, and programs for foster kids. In addition, there are long-standing deficiencies within the state, including \$70 billion in deferred maintenance.

As programs are being cut, debates about budget priorities come to the fore. One spending area receiving significant pushback is Newsom’s plan to fund health care for all low-income people, irrespective of their immigration status. This program, which has not been cut, this would cost upwards of \$3 billion per year and would include around 700,000 illegal migrants. Given the number of illegal border crossings at the southern border in recent years, immigration is viewed as the number one problematic issue facing the country, according to a recent Gallup poll. And with a promise to provide free health care to all low-income people, it is perhaps not surprising that San Diego now has the most illegal border crossings of any location along the southern border.

California’s Legislature now has about four weeks to finalize a 2024–25 budget with Newsom. There is one silver lining to the budget reduction, which is that proposed legislation to create a state-run single payer health care system, which would outlaw private insurance and replace Medicare, was killed due to its budget implications. Assembly Bill 2200, the “Guaranteed Healthcare for All” Act, would perhaps cost over \$500 billion per year.

Even though nearly all Californians have health insurance (92 percent in 2022), the advocates for this bill want the state to pay for all health care for everyone, with a focus on health care equity. Eliminating AB 2200 is a big positive because I see no chance that the state could ever realistically run such a program, given its many administrative failures over time, ranging from the Department of Motor Vehicles, which was called a “car wreck of a bureaucracy” in 2019 by the *San Francisco Chronicle*, to the dysfunctional Employment and Development Department, which paid out \$32 billion in fraudulent unemployment claims during the pandemic, failed to pay legitimate claims, and couldn’t answer the phones. It is a sad situation when a budget crisis is needed to stop bad government. But this is California.

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He is associate director of the Center for the Advanced Study in Economic Efficiency at Arizona State University and a research associate at the National Bureau of Economic Research, where he codirects the research initiative Macroeconomics across Time and Space. He is also a fellow in the Society for the Advancement of Economic Theory. May 21, 2004, Hoover Daily Update.

Item 3 The “Energy Transition” Won’t Happen

Foundational innovation in cloud technology and artificial intelligence will require more energy than ever before—shattering any illusion that we will restrict supplies.

May 23 2024

The laptop class has rediscovered a basic truth: foundational innovation, once adoption proceeds at scale, is followed by an epic increase in energy consumption. It’s an iron law of our universe.

To illustrate that law, consider three recent examples, all vectors leading to the “shocking” discovery of radical increases in expected electricity demand, now occupying headlines today. First, there’s the electric car, which, if there were one in every garage, as enthusiasts hope, would roughly double residential neighborhood electricity demands. Next, there’s the idea of repatriating manufacturing, especially for semiconductors. This is arguably a “foundational innovation,” since policymakers are suddenly showing concern over the decades-long exit of such industries from the U.S. Restoring American manufacturing to, say, the global market share of just two decades ago would see industrial electricity demand soar by 50 percent.

And now the scions of software are discovering that both virtual reality and artificial intelligence, which emerge from the ineluctable mathematics of machine-learning algorithms, are anchored in the hard reality that [everything](#) uses energy. This is especially true for the blazing-fast and power-hungry chips that make AI possible. Nvidia, the leader of the AI-chip revolution and a Wall Street darling, has over the past three years alone [shipped](#) some 5 million high-power AI chips. To put this in perspective, every such AI chip uses roughly as much electricity each year as do three electric vehicles. And while the market appetite for electric vehicles is sagging and ultimately limited, the appetite for AI chips is explosive and essentially unlimited.

Consider a recent [headline](#) in the [Wall Street Journal](#): “Big Tech’s Latest Obsession Is Finding Enough Energy”—because the “AI boom is fueling an insatiable appetite for electricity.” And, as [Reuters](#) reports, “U.S. electric utilities predict a tidal wave of new demand Nine of the top 10 U.S. electric utilities said data centers were a main source of customer growth.” Today’s forecasts see near-term growth in demand for electric power three times as great as in recent years. Rediscovery of the iron law of growth inspired an urgent [Senate](#) hearing on May 21 entitled “Opportunities, Risks, and Challenges Associated with Growth in Demand for Electric Power in the United States.” (Full disclosure; a hearing at which I testified.)

Data centers, the information “powerplants” at the center of the cloud revolution, are flagged as the primary culprit for this exploding power demand. These warehouse-scale buildings are chock-full of all manner of computer chips, including conventional processors, memory chips, and communications chips. And now datacenters are pouring AI chips into the mix as fast as manufacturing plants can build them. As one researcher [notes](#), adding AI to Google “search”

boosts the energy use per search tenfold. And that's only the first, perhaps the least, significant of the many possible applications for AI.

As one senior operative at Friends of the Earth [recently](#) put it: “We can see AI fracturing the information ecosystem just as we need it to pull it back together.” The fracturing is not about AI and child safety, or deep fakes, or the looming threat of new regulations. It's about aspirations for an “energy transition” in how the world is fueled. It is inconvenient, to put it mildly, to see demand for electricity—especially reliable, 24–7 supply—take off at the same time as regulators are forcing utilities to shut down conventional power plants and spend money on costlier and less reliable power from wind and solar hardware. The epiphany that transition aspirations and the power realities of AI are in conflict was epitomized in a recent [New Yorker](#) essay titled, “The Obscene Energy Demands of A.I.” The article's subtitle asks: “How can the world reach net zero if it keeps inventing new ways to consume energy?” The question answers itself.

The challenge is not only the need for far more electricity than forecast a mere year or so ago but also the need for it to be both inexpensive [and](#) available precisely when needed—and soon. New factories and new datacenters are coming online rapidly with many more coming in a few years, not decades. There aren't many ways to meet the velocity and scale of electric demand coming without a boom in building more natural-gas-fired power plants.

This seemingly sudden change in the electricity landscape was predictable—and predicted. Almost exactly 25 years ago, my long-time colleague [Peter Huber](#) and I published articles in both [Forbes](#) and the [Wall Street Journal](#) pointing to the realities at the intersection of energy and information. (A decade ago, I also published a [study](#) on the matter, which, it turns out, accurately forecast electric demands from data, and I more recently expanded on that theme in my book [The Cloud Revolution](#).) At the time, we were nearly alone in making such observations in the public-policy space, but we were far from alone in the technical community, which has long recognized the power realities of information. Indeed, in the engineering community, the convention for talking about the size of datacenters is in terms of megawatts, not square feet.

There's a full-on race in the tech industry, and in tech-centric investment communities, to spend billions of dollars on new AI-infused infrastructures. The furious pace of expanding manufacturing to produce AI-capable silicon chips and simultaneously building massive, AI-infused datacenters is shattering the illusion that a digital economy enables a decoupling of economic growth from rising energy use.

As recently as two years ago, an analysis from the [OECD](#) (an organization in the vanguard of the “energy transition” vision) concluded: “Digital transformation is increasingly recognised as a means to help unlock the benefits of more inclusive and sustainable growth and enhanced social well-being. In the environmental context, digitalisation can contribute to decoupling economic activity from natural resource use and their environmental impacts.” It turns out that the physics of power and information neutered that aspiration.

Now the key question for policymakers and investors is whether the current state of affairs is a bubble or signals a more fundamental shift. Just how much more power will information consume? It is now conventional wisdom to see the digital economy as vital for economic growth, and that information supremacy matters both for economies and for militaries. But the

core feature of an information-centric economy is in the manufacturing and operation of digital hardware—and unavoidably, the energy implications of both.

To see what the future holds, we must take a deep dive into the arcana of today’s “cloud,” the loosely defined term denoting the constellation of data centers, hardware, and communications systems.

Each datacenter—and tens of thousands of them exist—has an energy appetite often greater than skyscrapers the size of the Empire State Building. And the nearly 1,000 so-called hyperscale datacenters each consume more energy than a steel mill (and this is before counting the impacts of piling on AI chips). The incredible level of power use derives directly from the fact that just ten square feet of a datacenter today has more computing horsepower than all the world’s computers circa 1980. And each square foot creates electric power demands [100 times](#) greater than a [square foot](#) of a skyscraper. Even before the AI revolution, the world was adding tens of millions more square feet of datacenters each year.

All that silicon horsepower is connected to markets on an information highway, a network whose scale vastly exceeds that of any of its asphalt and concrete analogues. The universe of communications hardware transports bytes not only along “highways” comprised of about 3 billion miles of glass cables but also along the equivalent of another 100 billion miles (that’s 1,000 times the distance to the sun) of invisible connections forged by 4 million cell towers.

The physics of transporting information is captured in a surprising fact: the energy used to enable an hour of video is greater than the share of fuel consumed by a single person on a ten-mile bus ride. While a net energy-use reduction does occur when someone Zooms rather than commutes by car (the “dematerialization” trope), at the same time, there’s a net [increase](#) in energy use if Zoom is used to attend meetings that would never have occurred otherwise. When it comes to AI, most of what the future holds are activities that would never have occurred otherwise.

Thus, the nature of the cloud’s energy appetite is far different from that of many other infrastructures, especially compared with transportation. For transport, consumers see where 90 percent of energy gets spent when they fill up a gas tank or recharge a battery. When it comes to information, though, over 90 percent of energy use takes place remotely, hidden away until utilities “discover” the aggregate impact.

Today’s global cloud, which has yet to absorb fully the power demands of AI, has grown from nonexistent, several decades ago, to using twice as much electricity as Japan. And that estimate is based on the state of hardware and traffic of several years ago. Some [analysts](#) claim that, as digital traffic has soared in recent years, efficiency gains were muting or even flattening growth in datacenter energy use. But such claims face countervailing factual trends. Since 2016, there’s been a dramatic acceleration in datacenter [spending](#) on [hardware](#) and [buildings](#), along with a huge [jump](#) in the power density of that hardware—and again, all of this before the AI boom.

To guess what the future holds for the energy appetite of the cloud, one must know two things: first, the rate at which efficiency improves for digital hardware in general, especially for AI chips; second, the rate of growth in demand for data itself.

The past century of modern computing and communications shows that demand for data has grown far faster than engineers can improve efficiency. There's no evidence to suggest this trend will change. In fact, today's information-system energy use is the **result** of astounding gains in computing energy-efficiency. At the energy-efficiency of computing circa 1984, a single iPhone would use as much power as a skyscraper. If that were the case, there would be no smartphones today. Instead, we have billions of them. The same patterns hold across the entire silicon landscape, including for AI. Chip efficiencies for AI are improving at a blistering pace. Nvidia's latest chip is 30-fold faster for the same power appetite. That won't save energy—it will accelerate the market's appetite for such chips at least 100-fold. Such is the nature of information systems. And the continued and dramatic improvement in AI chip efficiencies is built into the assumptions of all the industry-insider forecasts of ballooning overall energy use for AI.

But this raises the fundamental question: Just how much demand is there for data, the “fuel” that makes AI possible? We are on the precipice of an unprecedented expansion in both the variety and scale of data yet to be created, stored, and subsequently refined into useful products and services. As a practical matter, information is an infinite resource.

If it feels as though we've reached a kind of apotheosis in all things digital, the truth is otherwise: we are still in the early days. As an economic resource, data are unlike natural analogues—because humanity literally creates data. And the technological means for generating that resource are expanding in scale and precision. It's one of those rare times when rhetorical hyperbole understates the reality.

The great explosion of data production will come from the nature and capacity to observe and measure the operation and activities of both our **built** environment and our natural environment, amplified by the increasing automation of all kinds of hardware and systems. Automation requires sensors, software, and control systems that necessarily generate massive data streams. Long before we see the autonomous car, for example, the “connected” car, with all its attendant features and safety systems, is already generating massive data flows.

Similarly, we're seeing radical advances in our capacity to sense and measure all the features of our **natural** environment, including our own bodies. Scientists now collect information at astronomical scales, not only in the study of astronomy itself but also in the biological world, with new instruments that generate more data per experiment than trafficked on the entire Internet a few decades ago.

All trends face eventual saturation. But humanity is a very long way away from peak information supply. Information, in effect, is the only limitless resource.

One way to guess the future magnitude of data traffic—and derivatively the energy implications—is in the **names** of the numbers we've had to create to describe quantities of data. We count food and mineral production in millions of tons; people and their devices in billions of units; airway and highway usage in trillions of air- or road-miles; electricity and natural gas in trillions of kilowatt-hours or cubic feet; and our economies in trillions of dollars. But, at a rate of a trillion per year of anything, it takes a **billion** years to total one “zetta”—i.e., the name of the number that describes the scale of today's digital traffic.

The numerical prefixes created to describe huge quantities track the progress of society's technologies and needs. The "kilo" prefix dates back to 1795. The "mega" prefix was coined in 1873, to name 1,000 kilos. The "giga" prefix for 1 billion (1,000 million) and "tera" (a trillion, or 1,000 billion) were both adopted in 1960. In 1975, we saw the official creation of the prefixes "peta" (1,000 giga) and "exa" (1,000 peta), and then the "zetta" (1,000 exa) in 1991. Today's cloud traffic is estimated to be roughly 50 zettabytes a year.

It's impossible to visualize such a number without context. A zetta-stack of dollar bills would reach from the earth to the sun (93 million miles away) and back—**700,000 times**. All the molecules that comprise the Earth's atmosphere weigh about five zettagrams. Even if each byte entails an infinitesimal amount of energy, the sheer volume of zettabyte-scale operations leads to consequential energy use.

Until just over a year ago, there was only one remaining official prefix name for a number bigger than a zetta: the 1,000 times bigger "yotta." Given the AI-accelerated pace of data expansion, we'll soon be in the yottabyte era. So now the bureaucrats in the Paris-based International Bureau of Weights and Measurements have [officially](#) given names to even bigger numbers, because before long, data traffic will blow past the yottabyte scale. One thousand yottabytes? That's a ronnybyte. Your children will be using such numbers.

Such astonishing volumes of data being processed and moved will overwhelm the gains in energy efficiency that engineers will inevitably achieve. Already today, more capital is spent globally on expanding the energy-consuming cloud each year than all the world's electric utilities combined spend to produce more electricity.

Credit Andreessen Horowitz's "[Techno-Optimist Manifesto](#)" for observing that "energy is the foundational engine of our civilization. The more energy we have, the more people we can have, and the better everyone's lives can be." Our cloud-centric and AI-infused twenty-first-century infrastructure illustrates this fundamental point. The world will need all forms of energy production imaginable. An "energy transition" would only restrict energy supplies—and that's not going to happen. The good news is that the U.S. does have the technical and resource capacity to supply the energy needed. The only question is whether we have the political will to allow the proverbial "all of the above" energy solutions to happen.

Mark P. Mills is a contributing editor of City Journal, executive director of the National Center on Energy Analytics, a strategic partner in the energy fund Montrose Lane, and author of [The Cloud Revolution: How the Convergence of New Technologies Will Unleash the Next Economic Boom and a Roaring 2020s](#). City JOURNAL, May 24, 2024.

Item 4 – Cal Trans Launches Road Tax Pilot Program

Happy equitable motoring!

By [Thomas Buckley](#), May 24, 2024

You'll never drive alone again.

If you were worried that Sacramento would turn off or even slow down its perpetual stupid machine, fear not: the vehicle miles traveled (VMT) tax pilot program has been launched! CalTrans is right now looking for 800 Californians to “test” the concept of paying taxes for every mile they drive rather than paying the gas tax at the pump.

The idea of the VMT has been percolating through the halls of DC and Sacramento and your local transportation agency for years only to be met with public howls of outrage causing local electeds to flee in terror from even the idea of being associated with the tax.

That's because, if and when fully implemented, a VMT tax needs to know exactly when and where you are driving at all times and the public is overwhelmingly against the idea of being tracked by the government.

For now.

At its most basic, a VMT tax involves charging a driver a fee for every mile they drive, and/or when they drive on a particular street, and/or in a particular area, and/or at a particular time of day – all three combined.

For this happy joy pilot, though, only the flat miles a person drives are being tracked, regardless of where and when. That's to get the public used to the idea of tracking miles – only later when it's mandatory will the where and when be added.

Either way, for such a tax to work the state must keep track of a person's driving habits. For the pilot, the state is offering a few ways to do that:

- Plug-in Device: Inserted into dash and can use GPS location, or not use GPS.
 - Vehicle Telematics: Requires a connected vehicle account from automaker.
 - Odometer Entry: A photograph of the odometer is submitted each month.
- Obviously, if and when the tax is instituted, the “photograph” option will be dropped as being far too cumbersome.

Therefore, inevitably, to work a VMT tax requires some form of transponder must be in every car.

Beyond just tracking the number of miles, the transponder is needed because the VMT allows for a number of modifications to the tax, each of which have already been floated publicly and/or privately by transportation officials across the country.

First, there is the idea of congestion pricing, meaning that driving on road X during rush hour will hike the per mile tax. Second, there is the option of cordon pricing, meaning that when a

driver enters a designated zone, the fee will go up (or an additional flat fee will be charged) as well.

And third, there is the type of roadway taxing possibility; that would mean the tax would X when driving on a surface street, Y when driving on a main thoroughfare, and Z when on a highway.

Additionally, every tax whispered or loudly talked about has an income component, with low-income drivers getting a break on the per mile rate.

So not only does the program need to know when and where your drive, it needs to know how much money you make to properly calculate the tax.

Can you imagine what a combination DMV/IRS would look like? (actually, we don't have to imagine – it would be the EDD.)

A popular reason usually given for the switch from pay at the pump to pay by the mile is that electric cars are not paying their fair share and as they become – by law – more popular, gas tax revenues will suffer even more.

This issue could be solved by tacking about \$300 (what the state claims the average per-car annual gas tax roughly is) onto the annual EV registration fee, but that would be too simple (and hamper sales and thus retarding progress to an all green future.)

The state has “piloted” the program before, a test it claimed was an overwhelming success and an outcome they hope to match this time.

And they will – the pilot, come February, 2025 will be touted as yet another massive success with 90% of the participants loving the idea and even 78% of the folks saying they trusted the state to handle their personal data safely.

Those, by the way, were the numbers for the previous pilot and they will – roughly – be the numbers from this effort.

That's because the people who are signing up are SELF SELECTING. In other words, they already like the idea and support the concept – if they didn't they wouldn't be going through the rigmarole of testing it.

Notice that the state is not conducting a random pilot – far more reflective of the actual opinions of the public – as that would almost certainly end in utter failure.

The volunteer guinea pigs are being asked to keep track of the miles they drive from August through January, 2025 and in exchange they will receive – if they have completed the program properly and filled out the surveys, etc. – \$400 in gift cards (\$100 for signing up, and then \$300 for finishing.) And if they are driving a gas car, they will receive a credit for the amount of gas taxes they paid to go against their next registration fee.

As to the specific cost of the VMT tax, that is not yet known. CalTrans, on its [“road charge calculator”](#) web page seems to be floating the idea of one, two, or three cents with the pump tax being eliminated.



CalTrans Road Tax. (Photo: <https://caroadcharge.com/about#calculator>)

Those numbers are low – quite low, as those rates don’t quite even replace the current pump gas tax.

Typically, in past discussions of the program, a figure of a nickel a mile has been bandied about.

Beyond the state pilot program, Los Angeles County residents can expect to get hit up to join a similar local program, possibly as early as next year. That program is not expected to be “flat miles” but a look at “pinging” a tax when a person drives into the downtown “cordon area,” or ping a tax when a person gets on or off the 10 to/from Santa Monica to downtown, or commute from the valley over the mountain.

And if you were wondering what would happen when you drove from a state with a VMT tax to a state with pay at the pump? Don’t worry, there was funding in President Biden’s massive “infrastructure” bill to test the program nationally.

If you’re interested, you can sign up [here](#).

Happy equitable motoring!

Thomas Buckley is the former mayor of Lake Elsinore, CA, a Senior Fellow at the California Policy Center, and a former newspaper reporter. He is currently the operator of a small communications and planning consultancy and can be reached directly at planbuckley@gmail.com. You can read more of his work at his Substack page. Cal Globe, May 24, 2024.

COLAB IN DEPTH
IN FIGHTING THE TROUBLESOME LOCAL DAY-TO-DAY ASSAULTS
ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO
KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL,
POLITICAL, AND ECONOMIC CAUSES

TAKING BACK CALIFORNIA – PART FOUR:
ABUNDANT ENERGY

Possibly the most powerful and unifying political opportunity in California today is to promote policies that will restore abundance and reject policies that involve rationing

BY EDWARD RING

When it comes to the essentials of civilization, energy is at the top. It is the prerequisite for every other basic essential, from pumping and heating water to powering farm equipment to keeping the lights on. And in California, the state government has declared war on practical, affordable energy. People can't afford to live here anymore.

The primary cause of the high cost of living in California is out-of-control environmentalism. The two foundations of affordability in California are energy and water, and the institutional and legislative consensus in California is to cram down and ration both of those essentials. But there is a counterargument that is gathering momentum. It represents a tremendous opening for California's Republican candidates and it can't come a moment too soon.

Possibly the most powerful and unifying political opportunity in California today is to promote policies that will restore abundance and reject policies that involve rationing. Contrary to the Malthusian dogma that prevails in Sacramento, abundant and affordable energy and water is feasible and sustainable. It is the foundation of middle-class prosperity and upward mobility for everyone. California's natural resources, innovative culture and wealth ought to make this easy.

In some of his press conferences starting in 2022, Governor Gavin Newsom actually [embraced the theme of abundance](#). It's helpful that Newsom is talking about this not because he intends to do much about it but because it popularizes the concept. It also gives us an opportunity to expose Democrats who talk about abundance but don't do anything that would be a logical policy consequence of the abundance theme.

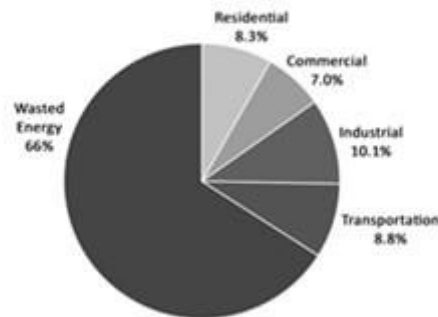
Californians have everything they need to have abundant water and energy. The state is blessed with both financial and natural resource wealth. California has ample reserves of oil and natural gas. The state also has untapped hydroelectric potential that could take the form of additional off-stream reservoirs that can utilize pump storage to absorb surplus electricity.

The Case for Electrification

When advocating for abundant energy, it's accurate to be appalled at the precipitous rush towards renewables before they're anywhere close to practical and cost-effective. But understanding that we need to be more realistic about how fast renewables can be introduced should not blind us to the case for electrification. An effective argument for abundant energy needs to embrace an all-of-the-above strategy. To dismiss entirely the move towards electrification is an overreaction.

The pie chart below illustrates the argument for electrifying California. The fact is that right now, Californians—along with most everyone else in the world—use energy very inefficiently. Two-thirds of the energy input going into California's grid in the form of inputs to create electricity, fuel for transportation and fuel for heating and lighting our homes [is wasted as friction](#), heat or transmission losses.

California Energy Use
Two thirds of all fuel input is wasted



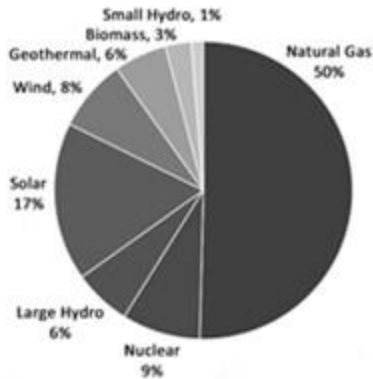
Source: Lawrence Livermore Laboratory, US EIA, CA Energy Consumption

When you electrify an economy, you can actually bring that level of conversion efficiency up to about 80 percent. You can go from 65 percent wasted, which according to Lawrence Livermore Laboratory and the Energy Information Administration is how much is wasted in California, to only 20 or 25 percent wasted energy. That's based on basic physics, based on the fact that electricity can be transmitted, stored, and turned into heat, cooling, or traction far more efficiently than devices that rely on combustion. This has to be acknowledged.

But in the here and now, Californians must recognize the consequences of trying to electrify too fast. During 2022, Californians only generated 22 gigawatts on average in the state. They had to [import another 10 gigawatts](#) from generating plants in other states, primarily Washington, Wyoming, Utah and Arizona. To transition to an all-electric economy, Californians would have to generate approximately five times as much electricity as they did in 2022. This objective is made more difficult by the fact that 50 percent of California's [in-state electricity generation](#) comes from natural gas, as shown on the next pie chart.

In-State Electricity Production

*22 gigawatt-years – needs to reach
105 GWy to convert to all-electric*



Source: California Energy Commission, Total System Electric Generation

The only categories approved by environmentalists today in California are solar, wind, geothermal, biomass, and so-called small hydro—if you have a hydroelectric plant that produces more than 30 megawatts, it does not count as renewable energy. Of these approved categories, geothermal likely can't be significantly expanded; biomass is also problematic and probably can't be scaled very much; nor can small hydro. That means under the current plan, Californians are going to have to get this additional electricity almost exclusively from solar and wind.

This means that to accomplish California's net zero goals, wherever you see a solar farm, imagine 20 of them, and wherever you see a wind farm, imagine 20 more. That's what it's going to take; that's what they're trying to do, and that's crazy.

To offer just one example of how crazy it is to try to increase California's solar and wind generating capacity by a factor of twenty, consider what it will take to get energy from offshore wind. Keep in mind this would mean expanding in-state generation of renewables to roughly 100 gigawatts, because that's a best case number in order to completely replace oil and gas in California.

The federal government just leased more than [500 square miles of ocean](#) off the coast of Humboldt and San Luis Obispo counties for offshore wind in order to build offshore wind farms that are intended to generate 4.5 gigawatts. That's not moving the renewables transition very far, but even 4.5 gigawatts is overstating the contribution these wind farms are going to make. You have to look at the actual yield from these turbines because the wind doesn't blow all the time. In reality, these offshore wind farms—if they're ever built—are only going to actually deliver a baseload power equivalent of 1.8 gigawatts. That isn't even two percent of what Californians are going to need if they hope to achieve their goal of electrifying their transportation and residential sectors.

Consider the [engineering of these turbines](#). At a minimum, a wind farm with a 4.5 gigawatt capacity will need 450 turbines because the biggest ones only have a capacity of 10 megawatts each. To produce that amount of electricity, each one of these things has to be a [thousand feet tall](#) from the waterline to the tip of the rotor blade when extended vertically. Each of these units is expected to float in place while anchored with mooring cables to the sea floor, which, once you are a few miles away from the California coast, is almost a mile down, and each one of them will also require a high-voltage cable dangling to the ocean floor, where it must then traverse its way 20 miles to onshore transmission lines.

Think about the impact to sea life caused by 450 of these leviathans, the navigation hazard; think about the ports, the ships, the submersibles, the divers, and the construction crews. And how would you build housing for all these workers to build and maintain this stuff when California has a Coastal Commission that shoots down almost every major construction proposal anywhere near the California coast.

To fully appreciate just how big these wind turbines will be, recall the Statue of Liberty, which is about 300 feet tall from the water line to the tip of the torch. This gargantuan statue and its base towers over the ocean and is visible for miles. By comparison, a 10-megawatt wind turbine is nearly 1,000 feet tall, *three times taller* than the Statue of Liberty.

To reiterate: these turbines that they want to anchor in the ocean floating in water a mile deep are absolutely gigantic. The length from the base of the floating section below the water line to the tip of the blades is longer than that of a [modern American supercarrier](#). They're that big, and you'd have to float and maintain 450 of these merely to get Californians two percent of the way to the electrification they're going to need if they fully electrify their economy. It's crazy.

[The Practical Path to Abundant Energy](#)

There are alternatives. And once you point out the futile insanity of pursuing a strategy that calls for total electrification primarily through the installation of more wind farms and solar farms, voters will be ready to listen. To return to abundant and affordable energy in California, here are some solutions to consider:

Advanced hybrid vehicles can use variations of combustible carbon-neutral fuels that are being developed. For example, these fuels can be synthesized by electrolyzing hydrogen and combining that with [carbon dioxide waste streams](#) taken from flue gas to synthesize liquid hydrocarbons that are completely carbon neutral.

More practical already is the possibility of producing [advanced hybrids](#) that make extremely efficient use of gasoline or natural gas to fuel combustion engines in tandem with much smaller, less resource-intensive batteries powering electric motors. These vehicles would generate almost no pollution and can operate in an all-electric mode on dense urban streets, but retain the extraordinary range and rapid refueling capacity using existing infrastructure when used on longer trips.

So why are Sacramento's visionaries limiting their automotive future to pure EVs when nobody has the slightest idea where the technology is going with advanced hybrids? Californians can be inspired to embrace their heritage of innovation and not lock out entire categories of technology.

Californians also need to take the natural gas power plants which Sacramento politicians are systematically shutting down and instead retrofit them so they can more efficiently harvest more of the waste heat. This is called combined cycle power generation, where you have a natural gas power plant with a gas turbine that turns a generator, and then the exhaust heat is harvested to heat water that turns into steam to drive a second turbine. Modern designs are already able to get more than [60 percent of the natural gas energy](#) that's going into a power plant back out in the form of electricity. There are new combined cycle technologies that promise to increase that [efficiency to more than 80 percent](#) by replacing steam with compounds that can harvest heat from the first turbine at much higher temperatures.

Why aren't these innovations being pursued in California, of all places? And if California's politicians are serious about climate change and if they're serious about electrifying the economy, why not start running California's natural gas power plants at 100 percent of their capacity, which is what they were designed for? As it is, California's natural gas power plants only operated at [28 percent of their capacity](#) in 2022. Why not [sequester their CO2 emissions](#) underground, or harvest the CO2 for synfuel, and run them *all the time*? Just that one step would more than double [California's in-state electricity](#) generating capacity and would cost billions to implement instead of the hundreds of billions that would be required to accomplish the same objective using wind and solar.

To make power plants using combustion more palatable to Californians who worry about greenhouse gases, California's power utilities can also [change the fuel mix](#), replacing or partially replacing the natural gas with so-called green hydrogen or carbon-neutral methane. For anyone concerned about CO2 emissions, through a combination of CO2 sequestration or harvesting, advanced retrofits can raise the conversion efficiency up to as high as 80 percent, and by using a mix of natural gas and carbon neutral fuel inputs, emissions from these modified electricity-generating plants can be reduced to amounts that are insignificant, if not completely eliminated.

If the politicians running California explored [all](#) new technologies, including innovative solutions that still permit clean and ultra-efficient combustible fuel for electricity generation and transportation, nuclear power, hydroelectric power, including pump storage, along with solar, geothermal, and biomass, working families and businesses there would again have access to abundant and affordable energy. Taxpayers and ratepayers would not need to spend hundreds of billions to subsidize offshore wind, nor would they have to support expensive extremes to deploy utility-scale battery storage. These are practical ways to achieve energy abundance, and it could rely primarily on private investment. These solutions would also cause less disruption to the environment, both in California and around the world.

Edward Ring is a senior fellow of the Center for American Greatness. He is also the director of water and energy policy for the California Policy Center, which he co-founded in 2013 and

served as its first president. Ring is the author of Fixing California: Abundance, Pragmatism, Optimism (2021) and The Abundance Choice: Our Fight for More Water in California (2022).



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